

InFaith Community Foundation

**Financial Statements
December 31, 2017 and 2016**

InFaith Community Foundation
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December 31, 2017 and 2016

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Report of Independent Auditors

To the Management and Board of Directors of InFaith Community Foundation

We have audited the accompanying financial statements of InFaith Community Foundation, which comprise the statements of financial position as of December 31, 2017 and 2016, and the related statements of activity and changes in net assets and statements of cash flows for the years then ended.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

Auditors' Responsibility

Our responsibility is to express an opinion on the 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 our 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, we consider internal control relevant to the Company'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 Company'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 InFaith Community Foundation as of December 31, 2017 and 2016, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in cursive script that reads "PricewaterhouseCoopers LLP".

May 4, 2018

InFaith Community Foundation
Statements of Financial Position
December 31, 2017 and 2016

	2017	2016
Assets		
Cash and cash equivalents	\$ 7,828,961	\$ 4,840,624
Investments		
Mutual funds	210,105,388	209,323,599
Other investment funds	112,438,051	107,669,486
Common stocks	7,132,454	544,768
Fixed income investments	11,503,709	2,727,563
Loans	884,365	-
Life insurance and annuity contracts	50,689,419	48,041,978
Real assets	170,400	1,638,800
	<u>392,923,786</u>	<u>369,946,194</u>
Due from brokers and others	40,291,877	1,043,453
Contributions and other receivables	2,601,059	1,436,958
Beneficial interests in trusts held by others	152,193	198,754
Prepaid general expenses	16,388	26,669
	<u>443,814,264</u>	<u>377,492,652</u>
Total assets	<u>\$ 443,814,264</u>	<u>\$ 377,492,652</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable	\$ 227,847	\$ 113,229
Amounts held for the benefit of others	56,775,834	48,250,882
Gift annuities	26,929,184	25,833,796
Charitable remainder trust agreements	24,710,606	20,583,181
Retained life estates	43,938	81,519
	<u>108,687,409</u>	<u>94,862,607</u>
Total liabilities	<u>108,687,409</u>	<u>94,862,607</u>
Net assets		
Unrestricted	307,708,096	258,554,760
Temporarily restricted	27,418,759	24,075,285
	<u>335,126,855</u>	<u>282,630,045</u>
Total net assets	<u>335,126,855</u>	<u>282,630,045</u>
Total liabilities and net assets	<u>\$ 443,814,264</u>	<u>\$ 377,492,652</u>

The accompanying notes are an integral part of these financial statements.

InFaith Community Foundation
Statement of Activity and Changes in Net Assets
Year Ended December 31, 2017

	Unrestricted	Temporarily Restricted	Total
Revenue, gains, and other support			
Contributions	\$ 36,498,052	\$ 1,212,523	\$ 37,710,575
Net investment income	37,658,040	7,025,818	44,683,858
Change in cash surrender value of life insurance contracts	4,151,418	-	4,151,418
Change in value of split-interest agreements	(1,706,102)	(3,267,549)	(4,973,651)
Miscellaneous income (loss)	852,550	(305,941)	546,609
Total revenue, gains, and other support	<u>77,453,958</u>	<u>4,664,851</u>	<u>82,118,809</u>
Expenses			
Programs	21,448,896	-	21,448,896
Administrative	2,508,386	-	2,508,386
Fund-raising	1,134,167	-	1,134,167
Initiatives	243,784	-	243,784
Premiums on life insurance contracts	4,286,766	-	4,286,766
Total expenses	<u>29,621,999</u>	<u>-</u>	<u>29,621,999</u>
Change in net assets	47,831,959	4,664,851	52,496,810
Net assets released from restriction	1,321,377	(1,321,377)	-
Net assets			
Beginning of year	<u>258,554,760</u>	<u>24,075,285</u>	<u>282,630,045</u>
End of year	<u>\$ 307,708,096</u>	<u>\$ 27,418,759</u>	<u>\$ 335,126,855</u>

The accompanying notes are an integral part of these financial statements.

InFaith Community Foundation
Statement of Activity and Changes in Net Assets
Year Ended December 31, 2016

	Unrestricted	Temporarily Restricted	Total
Revenue, gains, and other support			
Contributions	\$ 32,668,266	\$ 1,387,947	\$ 34,056,213
Net investment income	16,329,642	3,155,532	19,485,174
Change in cash surrender value of life insurance contracts	3,023,720	-	3,023,720
Change in value of split-interest agreements	(1,668,851)	(1,509,995)	(3,178,846)
Miscellaneous income (loss)	860,451	(361,312)	499,139
Total revenue, gains, and other support	<u>51,213,228</u>	<u>2,672,172</u>	<u>53,885,400</u>
Expenses			
Programs	14,539,268	-	14,539,268
Administrative	1,785,847	-	1,785,847
Fund-raising	1,381,753	-	1,381,753
Initiatives	237,644	-	237,644
Premiums on life insurance contracts	3,570,814	-	3,570,814
Total expenses	<u>21,515,326</u>	<u>-</u>	<u>21,515,326</u>
Change in net assets	29,697,902	2,672,172	32,370,074
Net assets released to successor trustee	-	(1,235,309)	(1,235,309)
Net assets released from restriction	1,236,299	(1,236,299)	-
Net assets			
Beginning of year	<u>227,620,559</u>	<u>23,874,721</u>	<u>251,495,280</u>
End of year	<u>\$ 258,554,760</u>	<u>\$ 24,075,285</u>	<u>\$ 282,630,045</u>

The accompanying notes are an integral part of these financial statements.

InFaith Community Foundation
Statements of Cash Flows
Years Ended December 31, 2017 and 2016

	2017	2016
Operating activities		
Change in net assets	\$ 52,496,810	\$ 32,370,074
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities		
Net assets released to successor trustee	-	(1,235,309)
Net unrealized (appreciation) depreciation of investments	(22,175,817)	(19,968,549)
Net realized (gains) losses on investments	(16,076,712)	4,340,176
Contribution of investments	(14,510,287)	(13,015,448)
Other forms of contributions	(1,248,707)	(4,202,766)
Contributions for charitable remainder trust agreements	(4,762,573)	(3,191,900)
Change in cash surrender value of life insurance contracts and annuities	(1,871,407)	(1,717,948)
Changes in assets and liabilities		
Due from brokers and others	-	(618,289)
Contributions and other receivables	(1,020,340)	(729,949)
Beneficial interest in trust held by others	46,561	45,738
Prepaid general expenses	10,281	(6,527)
Accounts payable	164,618	(25,783)
Amounts held for the benefit of others	-	4,347,017
Gift annuities	1,095,388	1,101,343
Charitable remainder trust agreements	4,127,425	(1,008,363)
Retained life estate	(37,581)	34,570
Net cash (used in) provided by operating activities	<u>(3,762,341)</u>	<u>(3,481,913)</u>
Investing activities		
Purchase of investments	(115,332,428)	(77,906,845)
Proceeds from sale of investments	118,937,685	78,005,151
Net cash (used in) provided by investing activities	<u>3,605,257</u>	<u>98,306</u>
Financing activities		
Proceeds from contributions restricted for charitable remainder trust agreements	3,145,421	3,191,900
Net cash provided by financing activities	<u>3,145,421</u>	<u>3,191,900</u>
Net (decrease) increase in cash and cash equivalents	2,988,337	(191,707)
Cash and cash equivalents		
Beginning of year	4,840,624	5,032,331
End of year	<u>\$ 7,828,961</u>	<u>\$ 4,840,624</u>

The accompanying notes are an integral part of these financial statements.

InFaith Community Foundation

Notes to Financial Statements

December 31, 2017 and 2016

1. Organization

InFaith Community Foundation (the Foundation) is a Minnesota non-profit corporation operated for charitable purposes. The Foundation is dedicated to supporting the charitable, religious, and educational purposes and activities of the Foundation's congregations, institutions, and communities and benefiting society in general. The Foundation was incorporated on December 22, 1994, was organized on April 1, 1995, and began operations on September 11, 1995.

2. Summary of Significant Accounting Policies

Use of Estimates

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

Certain reclassifications of prior period amounts have been made to conform to current presentation.

Subsequent Events

The Foundation evaluated events or transactions that may have occurred after December 31, 2017, that would merit recognition or disclosure in the financial statements. The Foundation is not aware of any events subsequent to December 31, 2017, that would materially affect its financial condition. This evaluation was completed through May 4, 2018, the date the financial statements were available to be issued.

Adoption of New Accounting Standards

In May 2015, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update No. 2015-07, which updated the accounting standard for certain investments. Under the new guidance, investments measured at NAV, as a practical expedient for fair value, are excluded from the fair value hierarchy. The new guidance is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2016 for non-public business entities, with early adoption permitted. Reporting entities must apply the new guidance retrospectively to all periods presented. The Foundation elected to early adopt this standard in the current fiscal period. The adoption of the standard did not have a material impact on the Foundation's Statements of Financial Position or Statements of Activity and Changes in Net Assets. Refer to Note 6 for more information.

Cash and Cash Equivalents

The Foundation considers all highly liquid debt instruments with an original maturity of three months or less to be cash equivalents.

Investments

Investments in mutual and other investment funds and common stocks are carried at fair value. Realized and unrealized gains and losses are reflected in the statements of activity and changes in net assets as a component of net investment income. Net realized capital gains and losses are determined on the first in, first out cost basis method. Other investments funds are comprised of limited partnership investments, limited liability companies, and open ended investment companies. Refer to Note 7 for more information.

InFaith Community Foundation

Notes to Financial Statements

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Fixed income investments are carried at fair value. Realized and unrealized gains and losses are reflected in the statements of activity and changes in net assets as a component of net investment income. Net realized capital gains and losses are determined using the specific identification method.

Loan investments are reflected at their outstanding principle balance due to the Foundation. Interest payments are reflected in the statements of activity and changes in net assets as a component of net investment income.

Contributed life insurance and annuity contracts are carried at fair value which is estimated using the stated cash surrender value of the contracts and are reported as unrestricted contributions. Cash surrender value is the amount available to the contract owner for withdrawal prior to the death of the insured and is valued after taking expense charges and investment credits into account.

Investments in real assets are classified as held-for-sale and recorded at the lower of cost or fair value less estimated costs to sell. Management is actively marketing the investment in real assets at reasonable sale prices based on the advice of active third party sales professionals.

Due from Brokers and Others

Due from brokers and others represents receivable balances owed from brokers for investments that have been sold, or have matured, but have not yet settled.

Contributions and Other Receivables

Promises to make contributions to the Foundation that are communicated to the Foundation prior to December 31, but which are received after December 31, are recorded as contributions receivable at the cash value of the contribution. The Foundation generally does not receive multi-year promises to give. Management considers these receivables to be fully collectible; accordingly, no allowance for doubtful accounts has been established. If amounts become uncollectible, they will be charged to operations when that determination is made.

Beneficial Interests in Trusts Held by Others

Beneficial interests in trusts held by others represent resources neither in the possession nor under the control of the Foundation, but held and administered by outside fiscal agents, with the Foundation deriving income from such funds and are reported at fair value. Fair values for beneficial interests in trusts held by others are based on the net present value of the future stream of payments receivable from a charitable lead annuity trust. Due to the short term nature of the payments, the discount rate used is equal to the rate applicable on the date of the trust agreement.

Amounts Held for the Benefit of Others

The Foundation accepts cash and other financial assets from certain donors and agrees to use those assets on behalf of or transfer those assets to specified beneficiaries. Liabilities are recorded for amounts held for the benefit of others, which represent the fair value of underlying investments. Fair values for amounts held for the benefit of others are primarily based on quoted market prices in active markets where available or are estimated using values obtained from independent pricing services that utilize market standard methodologies based on market observable inputs.

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Notes to Financial Statements

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Gift Annuities and Charitable Remainder Trust Agreements

Liabilities for gift annuities and charitable remainder trust agreements represent the actuarial present value of amounts from contributed assets due to the donor. Liabilities are valued based on mortality and interest assumptions according to tables established by the Internal Revenue Service (IRS) and are calculated in a manner consistent with the assumptions underlying the American Council on Gift Annuities rates in effect at the time of issuance. The liabilities are revalued using updated IRS assumptions as of December 31 each year. The impact of the revaluation is reflected as a component of the change in value of split interest agreements on the statements of activity and changes in net assets.

Contributions Received

Contributions received are recognized as support revenue in the period they are communicated/received at their fair value. Gifts of cash and other assets are reported as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are transferred to unrestricted net assets and are reported in the statements of activity and changes in net assets as net assets released from restriction.

Investment Income

Net investment income is comprised of dividend and interest income, realized and unrealized gains and losses on investments, and investment expenses. Dividend and interest income is recorded when earned. Realized gains and losses are recorded at the time of sale for the amount of the difference between the sale price and the cost basis of the investment. Unrealized gains and losses are recorded for the change in the fair value of the securities which are still held as of year-end. Investment expenses are recorded as incurred.

Expense Recognition

Grants made by the Foundation are recorded as program expense at the time the recipient is notified. Other expenses are recognized when incurred. Certain expenses, such as compensation, other employee benefits, and space rental, are allocated among program, administrative, and fundraising expenses, as they are not directly attributable to those functions.

Premiums on Life Insurance Contracts

Premiums on life insurance contracts relate to life insurance policies which have been absolutely assigned (donated) to the Foundation. The Foundation is the beneficiary of those policies and at the time of absolute assignment, the Foundation becomes the owner of those policies. The insureds (donors) continue to make the policy premium payments. Income is recorded when the policy premiums are contributed and a corresponding expense is recorded to premiums on life insurance contracts.

Income Taxes

The Foundation has been recognized by the IRS as exempt from federal income taxation under Section 501(c) (3) of the Internal Revenue Code of 1986.

There are no reserves held for uncertain tax positions at December 31, 2017 and 2016. Tax years 2013 through 2017 are open under the statute of limitations and remain subject to examination by the IRS.

InFaith Community Foundation
Notes to Financial Statements
December 31, 2017 and 2016

The Tax Cuts and Jobs Act (TCJA) was approved on December 22, 2017. The Foundation has evaluated the TCJA and noted there is no impact to the Foundation or its tax exempt status.

Contingencies

The Foundation evaluates matters as they are reported and records a liability when the outcome is both probable and estimable. The Foundation is not a party to, or subject of, any pending legal, arbitration, or regulatory proceedings that would have a material adverse effect on its financial statements. No liability was recorded at either December 31, 2017 or 2016.

3. Temporarily Restricted Net Assets

Temporarily restricted net assets consist of the following at December 31, 2017 and 2016:

	2017	2016
Charitable remainder trust agreements	\$ 27,293,552	\$ 23,723,664
Real estate remainder interest in trust	125,207	351,621
	<u>\$ 27,418,759</u>	<u>\$ 24,075,285</u>

Temporarily restricted net assets are held in trust by the Foundation. During the life of the trust, the Foundation, as trustee, makes payments to the income beneficiary/beneficiaries. Trust termination occurs upon death of the income beneficiary/beneficiaries or in accordance with the trust agreement. Upon trust termination, the restriction is lifted on the Foundation's use of principal and income remaining in accordance with the trust agreement. In each taxable year of the trusts until trust termination, the Foundation will make payments to the income beneficiary/beneficiaries in an amount determined in accordance with the trust agreement, generally a percentage of the net fair market value of the assets of each trust valued as of the first day of each taxable year or the original date of the gift for unitrusts or annuity trusts, respectively. Temporarily restricted net assets shown in the statements of financial position and above are net of a related liability to income beneficiary/beneficiaries of \$24,754,544 and \$20,664,700 at December 31, 2017 and 2016, respectively.

InFaith Community Foundation
Notes to Financial Statements
December 31, 2017 and 2016

4. Investments

Investments in mutual and other investment funds, common stocks, and fixed income investments at December 31, 2017 and 2016, are comprised of the following:

	<u>December 31, 2017</u>		
	Fair Value	Cost	Unrealized Appreciation (Depreciation)
<u>Mutual funds</u>			
Large cap equities	\$ 99,578,459	\$ 76,768,091	\$ 22,810,368
Mid cap equities	16,123,765	12,801,878	3,321,887
Small cap equities	5,740,466	5,004,411	736,055
Marketable alternatives	17,623,836	17,001,028	622,808
Fixed income equities	71,038,862	71,295,795	(256,933)
Total mutual funds	210,105,388	182,871,203	27,234,185
<u>Other investment funds</u>	112,438,051	90,301,475	22,136,576
<u>Common stocks</u>			
Large cap stocks	4,537,178	4,282,529	254,649
Mid cap stocks	1,739,953	1,603,551	136,402
Small cap stocks	855,323	797,113	58,210
Total common stocks	7,132,454	6,683,193	449,261
<u>Fixed income investments</u>			
U.S. treasury notes	5,369,818	5,422,755	(52,937)
Corporate bonds	3,293,934	3,319,330	(25,396)
Municipal bonds	2,460,209	2,475,542	(15,333)
Foreign bonds	379,748	382,004	(2,256)
Total fixed income investments	11,503,709	11,599,631	(95,922)
Total Investments	<u>\$ 341,179,602</u>	<u>\$ 291,455,502</u>	<u>\$ 49,724,100</u>

InFaith Community Foundation
Notes to Financial Statements
December 31, 2017 and 2016

	December 31, 2016		
	Fair Value	Cost	Unrealized Appreciation (Depreciation)
<u>Mutual funds</u>			
Large cap equities	\$ 98,902,779	\$ 88,997,645	\$ 9,905,134
Mid cap equities	16,647,880	14,009,591	2,638,289
Small cap equities	5,288,097	4,873,651	414,446
Marketable alternatives	21,448,737	22,168,360	(719,623)
Fixed income equities	67,036,106	68,352,577	(1,316,471)
Total mutual funds	209,323,599	198,401,824	10,921,775
<u>Other investment funds</u>			
	107,669,486	95,188,527	12,480,959
<u>Common stocks</u>			
Large cap stocks	405,926	405,682	244
Mid cap stocks	15,000	15,000	-
Small cap stocks	123,842	123,519	323
Total common stocks	544,768	544,201	567
<u>Fixed income investments</u>			
U.S. treasury notes	2,727,563	2,748,389	(20,826)
Corporate bonds	-	-	-
Municipal bonds	-	-	-
Foreign bonds	-	-	-
Total fixed income investments	2,727,563	2,748,389	(20,826)
Total Investments	\$ 320,265,416	\$ 296,882,941	\$ 23,382,475

Investments in mutual and other investment funds, common stocks, and fixed income investments are shown below according to the types of agreements established between the Foundation and donors at December 31, 2017 and 2016:

	2017	2016
Donor preference fund agreements	\$ 186,422,375	\$ 189,075,484
Institution-advised fund agreements	56,433,788	48,051,274
Charitable remainder trust agreements	50,426,103	42,753,179
Gift annuity agreements	47,897,336	40,385,479
	\$ 341,179,602	\$ 320,265,416

InFaith Community Foundation
Notes to Financial Statements
December 31, 2017 and 2016

Investment income (loss) is comprised of the following for the years ended December 31:

	2017		
	Unrestricted	Temporarily Restricted	Total
Dividends and interest income	\$ 6,146,405	\$ 284,924	\$ 6,431,329
Net realized gain on investments	8,502,356	7,899,338	16,401,694
Net unrealized gain (loss) on investments	23,314,909	(1,139,092)	22,175,817
Investment expenses	(305,630)	(19,352)	(324,982)
	<u>\$ 37,658,040</u>	<u>\$ 7,025,818</u>	<u>\$ 44,683,858</u>

	2016		
	Unrestricted	Temporarily Restricted	Total
Dividends and interest income	\$ 3,271,133	\$ 585,668	\$ 3,856,801
Net realized gain on investments	(3,551,304)	(788,872)	(4,340,176)
Net unrealized gain (loss) on investments	16,609,813	3,358,736	19,968,549
Investment expenses	-	-	-
	<u>\$ 16,329,642</u>	<u>\$ 3,155,532</u>	<u>\$ 19,485,174</u>

5. Management and Administrative Contracts and Others

The Foundation reimbursed Thrivent Financial for Lutherans for certain management and administrative services provided to the Foundation, including marketing, accounting, payroll, rent, and other related expenses of \$185,949 and \$203,100 for the years ended December 31, 2017 and 2016, respectively. Financial representatives of Thrivent Financial for Lutherans are involved in the generation of contributions to the Foundation. Additionally, the Foundation invests in Thrivent Mutual Funds advised by and held by Thrivent Asset Management, LLC. and Thrivent Investment Management, Inc., wholly owned subsidiaries of Thrivent Financial for Lutherans. These investments equate to 48% of total investments. Refer to Note 4 for more detail.

6. Fair Value of Financial Instruments

In estimating the fair values of financial instruments carried at fair value, the amount of observable and unobservable inputs used to determine fair value is taken into consideration. Each of the financial instruments has been classified into one of three categories based on that evaluation.

- Level 1 Fair value based on quoted prices for identical assets in active markets that are accessible.
- Level 2 Fair value based on quoted prices for similar instruments in active markets that are accessible or quoted prices for identical or similar instruments in markets that are not active.
- Level 3 Fair value based on significant value driver inputs that are not observable.

InFaith Community Foundation
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December 31, 2017 and 2016

Cash and Cash Equivalents

The carrying amounts for these instruments approximate fair value due to the short-term nature of these instruments.

Mutual Funds, Common Stocks, and Fixed Income Investments

The fair values are primarily based on quoted market prices in active markets where available, or are estimated using values obtained from independent pricing services that utilize market standard methodologies based on market observable inputs.

The carrying value and estimated fair value of the Foundation's financial instruments carried at fair value as of December 31 were as follows:

	2017 Estimated Fair Value			Total
	Quoted Market Prices for Identical Assets (Level 1)	Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Financial instruments carried at fair value				
Assets				
Mutual funds				
Large cap equities	\$ 99,578,459	\$ -	\$ -	\$ 99,578,459
Mid cap equities	16,123,765	-	-	16,123,765
Small cap equities	5,740,466	-	-	5,740,466
Marketable alternatives	17,623,836	-	-	17,623,836
Fixed income mutual funds	71,038,862	-	-	71,038,862
Common stocks				
Large cap stocks	4,537,178	-	-	4,537,178
Mid cap stocks	1,739,953	-	-	1,739,953
Small cap stocks	855,323	-	-	855,323
Fixed income investments				
U.S. treasury notes	5,369,818			5,369,818
Corporate bonds	-	3,293,934	-	3,293,934
Municipal bonds	-	2,460,209	-	2,460,209
Foreign bonds	-	379,748	-	379,748
	<u>222,607,660</u>	<u>6,133,891</u>	<u>-</u>	<u>228,741,551</u>

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	2016 Estimated Fair Value			Total
	Quoted Market Prices for Identical Assets (Level 1)	Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Financial instruments carried at fair value				
Assets				
Mutual funds				
Large cap equities	\$ 98,902,779	\$ -	\$ -	\$ 98,902,779
Mid cap equities	16,647,880	-	-	16,647,880
Small cap equities	5,288,097	-	-	5,288,097
Marketable alternatives	21,448,737	-	-	21,448,737
Fixed income mutual funds	67,036,106	386,602	-	67,422,708
Common stocks				
Large cap stocks	405,926	-	-	405,926
Mid cap stocks	15,000	-	-	15,000
Small cap stocks	123,842	-	-	123,842
Fixed income investments				
U.S. treasury notes	2,727,563	-	-	2,727,563
Corporate bonds	-	-	-	-
Municipal bonds	-	-	-	-
Foreign bonds	-	-	-	-
Real Assets	-	-	1,638,800	1,638,800
	<u>\$ 212,595,930</u>	<u>\$ 386,602</u>	<u>\$ 1,638,800</u>	<u>\$ 214,621,332</u>

For those financial instruments carried on the statements of financial position at fair value and whose fair value is categorized as Level 3, the following table shows the changes in fair value for the years ended December 31:

	Real Assets	Total
Balances at January 1, 2016	\$ 4,298,150	\$ 4,298,150
Sales	(6,192,048)	(6,192,048)
Contributions/purchases	3,645,462	3,645,462
Realized losses	(87,164)	(87,164)
Unrealized gains (losses)	(25,600)	(25,600)
Balances at December 31, 2016	<u>\$ 1,638,800</u>	<u>\$ 1,638,800</u>

There were no significant transfers into or out of Level 1 or Level 2 in 2017 or 2016. Transfers between fair value hierarchy levels are recognized at the date of the event or change in circumstance that caused the transfer.

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7. Other Investment Funds

The following tables include information related to our investments in certain other invested assets whose fair value is measured on a recurring basis using the NAV per share as an expedient to measure fair value. The investments in the tables are excluded from the fair value hierarchy in accordance with adoption of the accounting standard discussed in Note 2.

	December 31, 2017		
	Fair Value	Redemption Frequency	Redemption Notice
Global equities			
Generation IM Global ⁽¹⁾	\$ 11,183,091	Quarterly	90 days
Impax Global Resource Optimization Fund ⁽²⁾	11,865,244	Monthly	15 days
KBI Water Strategy ⁽³⁾	1,790,207	Monthly	10 days
Mondrian International ESG ⁽⁴⁾	13,731,876	Monthly	15 days
Sanderson International Fund ⁽⁵⁾	21,298,834	Monthly	10 days
Ownership Capital Global Equity ⁽⁶⁾	14,200,782	Monthly	5 days
Emerging market equities			
Generation IM Asia ⁽⁷⁾	\$ 11,701,762	Quarterly	90 days
Mahout Global Emerging Markets Leaders Fund ⁽⁸⁾	12,252,843	Monthly	10 days
WGI Emerging Markets Smaller Co ⁽⁹⁾	6,352,051	Monthly	60 days
Marketable alternatives			
Wellington Trust Company ⁽¹⁰⁾	\$ 8,061,361	Monthly	30 days
Total	112,438,051		

	December 31, 2016		
	Fair Value	Redemption Frequency	Redemption Notice
Global equities			
Boston Common Int'l Fund ⁽¹¹⁾	\$ 3,410,770	Monthly	10 days
Generation IM Global ⁽¹⁾	3,180,237	Quarterly	90 days
Sanderson International Fund ⁽⁵⁾	22,328,531	Monthly	10 days
Emerging market equities			
Generation IM Asia ⁽⁷⁾	\$ 6,973,567	Quarterly	90 days
Mahout Global Emerging Markets Leaders Fund ⁽⁸⁾	13,283,690	Monthly	10 days
WGI Emerging Markets Smaller Co ⁽⁹⁾	5,472,285	Monthly	30 days
Marketable alternatives			
Nyes Ledge Horizon ⁽¹²⁾	\$ 36,596,592	Every two Years	90 days
Wellington Trust Company ⁽¹⁰⁾	16,037,212	Monthly	30 days
Total	107,282,884		

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- (1) The Foundation has a noncontrolling equity interest in the Generation IM Global, which offers diversified exposure to mission related equities around the globe with a focus on high quality, sustainable companies. The fair value has been determined using the net asset value of the holdings of the fund. Redemptions would occur estimated at the net asset value on the redemption date, less applicable management and performance fees.
- (2) The Foundation has a noncontrolling equity interest in Impax Global Resource Optimization Fund, which offers exposure to pure-play environmental equities. It plays a satellite role in the Foundation's global equity portfolio offering exposure to niche themes. The combination creates a well-diversified global equity portfolio with a focus on high quality, sustainable companies. The InFaith Community Foundation's Global equity portfolio plays an integral role in the Foundation's long-term strategic asset allocation. Global equities should provide long term returns that are higher than those of fixed income with accordingly increased volatility; over the long term, an allocation to diversified equities should help the Foundation grow assets and meet its spending needs.
- (3) The Foundation has a noncontrolling equity interest in KBI Water Strategy, which offers differentiated global thematic equity exposure to actively managed water investments. It plays a satellite role in the Foundation's global equity portfolio offering niche exposure to niche themes. The combination creates a well-diversified global equity portfolio with a focus on high quality, sustainable companies. The InFaith Community Foundation's Global equity portfolio plays an integral role in the Foundation's long-term strategic asset allocation. Global equities should provide long term returns that are higher than those of fixed income with accordingly increased volatility; over the long term, an allocation to diversified equities should help the Foundation grow assets and meet its spending needs.
- (4) The Foundation has a noncontrolling equity interest in Mondrian International Equity ESG, which provides a value-tilt to complement the Foundation's core, growth oriented global equity managers. The InFaith Community Foundation's Global ex-U.S. equity portfolio plays an integral role in the Foundation's long-term strategic asset allocation. Global ex-U.S. equities should provide long term returns that are higher than those of fixed income with accordingly increased volatility; over the long term, an allocation to diversified equities should help the Foundation grow assets and meet its spending needs.
- (5) The Foundation has a noncontrolling equity interest in the Sanderson International value Fund, which was formed for the purpose of achieving long-term growth principally by investing in a diversified portfolio of equity securities of companies ordinarily located in any country other than Canada and the United States. Sanderson provides relatively concentrated, diversified exposure to value stocks in the developed markets of Europe, Asia, and the Far East. It is combined with the Foundation's other Global ex-U.S. equity managers to produce a diversified Global ex-U.S. equity portfolio. The fair value has been determined using the net asset value of the holdings of the fund. Redemptions would occur estimated at the net asset value on the redemption date, less applicable management and performance fees.
- (6) The foundation has a noncontrolling equity interest in Ownership Capital Global Equity, which offers diversified exposure to equities around the globe. It serves as a core position in the global equity portfolio alongside Generation. Ownership's mid- to large-cap and Europe/North America focus is complementary to Generation who is more focused on mega-cap stocks and will have exposure to Asia. The combination creates a well-diversified global equity portfolio with a focus on high quality, sustainable companies. The InFaith Community Foundation's global equity portfolio plays an integral role in the Foundation's long-term strategic asset

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allocation. Global equities should provide long term returns that are higher than those of fixed income with accordingly increased volatility; over the long term, an allocation to diversified equities should help the Foundation grow assets and meet its spending needs.

- (7) The Foundation has a noncontrolling equity interest in Generation Asia, which offers dedicated exposure to Asian equities. Generation has successfully integrated sustainability criteria into its fundamental company research. The team's approach stands out because the Environmental, Social, and Governance (ESG) research is not an overlay, but part of their long-term assessment of companies. The strategy focuses on identifying high-quality companies that meet Generation's sustainability criteria and suit a long-term investment horizon. Generation's preference for companies with dominant market positions, barriers to entry, and pricing power narrows down the universe significantly.
- (8) The Foundation has a noncontrolling equity interest in Mahout Global Emerging Markets Leaders Fund, which provides concentrated and low-volatility growth-at-a-reasonable-price exposure to Emerging Markets equities. It is combined with the Foundation's other Global ex-U.S. equity managers to produce a diversified Global ex-U.S. equity portfolio. The team manages a concentrated portfolio of about 50 stocks that is built without regard to a particular benchmark. Their focus on investing in high quality companies with sustainable growth trajectories reduces absolute risk and leads to a lower beta profile. Sustainable investment has always been an integral part of First State's investment philosophy and bottom-up stock-picking process. The team actively uses ESG initiatives as a qualitative tool to assess the risks and/or opportunities a company might face and how management is addressing them.
- (9) The Foundation has a noncontrolling equity interest in the WGI Emerging Markets Smaller Co Fund, which provides concentrated and differentiated exposure to emerging markets equities with a focus on smaller capitalization companies. It is combined with the Foundation's other global ex-U.S. equity managers to produce a diversified global ex-U.S. equity portfolio. The fair value has been determined using the net asset value of the holdings of the fund. Redemptions would occur estimated at the net asset value on the redemption date, less applicable management and performance fees.
- (10) The Foundation has a noncontrolling equity interest in the Wellington Diversified Inflation Hedges (DIH) Fund, which provides diversified exposure to several sub-asset classes within real assets (long-only natural resources equities, commodities, and TIPS). It is combined with the Foundation's other liquid real asset managers to produce a diversified liquid real asset portfolio. The Foundation's liquid real asset portfolio plays an integral role in the Foundation's long-term strategic asset allocation.
- (11) In 2016 the Foundation had a noncontrolling equity interest in the Boston Common International Social Fund, which provides diversified exposure to mission-related, non-U.S. equities. The product's philosophy places equal emphasis on investment fundamentals and ESG factors with a bottom-up strategy to invest in socially-responsible, non-U.S. companies that appear undervalued relative to their long-term fundamental outlook. The fair value has been determined using the net asset value of the holdings of the fund.

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- ⁽¹²⁾ In 2016 the Foundation had a noncontrolling equity interest in the Nyes Ledge Capital Horizon Fund (the Fund), which is an exempted fund under the laws of the Cayman Islands. The Fund's investment objective is to provide attractive absolute and relative returns that exhibit moderate volatility and a low correlation to overall stock and bond markets. The Fund provides relatively conservative, diversified exposure to hedge fund strategies. Its fund-of-funds structure allows the Foundation to gain diversification across hedge fund strategies and managers and as such is the Foundation's sole hedge fund investment. The fair value has been determined using the net asset value of the holdings of the Fund. Redemptions would occur estimated at the net asset value on the redemption date, less applicable management and performance fees.