

CAPITAL REGION COMMUNITY FOUNDATION
REPORT ON FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015

CONTENTS

	<u>Page</u>
Independent auditor's report	3 - 4
Financial statements	
Statements of financial position.....	5
Statements of activities	6
Statements of cash flows.....	7
Notes to financial statements	8 - 18

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Capital Region Community Foundation

We have audited the accompanying financial statements of Capital Region Community Foundation which comprise the statements of financial position as of December 31, 2016 and 2015, 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 Capital Region Community Foundation as of December 31, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Manes Costeiran PC

June 15, 2017

**CAPITAL REGION COMMUNITY FOUNDATION
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2016 AND 2015**

	2016	2015
ASSETS		
Cash and cash equivalents	\$ 1,399,448	\$ 999,143
Investments	89,132,351	82,336,237
Accounts receivable	2,105	3,055
Deposits	9,770	7,194
Property donation - cemetery lots	30,440	32,600
Furniture and equipment, less accumulated depreciation of \$115,399 and \$103,657 in 2016 and 2015, respectively	62,314	79,150
TOTAL ASSETS	\$ 90,636,428	\$ 83,457,379
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable	\$ 44,264	\$ 53,497
Accrued salaries and related	9,599	13,340
Grants payable	555,129	411,240
Funds held in agency endowments	8,584,318	8,217,630
Liabilities associated with gift annuities	191,255	148,691
TOTAL LIABILITIES	9,384,565	8,844,398
Net assets:		
Unrestricted	81,251,863	74,612,981
TOTAL LIABILITIES AND NET ASSETS	\$ 90,636,428	\$ 83,457,379

**CAPITAL REGION COMMUNITY FOUNDATION
STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2016 AND 2015**

	<u>2016</u>	<u>2015</u>
REVENUES, GAINS AND OTHER SUPPORT:		
Contributions	\$ 5,483,461	\$ 5,861,349
In-kind contributions	6,000	-
Investment income (loss)	5,819,935	(1,185,920)
Administrative revenue from agency endowments	66,006	61,963
Other	<u>64,130</u>	<u>64,405</u>
Total revenues, gains and other support	<u>11,439,532</u>	<u>4,801,797</u>
EXPENSES:		
Program expenses:		
Grant awards	3,490,089	3,310,383
Other program expenses	535,567	360,943
Management and general	550,974	553,376
Fundraising	154,671	148,193
Change in value of gift annuities	<u>69,349</u>	<u>(14,975)</u>
Total expenses	<u>4,800,650</u>	<u>4,357,920</u>
CHANGE IN NET ASSETS	6,638,882	443,877
NET ASSETS:		
Beginning of year	<u>74,612,981</u>	<u>74,169,104</u>
End of year	<u>\$ 81,251,863</u>	<u>\$ 74,612,981</u>

**CAPITAL REGION COMMUNITY FOUNDATION
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2016 AND 2015**

	2016	2015
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS:		
Cash flows from operating activities:		
Change in net assets	\$ 6,638,882	\$ 443,877
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	22,134	18,455
Investment gains:		
Realized gain	(185,034)	(29,734)
Unrealized (gain) loss	(3,997,412)	3,617,926
Non-cash grants	8,160	700
In-kind contributions	(6,000)	-
Accounts receivable	950	3,683
Deposits	(2,576)	(3,540)
Accounts payable	(9,233)	(4,902)
Accrued salaries and related	(3,741)	(8,602)
Funds held in agency endowments	366,688	(376,858)
Grants payable	143,889	4,866
Annuity payable	42,564	(63,714)
Total adjustments	(3,619,611)	3,158,280
Net cash provided by operating activities	3,019,271	3,602,157
Cash flows from investing activities:		
Purchase of equipment	(5,297)	(52,281)
Proceeds from sales of investment securities	3,802,992	253,121
Purchases of investment securities	(6,416,661)	(3,760,001)
Net cash used by investing activities	(2,618,966)	(3,559,161)
INCREASE IN CASH AND CASH EQUIVALENTS	400,305	42,996
CASH AND CASH EQUIVALENTS:		
Beginning of year	999,143	956,147
End of year	\$ 1,399,448	\$ 999,143

**CAPITAL REGION COMMUNITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting and Presentation

The Foundation is required to report information regarding its financial position and activities according to three classes of net assets. The bylaws of the Foundation include a variance provision that allows the Board of Trustees of the Foundation to vary the use of substantially all contributions received. The Board of Trustees strives to honor a donor’s charitable intent, unless in their sole judgment that intent becomes, in effect, unnecessary, incapable of fulfillment or inconsistent with the charitable needs of the community, or area served by the Foundation. Based on this variance provision, all assets of the Foundation have been classified as unrestricted. The following is a summary of the Foundation’s internal classification of total net assets.

	2016	2015
Undesignated funds	\$ 9,116,410	\$ 7,514,283
Field of interest funds	19,436,942	18,731,594
Designated funds	3,983,891	3,820,312
Donor advised funds	7,178,045	6,803,600
Scholarship funds	9,365,848	8,834,506
Agency funds	32,170,727	28,908,686
Total net assets	\$ 81,251,863	\$ 74,612,981

Accrual Accounting

The financial statements of the Foundation have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash deposits held in various checking and savings accounts. Cash amounts included in the investment portfolio (see Note 3) are not considered cash and cash equivalents for purposes of the statements of cash flows.

Investments

The Foundation carries investments at their fair values in the statements of financial position. Unrealized gains and losses are included in investment income in the accompanying statements of activities.

**CAPITAL REGION COMMUNITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Pledges Receivable

The Foundation reports unconditional pledges received as revenue in the period received. Pledges receivable are recorded at net realizable value if expected to be collected in one year and at the present value of their estimated future cash flows if expected to be collected in more than one year. The Foundation does not currently have any pledges receivable.

Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. Changes in the valuation allowance have not been material to the financial statements.

Furniture and Equipment

Furniture and equipment in excess of \$750 are stated at cost, if purchased, and at estimated fair value at date of donation. Depreciation is computed on the straight-line method and is based on expected useful lives ranging from 3 to 7 years.

Funds Held in Agency Endowments

A liability has been established for amounts received from other not-for-profit organizations that specify the donor organization or a related organization as the beneficiary. Investment earnings or losses allocated to the funds and distributions paid to the beneficiary organization are recorded as increases and decreases, respectively, to the liability. Distributions from restricted organizational funds are subject to the current spending policies of the Foundation.

Annuity Payable

From time to time, the Foundation receives charitable gift annuities. Charitable gift annuities provide for periodic payments during the donor's lifetime. Upon the donor's death, the remaining assets are to be available to the Foundation. Liabilities are recorded for the present value of the amounts expected to be paid to the donor or specified beneficiary over the term of the agreement. The interest rates used to calculate the present value of this liability range from 1.2% to 7.6%, based on the year the annuity was established. During 2016, the Foundation switched to the 2012 IAR mortality table. Because the updated mortality table increases life expectancy, the liability increased approximately \$47,000.

Contributions

Generally, contributions including pledges receivable are recorded at fair value when received. Contributions of services, fixed assets, and other non-monetary contributions are recorded at the donor's estimated fair value.

**CAPITAL REGION COMMUNITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Concluded)

Functional Classification of Expenses

The Foundation reports its expenses on the statement of activities into functional classifications based on direct identification, time (for salaries) and floor space studies. Each category is defined as follows:

Program Expenses

Program expenses include grant awards as well as administrative expenses for awarding and monitoring grant expenses for charitable purposes that are not classified as grant awards. Program expenses include the in-kind and other expenses incurred by such programs as the Youth Fund programs.

Management and General

Management and general expenses include those expenses associated with the administration and management of the Foundation.

Fundraising

Fundraising expenses include those expenses for the promotion of the Foundation.

Grant Awards

Grant awards (contributions to others) are recorded as expenses when they are approved by the Board of Trustees. Grant awards are presented in the financial statements net of grant refunds.

NOTE 2 - NATURE OF ORGANIZATION, RISKS AND UNCERTAINTIES

Capital Region Community Foundation (the Foundation) is a nonprofit corporation classified by the Internal Revenue Service as tax-exempt under Section 501(c)(3) and as a nonprivate foundation under Section 509(a)(1) of the Internal Revenue Code of 1986. Therefore, the Foundation is currently exempt from federal income tax on related activities. The Foundation is responsible for charitable funds and the income generated by funds of many donors.

The Foundation is committed to serve the region's broad educational, scientific, literary, cultural and charitable needs as well as enhance the quality of life in the Capital Region.

**CAPITAL REGION COMMUNITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS**

NOTE 2 - NATURE OF ORGANIZATION, RISKS AND UNCERTAINTIES (Concluded)

The Foundation is required to disclose significant concentrations of credit risk regardless of the degree of such risk. Financial instruments which potentially subject the Foundation to credit risk consist principally of cash and investments. The Foundation's cash is deposited with FDIC insured financial institutions. Although such cash balances exceeded the federally insured limits at certain times during the year and at year-end, they are, in the opinion of management, subject to minimal risk. Credit risk with respect to investments is limited because of the wide variety of companies and industries.

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

In the preparation of tax returns, tax positions are taken based on interpretations of federal, state and local income tax laws. Management periodically reviews and evaluates the status of uncertain tax positions and makes estimates of amounts, including interest and penalties, ultimately due or owed. No amounts have been identified, or recorded, as uncertain tax positions. Federal, state and local tax returns generally remain open for examination by various taxing authorities for a period of three to four years.

The Foundation evaluates events and transactions that occur after year end for potential recognition or disclosure in the financial statements. These subsequent events have been considered through June 15, 2017, which is the date the financial statements were available to be issued.

The Foundation invests 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 such changes could materially affect the amounts reported in the financial statements.

NOTE 3 - INVESTMENTS

The following table summarizes the cost basis and fair value (carrying value) of investments as of December 31.

	2016		2015	
	Cost	Fair value	Cost	Fair value
Money market funds	\$ 1,022,408	\$ 1,022,427	\$ 1,089,824	\$ 1,089,824
Certificate of deposits	1,021,585	1,021,585	1,015,390	1,015,390
Equities	50,548,359	62,732,450	46,877,977	55,524,929
Fixed income - corporate	22,695,441	22,321,362	21,504,266	20,639,024
Other assets	-	-	1,634	3,389
Alternative investments	1,250,000	2,034,527	3,250,000	4,063,681
Total	<u>\$ 76,537,793</u>	<u>\$ 89,132,351</u>	<u>\$ 73,739,091</u>	<u>\$ 82,336,237</u>

**CAPITAL REGION COMMUNITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS**

NOTE 3 - INVESTMENTS (Concluded)

At December 31, 2016 and 2015, individual investments representing more than 5% of total investments were as follows:

	<u>2016</u>	<u>2015</u>
Vanguard Institutional Index Fund	\$ 25,048,671	\$ 23,460,842
Vanguard Total Bond Market Index Fund	7,020,027	6,458,668
Harbor International Fund Instl	5,536,800	5,342,755
Vanguard Ftse All-World Ex-US Index Fund	5,770,361	5,225,864
Vanguard Extended Market Index Fund	8,348,089	7,856,566
Doubleline Core Fixed	7,071,125	6,382,667

Included in the above investment amounts are \$8,584,318 and \$8,217,630 as of December 31, 2016 and 2015, respectively, of funds held as agency endowments.

Investment income for the years ended December 31 consists of the following.

	<u>2016</u>	<u>2015</u>
Interest, dividends and distributions	\$ 2,307,571	\$ 2,307,879
Investment fees	(38,981)	(40,125)
Realized gain on sales of investments	185,034	29,734
Unrealized gain (loss) on investments	<u>3,997,412</u>	<u>(3,617,926)</u>
Investment income (loss)	6,451,036	(1,320,438)
Less allocated to agency endowments	(631,101)	134,518
	<u><u>\$ 5,819,935</u></u>	<u><u>\$ (1,185,920)</u></u>

NOTE 4 - FAIR VALUE MEASUREMENTS

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described as follows:

Level 1: Quoted prices in active markets for identical securities.

Level 2: Prices determined using other significant observable inputs. Observable inputs are inputs that other market participants may use in pricing a security. These may include quoted prices for similar securities, interest rates, prepayment speeds, credit risk and others.

**CAPITAL REGION COMMUNITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS**

NOTE 4 - FAIR VALUE MEASUREMENTS (Continued)

Level 3: Prices determined using significant unobservable inputs. In situations where quoted prices or observable inputs are unavailable or deemed less relevant (for example, when there is little or no market activity for an investment at the end of the period), unobservable inputs may be used. Unobservable inputs reflect the Foundation's own assumptions about the factors market participants would use in pricing an investment, and would be based on the best information available.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2016 and 2015.

- *Mutual funds:* Valued at the daily closing price as reported by the fund. Mutual funds held by the Plan are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the Plan are deemed to be actively traded.
- *Pooled investment funds:* Valued at the net asset value (NAV) of units held at year end. The fund, Collins Capital Diversified Offshore Fund, net assets are valued based on the underlying investments as determined by third parties, brokers, the General Partner and administrators of the fund.

The following is a market value summary by the level of the inputs used, as of December 31, 2016 and 2015, in evaluating Capital Region Community Foundation's assets carried at fair value. The inputs or methodology used for valuing securities may not be an indication of the risk associated with investing in those securities.

December 31, 2016	Level 1	Level 2	Level 3	Total
Assets:				
Mutual funds:				
Equities	\$ 62,732,449	\$ -	\$ -	\$ 62,732,449
Fixed income	22,321,362	-	-	22,321,362
Total assets in the fair value hierarchy	<u>\$ 85,053,811</u>	<u>\$ -</u>	<u>\$ -</u>	85,053,811
Investments measured at net asset value				2,034,527
Money market funds (recorded at cost)				1,022,427
Certificates of deposit (recorded at cost)				1,021,586
Total investments				<u>\$ 89,132,351</u>

**CAPITAL REGION COMMUNITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS**

NOTE 4 - FAIR VALUE MEASUREMENTS (Concluded)

December 31, 2015	Level 1	Level 2	Level 3	Total
Assets:				
Mutual funds:				
Equities	\$ 55,524,929	\$ -	\$ -	\$ 55,524,929
Fixed income	20,639,024	-	-	20,639,024
Dividend Index	3,389	-	-	3,389
Total assets in the fair value hierarchy	<u>\$ 76,167,342</u>	<u>\$ -</u>	<u>\$ -</u>	76,167,342
Investments measured at net asset value				4,063,681
Money market funds (recorded at cost)				1,089,824
Certificates of deposit (recorded at cost)				<u>1,015,390</u>
Total investments				<u>\$ 82,336,237</u>

The following table summarizes investments measured at fair value based on NAV per share as of December 31, 2016 and 2015:

December 31, 2016	Fair Value	Unfunded Commitments	Redemption Frequency (if currently eligible)	Redemption Notice Period
Collins Capital				
Diversified Offshore Fund	\$ 2,034,527	None	Quarterly	75 days
December 31, 2015	Fair Value	Unfunded Commitments	Redemption Frequency (if currently eligible)	Redemption Notice Period
Collins Capital				
Diversified Offshore Fund	\$ 4,063,681	None	Quarterly	75 days

NOTE 5 - RETIREMENT PLAN

The Foundation has established a Simplified Employee Pension (SEP) Plan. All full-time employees with one year of service are eligible to participate in the plan. During 2016 and 2015, the Foundation contributed approximately \$23,000 and \$28,000, respectively, to the plan.

**CAPITAL REGION COMMUNITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS**

NOTE 6 - OPERATING LEASES

The Foundation has entered into lease agreements for office equipment and space, including a Community Meeting Room.

The Community Room rental payments will be made through a grant from the Foundation and will be used as a meeting place that may be utilized by other like-minded nonprofit organizations.

Rent expense for 2016 and 2015 amounted to approximately \$86,500 and \$83,000, respectively.

Future lease payments under the lease agreements are as follows:

Year ending December 31,	Office Space	Community Meeting Room	Equipment	Total Commitment
2017	\$ 55,418	\$ 35,101	\$ 3,600	\$ 94,119
2018	57,906	36,677	3,000	97,583
2019	60,506	38,324	-	98,830
2020	63,218	40,042	-	103,260
2021	66,070	41,849	-	107,919
2022 - 2026	330,350	209,245	-	539,595
	<u>\$ 633,468</u>	<u>\$ 401,238</u>	<u>\$ 6,600</u>	<u>\$ 1,041,306</u>

NOTE 7 - DESIGNATED ENDOWMENTS

The Foundation's unrestricted net assets include designated endowments that would be classified as donor-restricted endowments except that the Foundation has variance power over these assets. Therefore, the Foundation treats these funds as designated endowments and they are classified and reported based on the existence or absence of donor-restrictions.

**CAPITAL REGION COMMUNITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS**

NOTE 7 - DESIGNATED ENDOWMENTS (Continued)

Interpretation of Relevant Law

The Foundation has interpreted the principles of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as: (a) assets will be invested prudently in diversified investments that seek growth, as well as income; and, (b) appreciation of assets could prudently be spent for the purposes of any endowment fund held by the charitable institution. In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate designated endowment funds:

1. The duration and preservation of the fund.
2. The purposes of the Foundation and the designated endowment fund.
3. General economic conditions.
4. The possible effect of inflation and deflation.
5. The expected total return from income and the appreciation of investments.
6. Other resources of the Foundation.
7. The investment policies of the Foundation.

Endowment Funds and Changes Therein

The Foundation maintained the following endowment funds as of December 31, 2016 and 2015:

	2016	2015
Unrestricted endowment by net asset class		
Board designated endowments:		
Unrestricted funds	\$ 8,920,374	\$ 7,369,035
Field of interest funds	19,436,942	18,731,594
Designated funds	3,983,891	3,820,312
Donor advised funds	7,178,045	6,803,600
Scholarship funds	9,365,848	8,834,506
Agency funds	32,170,727	28,908,686
Total endowment funds	\$ 81,055,827	\$ 74,467,733

The annual changes in the endowment funds is not significantly different from the statements of activities for the years ended December 31, 2016 and 2015.

**CAPITAL REGION COMMUNITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS**

NOTE 7 - DESIGNATED ENDOWMENTS (Concluded)

Return Objectives and Risk Parameters

The Foundation's investment and spending policies for endowment assets attempt to provide a predictable stream of funding to programs supported. The spending policy should allow for predictability of spendable fund for budgeting purposes and for steady growth in distributions in support of operations at least equal to the rate of inflation, without endangering the capital value of the fund.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate of return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation of equity securities, fixed income funds, and alternative investments with performance benchmarks on each asset class.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Foundation has a spending policy which shall allow for maximum annual distributions equal to 5% of the rolling average of the preceding 12 quarterly market values. In establishing this policy, the Foundation considered the long-term expected return on its investments. Accordingly, the Foundation expects the current spending policy to allow its net assets to grow annually. This is consistent with the Foundation's objective to maintain the purchasing power of the investments and net assets, as well as to provide additional real growth through new gifts and investment return.

NOTE 8 - TEMPORARILY RESTRICTED NET ASSETS

In prior years, the Foundation has appropriately reported pledges receivable as temporarily restricted net assets. Since the Foundation does not currently have any pledges receivable, net assets as of December 31, 2016 and 2015, are all reported as unrestricted.

NOTE 9 - RELATED PARTY TRANSACTIONS

Board members of the Foundation are employed at organizations that provide advertising and legal services to the Foundation. These organizations were paid \$540 for such services in 2016.

Furthermore, various board members of the Foundation are employed by organizations that receive support, scholarships, and advertising payments from the Foundation. Board members recuse themselves from voting in any instance that involves their organization of employment. Also, board members and their employers make contributions to the Foundation on a regular basis.

**CAPITAL REGION COMMUNITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS**

NOTE 10 - ADOPTION OF NEW ACCOUNTING STANDARD

In May 2015, the FASB issued Accounting Standards Update (ASU) 2015-07, *Disclosures of Investments in Certain Entities That Calculate Net Asset Value per Share*. The ASU removes the requirement to categorize within the fair value hierarchy all investments for which fair value is measured using the net asset value per share practical expedient. The ASU is effective for fiscal years beginning after December 15, 2016, with early adoption permitted. The ASU is to be applied retrospectively. Management has elected to adopt the ASU early.

The adoption of the new accounting standard did not have a significant impact on the financial statements and the related notes to the financial statements.