



Kalamazoo Community Foundation

Combined Financial Statements and
Supplementary Information
Years Ended December 31, 2018 and 2017

Kalamazoo Community Foundation

Combined Financial Statements and Supplementary Information
Years Ended December 31, 2018 and 2017

Kalamazoo Community Foundation

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Independent Auditor's Report

Kalamazoo Community Foundation
Kalamazoo, Michigan

We have audited the accompanying combined financial statements of Kalamazoo Community Foundation (the Foundation), which comprise the combined statements of financial position as of December 31, 2018 and 2017, and the related combined statements of activities and changes in net assets and cash flows for the years then ended and the statement of functional expenses for the year ended December 31, 2018, and the related notes to the combined financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these combined 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 combined 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 combined 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 combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combined 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 combined 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 combined 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 combined financial statements referred to above present fairly, in all material respects, the combined financial position of the Foundation as of December 31, 2018 and 2017, 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.

BDO USA, LLP

Kalamazoo, Michigan

June 10, 2019

Combined Financial Statements

Kalamazoo Community Foundation
Combined Statements of Financial Position

<i>December 31,</i>	2018	2017
Assets		
Current Assets:		
Cash and cash equivalents	\$ 351,976	\$ 3,188,332
Investments	460,942,519	502,239,135
Program related investments, net	2,892,923	3,247,962
Contributions and pledges receivable	2,027,203	2,476,988
Prepaid scholarships	540,310	566,936
Accrued investment income	980,354	681,589
Beneficial interest in charitable perpetual trusts	10,287,212	11,551,497
Other assets	931,495	962,544
Total Current Assets	478,953,992	524,914,983
Property and Equipment:		
Building and improvements	5,255,102	3,905,102
Software	626,818	626,818
Leasehold improvements	-	185,475
Equipment	620,693	620,693
	6,502,613	5,338,088
Less accumulated depreciation	1,541,405	1,430,701
Net Property and Equipment	4,961,208	3,907,387
Total Assets	\$ 483,915,200	\$ 528,822,370

Kalamazoo Community Foundation
Combined Statements of Financial Position

<i>December 31,</i>	2018	2017
Liabilities and Net Assets		
Liabilities:		
Funds held as agency endowments	\$ 24,738,306	\$ 28,119,821
Annuities payable	3,115,716	3,890,780
Grants payable	789,700	-
Loan payable	260,000	320,000
Other	415,448	267,328
Total Liabilities	29,319,170	32,597,929
Net Assets:		
Without donor restrictions:		
Undesignated	10,875,001	11,700,707
Designated by the Board for operating	20,498,673	20,363,352
Designated by the Board for endowment or a determined purpose	7,325,345	8,190,995
	38,699,019	40,255,054
With donor restrictions:		
Perpetual in nature	391,679,609	428,080,618
Charitable perpetual trusts	10,287,212	11,551,497
Purpose restrictions	14,636,492	16,337,272
Underwater funds	(706,302)	-
	415,897,011	455,969,387
Total Net Assets	454,596,030	496,224,441
Total Liabilities and Net Assets	\$ 483,915,200	\$ 528,822,370

See accompanying notes to combined financial statements.

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Kalamazoo Community Foundation

Combined Statements of Activities and Changes in Net Assets

	<i>Without Donor Restrictions</i>	<i>With Donor Restrictions</i>	<i>Total Year ended December 31, 2018</i>	<i>Without Donor Restrictions</i>	<i>With Donor Restrictions</i>	<i>Total Year ended December 31, 2017</i>
Support, Revenue, and Gains:						
Public support -						
Gifts and bequests	\$ 5,232,873	\$ 6,541,485	\$ 11,774,358	\$ 2,815,205	\$ 6,453,956	\$ 9,269,161
Less gifts and bequests received for agency endowments	-	283,560	283,560	-	162,418	162,418
Total gifts and bequests	5,232,873	6,257,925	11,490,798	2,815,205	6,291,538	9,106,743
Dividends and interest	823,966	9,402,914	10,226,880	688,625	8,631,202	9,319,827
Less dividends and interest received for agency endowments	-	572,447	572,447	-	515,271	515,271
Total dividends and interest	823,966	8,830,467	9,654,433	688,625	8,115,931	8,804,556
Net gain (loss) from investment transactions	(2,454,844)	(40,585,376)	(43,040,220)	4,404,550	55,114,573	59,519,123
Less net gain from investment transactions for agency endowments	-	2,198,554	2,198,554	-	3,011,935	3,011,935
Total net gain (loss) from investment transactions	(2,454,844)	(38,386,822)	(40,841,666)	4,404,550	52,102,638	56,507,188
Other income (loss):						
Change in value of perpetual trusts	-	(1,264,285)	(1,264,285)	-	1,159,384	1,159,384
Other income (loss)	254,011	64,961	318,972	(419,076)	-	(419,076)
Plus income from agency endowments	-	141,037	141,037	136,464	-	136,464
Total other income (loss)	254,011	(1,058,287)	(804,276)	(282,612)	1,159,384	876,772
Total Support, Revenue, and Gains	3,856,006	(24,356,717)	(20,500,711)	7,625,768	67,669,491	75,295,259

See accompanying notes to combined financial statements.

Kalamazoo Community Foundation

Combined Statements of Activities and Changes in Net Assets

	<i>Without Donor Restrictions</i>	<i>With Donor Restrictions</i>	<i>Total Year ended December 31, 2018</i>	<i>Without Donor Restrictions</i>	<i>With Donor Restrictions</i>	<i>Total Year ended December 31, 2017</i>
Expenditures:						
Grants paid	\$ 5,230,825	\$ 12,304,524	\$ 17,535,349	\$ 4,794,779	\$ 11,595,660	\$ 16,390,439
Less grants paid for agency endowments	-	1,869,574	1,869,574	-	1,112,851	1,112,851
Total grants paid	5,230,825	10,434,950	15,665,775	4,794,779	10,482,809	15,277,588
Investment management fees	57,898	703,454	761,352	55,581	639,412	694,993
Less investment management fees for agency endowments	-	28,356	28,356	-	28,119	28,119
Total investment management fees	57,898	675,098	732,996	55,581	611,293	666,874
Other expenses:						
Program services	1,283,865	-	1,283,865	1,571,065	-	1,571,065
Donor relations and development	1,351,987	-	1,351,987	1,311,189	-	1,311,189
Administrative and general expenses	1,687,673	405,404	2,093,077	1,696,899	158,321	1,855,220
Total other expenses	4,323,525	405,404	4,728,929	4,579,153	158,321	4,737,474
Total Expenditures	9,612,248	11,515,452	21,127,700	9,429,513	11,252,423	20,681,936
Increase (Decrease) in Net Assets	(5,756,242)	(35,872,169)	(41,628,411)	(1,803,745)	56,417,068	54,613,323
Net Assets, beginning of year	40,255,054	455,969,387	496,224,441	37,336,801	404,274,317	441,611,118
Net Assets Released from Restrictions	4,200,207	(4,200,207)	-	4,721,998	(4,721,998)	-
Net Assets, end of year	\$ 38,699,019	\$ 415,897,011	\$ 454,596,030	\$ 40,255,054	\$ 455,969,387	\$ 496,224,441

See accompanying notes to combined financial statements.

Kalamazoo Community Foundation
Combined Statement of Functional Expenses

<i>Year ended December 31, 2018</i>	<i>Donor</i>			
	<i>Program Services</i>	<i>Relations and Development</i>	<i>Administration and General</i>	<i>Total</i>
Salary	\$ 393,655	\$ 447,005	\$ 718,431	\$ 1,559,091
Compensation of officers, directors, trustees, key employees	170,334	155,452	394,222	720,008
Benefits	75,657	103,480	145,254	324,391
Depreciation	-	-	296,179	296,179
Information technology	24,278	9,346	217,571	251,195
Conferences, conventions, and meetings	83,358	63,788	24,977	172,123
Occupancy	78	76	171,515	171,669
Other consultants	29,637	3,951	130,454	164,042
Payroll taxes	37,244	41,495	75,453	154,192
Advertising and promotion	2,088	60,153	59,172	121,413
Financial consultants	-	-	112,500	112,500
Office expenses	3,259	10,355	93,393	107,007
Travel	26,990	23,193	55,616	105,799
Miscellaneous expense	-	400	87,760	88,160
Human resource	4,136	3,594	64,350	72,080
401k plan contributions	18,083	20,799	30,519	69,401
Stipend	34,425	-	12,180	46,605
Repairs and maintenance	-	-	42,658	42,658
Accounting	-	-	40,689	40,689
Insurance	-	-	26,750	26,750
Communications consultants	6,903	7,755	8,160	22,818
Property taxes	-	-	21,663	21,663
Memberships	-	4,249	13,722	17,971
Design consultants	-	7,817	451	8,268
Legal	569	3,200	3,488	7,257
Lobbying	5,000	-	-	5,000
Indirect costs allocated	368,171	385,879	(754,050)	-
Total Expenses	\$ 1,283,865	\$ 1,351,987	\$ 2,093,077	\$ 4,728,929

See accompanying notes to combined financial statements.

Kalamazoo Community Foundation

Combined Statements of Cash Flows

<i>Year ended December 31,</i>	2018	2017
Operating Activities:		
Increase (decrease) in net assets	\$ (41,628,411)	\$ 54,613,323
Adjustments to reconcile increase (decrease) in net assets to cash provided by (used in) operating activities:		
Depreciation	296,179	294,088
Net (gain) loss on investment transactions	43,040,220	(59,519,123)
Change in value of collective fund	3,278,705	(2,477,535)
Change in value of perpetual trusts	1,264,285	(1,159,384)
Noncash contributions	(5,218,977)	(1,119,242)
Program related investments reserve adjustment	-	(570,757)
Changes in operating assets and liabilities:		
Contributions and pledges receivable	449,785	21,970,167
Accrued investment income	(298,765)	247,881
Prepaid scholarships	26,626	(61,283)
Other current assets	31,049	(35,769)
Funds held as agency endowments	(3,381,515)	2,412,190
Annuities payable	(775,064)	(157,364)
Grants payable	789,700	-
Other liabilities	148,120	29,576
Cash Provided by (Used in) Operating Activities	(1,978,063)	14,466,768
Investing Activities:		
Purchase of investments	(429,452,772)	(228,148,589)
Proceeds from sale and maturity of investments	429,610,710	217,014,224
Proceeds from (advances for) program related investments	355,040	(1,340,813)
Purchase of property and equipment	(1,350,000)	(33,332)
Distributions from limited partnerships	38,729	601,792
Cash Used in Investing Activities	(798,293)	(11,906,718)
Cash Used in Financing Activities -		
Payments on loan payable	(60,000)	(60,000)
Increase (Decrease) in Cash and Cash Equivalents	(2,836,356)	2,500,050
Cash and Cash Equivalents, beginning of year	3,188,332	688,282
Cash and Cash Equivalents, end of year	\$ 351,976	\$ 3,188,332

See accompanying notes to combined financial statements.

Kalamazoo Community Foundation

Notes to Combined Financial Statements

1. Nature of Business and Summary of Accounting Policies

Kalamazoo Community Foundation (the Foundation) is a public charity founded in 1925, created to make life better for all through leadership and stewardship of resources that last forever. The Foundation administers charitable gifts, including endowments, from which grants are made to nonprofit organizations for community betterment. The Foundation's activities are conducted by the board of trustees, the chief executive officer, and supporting staff.

A nonprofit corporation, Kalamazoo Community Foundation Real Estate Holdings, Inc., has been established as a supporting organization to the Foundation. Its purpose is primarily to accept gifts of real estate and other personal property.

The accompanying combined financial statements include the accounts of the Foundation and Kalamazoo Community Foundation Real Estate Holdings, Inc., which are under common control. Intercompany transactions and balances have been eliminated in combination.

The Foundation has 1,009 component funds that have been combined for presentation purposes. The component funds are of various types reflecting the distribution restrictions of the donors who have established or contributed to them:

Discretionary Funds - These funds have no suggested distribution restrictions. The board allocates these funds in making distributions for charitable purposes to meet community needs.

Field-of-Interest Funds - These funds establish support in a particular area of interest.

Advised Funds - These funds provide the donor or others with the ability to make suggestions as to recipients of grants. Such suggestions are not binding on the Foundation.

Agency Endowments and Designated Funds - These funds provide support to specific nonprofit organizations or programs based on the donors' wishes and subject to the Foundation board's discretion and approval.

Gift Annuity Funds - The Foundation operates a charitable gift annuity program whereby donors receive a life income in exchange for assets conveyed to the Foundation under an annuity contract.

Operating Funds - These funds are used to support the operational expenses of the Foundation.

Supporting Organization Funds - These funds will be transferred to the Foundation upon sale of the gifted asset. A supporting organization is organized and operated exclusively for the benefit of a public charity such as the Foundation. It provides all of the benefits of a public charity and most of the benefits of a private foundation.

Basis of Presentation

The accompanying combined financial statements have been prepared on the accrual basis of accounting which recognizes revenue and support when earned and expenses when incurred in accordance with accounting principles generally accepted in the United States of America. For financial statement purposes, the Foundation distinguishes between contributions without donor restrictions and contributions with donor restrictions.

Kalamazoo Community Foundation

Notes to Combined Financial Statements

Net Asset Classification

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve and board-designated endowment.

Net Assets With Donor Restrictions - Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

The board of trustees, on the advice of legal counsel, has determined that the majority of the Foundation's net assets meet the definition of endowment funds under Uniform Prudent Management of Institutional Funds Act (UPMIFA). The Foundation is governed subject to the Articles of Incorporation and by-laws and most contributions are received subject to the terms of the governing documents. Certain contributions are received subject to other gift instruments, or are subject to specific agreements with the Foundation.

Under the terms of the governing documents, the board of trustees has the ability to distribute the amount of income from any trust or separate gift, devise, bequest, or fund as the board in its sole discretion shall determine. It also has the ability to modify any restriction or condition on the distribution of funds for any specified charitable purpose or purposes or to a specified charitable organization or organizations if, in the sole judgment of the board (without the necessity of the approval of any participating trustee, custodian or agent), such restriction or condition becomes, in effect, unnecessary, incapable of fulfillment or inconsistent with the charitable needs of the community or area served.

The Foundation classifies as net assets with donor restrictions (a) the original gift value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts donated to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

Kalamazoo Community Foundation

Notes to Combined Financial Statements

Endowment Investment and Spending Policies

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. The Foundation's spending and investment policies work together to achieve this objective. The investment policy establishes an achievable return strategy to receive the maximum long-term, risk adjusted cumulative return through diversification of asset classes. The current long-term return objective is to return 7% net of investment fees. Actual returns in any given year may vary from this amount.

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 that places an emphasis on equity-based investments to achieve its long-term return objectives within prudent risk parameters.

The spending policy calculates the amount of money annually distributed from the Foundation's various endowed funds, for grant making and administration. The overall spending policy goal is to spend 4.5% over rolling 20 year time frames. This is consistent with the Foundation's objective to maintain the purchasing power of endowment assets as well as to provide additional real growth through new gifts and investment return.

Spending for each calendar year is calculated based upon the prior year's spending factored up or down by the one-year Bureau of Labor Statistics CPI-U Spending as of the previous March 31st. The spending will never be less than 4% or greater than 5% of the 20 quarter rolling average (QRA) market value. In situations when the ensuing year's spending is calculated to be less than prior year's spending, the Board of Trustees could consider modifications to the spending rate calculations.

In accordance with UPMIFA, the Foundation considers the following factors in making a determination to invest or appropriate donor-restricted endowment funds:

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

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, cash on deposit with banks, and other highly liquid investments with an original maturity of three months or less. At December 31, 2018, approximately \$630,000 of the Foundation's cash on hand or cash on deposit was FDIC insured, approximately \$2,587,000 was uninsured. At December 31, 2017, approximately \$606,000 of the Foundation's cash on hand or cash on deposit was FDIC insured, approximately \$4,008,000 was uninsured. The uninsured amounts were primarily deposits in transit.

Kalamazoo Community Foundation

Notes to Combined Financial Statements

Investments

Investments in securities are stated at quoted market values if available, and if not available, other fair value inputs (see Note 4). Realized gains and losses on sales of investments are determined using the specific identification cost method.

Program Related Investments

Program related investments are loans to other nonprofit organizations at below-market interest rates or that are interest free. The loans are used to fund specific projects. The loans are to be repaid at various dates through 2030. The loans are recorded equal to the amount borrowed, less a reserve for program related investments.

Contributions and Pledges Receivable

Contributions and pledges receivable consist of unconditional promises to give and are recognized as revenues in the period received. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met.

Prepaid Scholarships

Prepaid scholarships consist of payments of students' enrollment in a future year.

Beneficial Interest in Charitable Perpetual Trusts

The Foundation is the income beneficiary under several charitable perpetual trusts, the corpus of which is not controlled by the Foundation. The Foundation has an irrevocable right to the net income of the trusts. The Foundation's interest in these trusts is recorded at fair value and is classified as net assets with donor restrictions. Distributions received from these trusts are recorded as income without donor restrictions and the change in fair value is recorded as net income with donor restrictions in the Combined Statements of Activities and Change in Net Assets.

Property and Equipment

Property and equipment consists of buildings and improvements, furniture, fixtures, equipment, leasehold improvements, capitalized software, and real estate and are recorded at cost at the date of acquisition or fair value at the date of donation and depreciated over their estimated useful lives on the straight-line method. Useful lives range from three to 40 years. Leasehold improvements are depreciated over the life of the improvement or the term of the lease, whichever is shorter.

Funds Held as Agency Endowments

In accordance with generally accepted accounting principles (GAAP), if a not-for-profit organization establishes a fund at a community foundation with its own funds and specifies itself as the beneficiary of that fund, the community foundation must account for the transfer of such assets as an agency transaction. The Foundation refers to such funds as agency funds.

The Foundation maintains legal ownership of agency funds and, as such, continues to report the funds as assets of the Foundation. However, in accordance with GAAP a liability has been established for the fair value of the funds.

Kalamazoo Community Foundation

Notes to Combined Financial Statements

Annuities Payable

Charitable gift annuities represent gifts which are given to the Foundation with the condition that a specified payment be made to an income beneficiary over his or her life. A liability is established based on the present value of the payments to be made. This liability is recalculated annually, based on changes in the life expectancy assumptions and payments made. Changes in the liability are recorded as an increase or decrease to current year's revenue.

Contributed Services

During the years ended December 31, 2018 and 2017, the value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded. In addition, many individuals volunteer their time and perform a variety of tasks that assist the Foundation in various capacities.

Grants

Unconditional grants are recognized as expenses at their fair market value in the period when approved. Grants subject to conditions are recorded when the conditions are substantially met.

Use of Estimates

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

Federal Income Taxes

The Foundation is exempt from federal income tax under the provisions of Section 501(c)(3) of the Internal Revenue Code (IRC) of 1986. It has been classified as an organization which is not a private foundation as defined in Sections 509(a)(1) and 170(b)(A)(vi) of the IRC. Kalamazoo Community Foundation Real Estate Holdings Inc. is exempt from federal income tax under the same provisions.

The Foundation applies a more-likely-than-not recognition threshold for all tax uncertainties. Tax benefits that have a greater than fifty percent likelihood of being sustained upon examination by the taxing authorities are recognized.

Based on its evaluation, the Foundation has concluded there are no significant uncertain tax positions requiring recognition in its financial statements.

Fair Value Measurements

GAAP 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. A fair value measurement assumes that the transaction to sell the asset or transfer the liability occurs in the principal market for the asset or liability, or in the absence of a principal market, the most advantageous market for the asset or liability.

Kalamazoo Community Foundation

Notes to Combined Financial Statements

The price of the principal (or most advantageous) market used to measure the fair value of the asset or liability shall not be adjusted for transaction costs. An orderly transaction is a transaction that assumes exposure to the market for a period prior to the measurement date to allow for marketing activities that are usual and customary for transactions involving such assets and liabilities; it is not a forced transaction. Market participants are buyers and sellers in the principal market that are: (i) independent; (ii) knowledgeable; (iii) able to transact; and (iv) willing to transact.

In determining fair value, the Foundation uses various valuation approaches. GAAP establishes a hierarchy for 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 based on market data obtained from sources independent of the organization. Unobservable inputs are inputs that would reflect an organization's assumptions about the assumptions market participants would use in pricing the asset developed based on the best information available in the circumstances.

The hierarchy is broken down into three levels based on the observability of inputs as follows:

Level 1 - Valuations based on quoted prices in active markets for identical assets that the organization has the ability to access. 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 one or more quoted prices in markets that are not active or for which all significant inputs are observable, either 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 from instrument to instrument and is affected by a wide variety of factors, including, for example, the liquidity of markets and other characteristics particular to the transaction. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment.

The Foundation uses prices and inputs that are current as of the measurement date, obtained through multiple third-party custodians from independent pricing services.

A description of the valuation techniques applied to the major categories of investments measured at fair value is outlined below:

- The fair value of corporate fixed income securities is estimated using recently executed transactions, market price quotations (where observable) or bond spreads. If the spread data does not reference the issuer, then data that references a comparable issuer is used. Corporate bonds are generally categorized in *Level 2* of the fair value hierarchy.
- U.S. Government agency securities are valued daily based on available market data and, accordingly, are categorized in *Level 2* of the fair value hierarchy.
- U.S. Government securities are valued using quoted market prices and, accordingly, are categorized in *Level 1* of the fair value hierarchy.

Kalamazoo Community Foundation

Notes to Combined Financial Statements

- Asset backed securities including residential mortgage backed securities, commercial mortgage backed securities, and other securitized assets are valued through a variety of methods, including actively traded markets, market data, and observations. Evaluations utilize evaluated pricing applications that vary by asset class and incorporate available market information and, because many fixed income securities do not trade on a daily basis, apply available information through processes such as benchmark curves, benchmarking of like securities, sector groupings, and matrix pricing. In addition, they use model processes, such as the Option Adjusted Spread model, to develop prepayment and interest rate scenarios for securities that have prepayment features. Correspondingly, these securities are generally categorized in *Level 2* of the fair value hierarchy.
- Mutual funds are open-ended SEC registered investment funds with daily net asset values and collective funds. The mutual funds allow investors to sell their interests to the fund at the published daily Net Asset Value (NAV), with no restrictions on redemptions. These mutual funds are categorized in *Level 1* of the fair value hierarchy. The collective funds are not actively traded. The valuation is provided by the fund manager and is based on the value of the underlying assets which are all publicly traded stocks. The collective fund is categorized in *Level 2* of the fair value hierarchy.
- Non-U.S. Government securities are valued daily based on available market data and, accordingly, are categorized in *Level 2* of the fair value hierarchy.
- The fair value of domestic publicly traded and international developed market securities are valued using quoted prices in active markets when available. Such actively traded securities are categorized in *Level 1* of the fair value hierarchy.
- Exchange traded funds are open-ended SEC registered investment funds. The funds allow investors to sell their interests to the fund using quoted prices in active markets. These funds are categorized in *Level 1* and *Level 2* of the fair value hierarchy.
- Limited partnerships are partnerships created and administered by a general partner. The partnership documents outline the terms and conditions by which the general partner administers the partnership and its investments. Each limited partner owns a specified share of the partnership. These partnerships cannot be marketed to the public and are restricted, by regulation, to qualified investors. The valuation of the partnership interest is performed quarterly by the general partner through unaudited statements and validated annually through audited statements. As such, these partnerships are categorized in *Level 3* of the fair value hierarchy.
- Real estate investment trust invests in real estate properties located throughout the United States. All real estate investments are based on quarterly external valuations by independent real estate appraisers. This investment is categorized in *Level 3* of the fair value hierarchy.
- Beneficial interest in perpetual trusts is the value of trusts for which the Foundation is the perpetual beneficiary. The trusts are invested in open-ended SEC registered investment funds with daily net asset values. The mutual funds allow investors to sell their interest to the fund at the daily Net Asset Value, with no restrictions on redemptions. These are categorized in *Level 1* of the fair value hierarchy. The trusts are also invested in U.S. Government and agency, U.S. corporate and asset backed securities. As described above, these assets are categorized in *Level 2*.

Kalamazoo Community Foundation

Notes to Combined Financial Statements

Subsequent Event Reporting

The Foundation's management has evaluated the period from January 1, 2019 through June 10, 2019, the date the financial statements were available for issuance, for subsequent events requiring recognition or disclosure in the financial statements. During the period, no material recognizable subsequent events were identified.

Recently Adopted Authoritative Guidance

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958) - Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, provides information about liquidity and availability of resources and improves the type of information provided about expenses and investment return. The Foundation has adopted the ASU retrospectively and adjusted the presentation of these combined financial statements accordingly. The Foundation has applied the ASU retrospectively to all periods presented except the Foundation has opted to present the analysis of expenses by natural and functional classification for 2018 only as permitted under the ASU. Other than the changes to the combined financial statement presentation and disclosures described above, adoption of the ASU did not have a significant impact on the combined financial statements. There was no effect on the change in net assets for the year ended December 31, 2017.

Reclassification

Certain 2017 balances have been reclassified to conform to December 31, 2018 presentation.

2. Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

<i>December 31,</i>	2018	2017
Cash and cash equivalents	\$ 2,471,607	\$ 1,943,362
Other assets	71,609	128,472
Short-term investments	26,077,535	30,153,571
	\$ 28,620,751	\$ 32,225,405

The assets above include approximately \$10,875,000 and \$11,701,000 in donor advised funds as of December 31, 2018 and 2017, respectively. The Foundation generally uses these assets for grant making based on donor recommendations.

Kalamazoo Community Foundation

Notes to Combined Financial Statements

Endowment funds consist of donor-restricted endowments that are perpetual in nature and board-designated endowments. Income from donor-restricted endowments that is restricted for specific purposes is not available for general expenditure. As described in "Endowment Investment and Spending Policies", the Foundation's board-designated endowments are perpetual in nature and subject to an annual spending rate. For the year ended December 31, 2018, approximately \$487,000 of the board-designated endowments will be available within the next 12 months. For the year ended December 31, 2017, the amount of approximately \$1,280,000 was available for expenditure. Although the Foundation does not intend to spend from our board-designated endowment (other than amounts appropriated per the board's annual spending rate approval), these amounts could be made available if necessary.

As part of the Foundation's liquidity management, cash in excess of daily requirements is invested in short-term investments and money market funds. Occasionally, the Board designates a portion of any operating surplus to its operating reserve, which held a balance of approximately \$1,591,000 as of December 31, 2018 and 2017.

3. Investments

Investments are at fair value and consist of the following at December 31, 2018 and 2017:

<i>December 31,</i>	2018	2017
Mutual funds	\$ 316,389,899	\$ 354,559,595
U.S. government obligations	45,975,743	24,470,493
Corporate obligations	27,346,684	18,950,567
Exchange traded funds	20,418,663	57,597,756
Corporate stock	14,779,792	19,023,234
Other	13,540,618	12,312,113
Money market funds	12,963,786	13,742,157
Asset backed securities	8,944,121	1,583,220
Foreign government obligations	583,213	-
	\$ 460,942,519	\$ 502,239,135

Net gain or loss from investment transactions includes unrealized depreciation and appreciation of approximately \$60,034,000 and \$37,425,000 in 2018 and 2017, respectively. Sales of investments resulted in net realized gains of approximately \$19,192,000 and \$19,082,000 in 2018 and 2017, respectively.

Kalamazoo Community Foundation

Notes to Combined Financial Statements

4. Fair Value Measurements

The Foundation uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. For additional information on how the Foundation values all other assets and liabilities refer to Note 1.

The aggregate carrying value of investments, exclusive of cash equivalents, at December 31, 2018 and 2017, is summarized as follows:

Investments Held at December 31, 2018

<i>Description</i>	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total</i>
Money Market	\$ 12,963,786	\$ -	\$ -	\$ 12,963,786
Fixed Income:				
Corporate securities	-	27,346,684	-	27,346,684
U.S. government and agency securities	35,423,808	10,551,935	-	45,975,743
Asset backed securities	-	8,944,121	-	8,944,121
Mutual funds	29,501,031	-	-	29,501,031
Exchange traded funds	2,913,566	-	-	2,913,566
Foreign government securities	-	583,213	-	583,213
Domestic Equities:				
Publicly traded	14,779,792	-	-	14,779,792
Mutual funds	94,127,762	116,866,245	-	210,994,007
Exchange traded funds	13,987,359	-	-	13,987,359
International Equities:				
Mutual funds	75,894,861	-	-	75,894,861
Exchange traded funds	3,517,738	-	-	3,517,738
Other:				
Limited partnerships	-	-	1,180,606	1,180,606
Real estate investment trust	-	-	12,360,012	12,360,012
	283,109,703	164,292,198	13,540,618	460,942,519
Beneficial Interest in Charitable Perpetual Trusts	10,286,530	682	-	10,287,212
Total	\$ 293,396,233	\$ 164,292,880	\$ 13,540,618	\$ 471,229,731

Kalamazoo Community Foundation

Notes to Combined Financial Statements

Investments Held at December 31, 2017

<i>Description</i>	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total</i>
Money Market	\$ 13,742,157	\$ -	\$ -	\$ 13,742,157
Fixed Income:				
Corporate securities	-	18,950,567	-	18,950,567
U.S. Government and agency securities	23,023,489	1,447,004	-	24,470,493
Asset backed securities	-	1,583,220	-	1,583,220
Mutual funds	27,748,176	-	-	27,748,176
Exchange traded funds	41,715,955	-	-	41,715,955
Domestic Equities:				
Publicly traded	19,023,234	-	-	19,023,234
Mutual funds	106,605,175	127,787,867	-	234,393,042
Exchange traded funds	15,881,801	-	-	15,881,801
International Equities -				
Mutual funds	92,418,377	-	-	92,418,377
Other:				
Limited partnerships	-	-	809,376	809,376
Real estate investment trust	-	-	11,502,737	11,502,737
	340,158,364	149,768,658	12,312,113	502,239,135
Beneficial Interest in Charitable Perpetual Trusts	11,550,727	770	-	11,551,497
Total	\$ 351,709,091	\$ 149,769,428	\$ 12,312,113	\$ 513,790,632

The table below sets forth a summary of changes in the fair value of the Foundation's Level 3 assets for the years ended December 31, 2018 and 2017:

Fair Value Measurement Using Significant Unobservable Inputs (Level 3)

Balance, January 1, 2017	\$ 11,998,445
Total gains and losses -	
Unrealized	915,460
Sales or withdrawals	(601,792)
Balance, December 31, 2017	12,312,113
Total gains and losses -	
Unrealized	1,267,235
Sales or withdrawals	(38,730)
Transfers in	61,285
Balance, December 31, 2018	\$ 13,540,618

Kalamazoo Community Foundation

Notes to Combined Financial Statements

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Foundation's valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

5. Program Related Investments

Program related investments total approximately \$3,067,000 and \$3,422,000 at December 31, 2018 and 2017, respectively. The Foundation has established a fair market reserve in the amount of \$174,000 at December 31, 2018 and 2017. The reserve on loans is established on a case-by-case basis. The Foundation's management evaluates all loans individually and estimates the collectability of each loan.

6. Guarantees

The Foundation provided a loan guarantee to Kalamazoo Neighborhood Housing Services (KNHS) (a local nonprofit 501(c)(3)) in the amount of \$200,000 in 2000 and an additional \$35,000 in 2006. Since the early 1990s, KNHS has been administering a Home Ownership Program (HOP) whereby the local banks are part of mortgage financing pools for low-income homeowners (HOP I through HOP X). There have been 10 pools. The loan guarantees are to provide a loan loss reserve in the case of foreclosures on homes. Uncollected loans are first charged against the pool, then Local Initiative Support Corporation (LISC), and finally against the Foundation's guarantee. The \$200,000 guarantee has been extended to HOP I, II, III, IV, V, and VIII. The \$35,000 guarantee is for HOP IX.

7. Contributions and Pledges Receivable

Contributions and pledges receivable consisted of the following at December 31, 2018 and 2017:

<i>December 31,</i>	2018	2017
Contributions and Pledges Due:		
Within one year	\$ 389,344	\$ 775,297
One to five years	104	108,741
Over five years	3,674,785	3,710,548
Total	4,064,233	4,594,586
Less present value (at various discount rates)	(2,037,030)	(2,117,598)
Total Contributions and Pledges Receivable	\$ 2,027,203	\$ 2,476,988

Kalamazoo Community Foundation

Notes to Combined Financial Statements

8. Beneficial Interest in Charitable Perpetual Trusts

The Foundation is the income beneficiary under several charitable perpetual trusts, the corpus of which is not controlled by the Foundation. In the absence of donor-imposed conditions, the Foundation recognizes its beneficial interest in a trust as with donor restriction contributions in the period in which it receives notice that the trust conveys an unconditional right to receive benefits. The assets in the trusts are recorded at fair market value as with donor restriction net assets on the Combined Statements of Financial Position.

Distributions received from these trusts are recorded as without donor restriction income and the change in market value is recorded as with donor restriction other income in the Combined Statements of Activities and Changes in Net Assets.

9. Loan Payable

The Foundation has a revolving note agreement with a bank for an amount up to \$600,000. The Foundation used the note proceeds to finance the acquisition and development of an integrated software system. The outstanding balance at December 31, 2018 and 2017 was \$260,000 and \$320,000, respectively. Interest on the revolving note is accrued at 30-day LIBOR plus 1.5%, effectively 4.02% at December 31, 2018. Principal payments of \$15,000 plus interest are due quarterly through August of 2020.

10. Lease Commitments

The Foundation leases building space, transportation equipment, and copiers under operating leases that expire at various dates through 2022. Management expects in the normal course of business, leases will be renewed or replaced with other leases. Minimum future payments under these leases with terms in excess of one year are as follows:

2019	\$	235,000
2020		19,000
2021		16,000
2022		6,000
<hr/>		
Total	\$	276,000

Rent expense was \$210,000 for 2018 and 2017.

11. Employee Benefit Plan

The Foundation maintains a 401(k) plan which covers all full-time employees. The Foundation matches 100% of employee contributions up to 3% of the employee's salary and matches 50% of employee contributions on the next 2% of the employee's salary. The Foundation may also make discretionary non-elective contributions to the plan. For the years ended December 31, 2018 and 2017, non-elective contributions were equal to 2% of eligible employee compensation. For 2018 and 2017, the total amount of contributions was approximately \$118,000 and \$112,000, respectively.

Kalamazoo Community Foundation

Notes to Combined Financial Statements

12. Net Assets

Endowment net assets consisted of the following at December 31, 2018 and 2017:

*Changes in Endowment Net Assets
For the Year Ended December 31, 2018*

	<i>Without Donor Restrictions</i>	<i>With Donor Restrictions</i>	<i>Total</i>
Endowment Net Assets, beginning of year	\$ 14,362,336	\$ 452,582,012	\$ 466,944,348
Interest and dividends, net of investment expenses	282,308	8,044,750	8,327,058
Net depreciation	(1,295,809)	(37,965,972)	(39,261,781)
Contributions	-	6,069,675	6,069,675
Amounts appropriated for expenditure	(46,692)	(10,388,144)	(10,434,836)
Other changes	(446,327)	(5,418,748)	(5,865,075)
Change in endowment net assets	(1,506,520)	(39,658,439)	(41,164,959)
Endowment Net Assets, end of year	\$ 12,855,816	\$ 412,923,573	\$ 425,779,389

*Endowment Net Asset Composition
For the Year Ended December 31, 2018*

	<i>Without Donor Restrictions</i>	<i>With Donor Restrictions</i>	<i>Total</i>
Donor Restricted Endowment Funds:			
Kalamazoo Community Foundation	\$ 5,530,471	\$ 402,636,361	\$ 408,166,832
Charitable perpetual trusts	-	10,287,212	10,287,212
Total Donor Restricted Endowment Funds	5,530,471	412,923,573	418,454,044
Board Designated Endowment Funds	7,325,345	-	7,325,345
Total Endowment Funds	\$ 12,855,816	\$ 412,923,573	\$ 425,779,389

Kalamazoo Community Foundation

Notes to Combined Financial Statements

Changes in Endowment Net Assets For the Year Ended December 31, 2017

	<i>Without Donor Restrictions</i>	<i>With Donor Restrictions</i>	<i>Total</i>
Endowment Net Assets, beginning of year	\$ 12,821,328	\$ 401,348,892	\$ 414,170,220
Interest and dividends, net of investment expenses	253,482	7,405,839	7,659,321
Net appreciation	1,740,002	51,205,534	52,945,536
Contributions	43,972	6,187,326	6,231,298
Amounts appropriated for expenditure	(46,916)	(10,582,970)	(10,629,886)
Other changes	(449,532)	(2,982,609)	(3,432,141)
Change in endowment net assets	1,541,008	51,233,120	52,774,128
Endowment Net Assets, end of year	\$ 14,362,336	\$ 452,582,012	\$ 466,944,348

Endowment Net Asset Composition For the Year Ended December 31, 2017

	<i>Without Donor Restrictions</i>	<i>With Donor Restrictions</i>	<i>Total</i>
Donor Restricted Endowment Funds:			
Kalamazoo Community Foundation	\$ 6,171,341	\$ 441,030,515	\$ 447,201,856
Charitable perpetual trusts	-	11,551,497	11,551,497
Total Donor Restricted Endowment Funds	6,171,341	452,582,012	458,753,353
Board Designated Endowment Funds	8,190,995	-	8,190,995
Total Endowment Funds	\$ 14,362,336	\$ 452,582,012	\$ 466,944,348

From time to time, certain donor restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). The Foundation has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law.

Kalamazoo Community Foundation

Notes to Combined Financial Statements

At December 31, 2018 and 2017, funds with deficiencies consist of the following:

<i>December 31,</i>	2018	2017
Fair value of underwater endowment funds	\$ 25,915,475	\$ -
Original endowment gift amount	26,621,777	-
Deficiencies of Underwater Endowment Funds	\$ (706,302)	\$ -

In addition to endowment funds, the Foundation also manages other non-endowed funds. The following table summarizes all of the Foundation's net assets as of December 31, 2018 and 2017:

Net Asset Composition at December 31, 2018

	<i>Without Donor Restrictions</i>	<i>With Donor Restrictions</i>	<i>Total Net Assets</i>
Endowment Funds	\$ 12,855,816	\$ 412,923,573	\$ 425,779,389
Non-Endowment Funds:			
Donor advised	10,875,001	-	10,875,001
Agency and designated	-	691,030	691,030
Field of interest	-	35,061	35,061
Scholarship	-	138,135	138,135
Other	14,968,202	2,109,212	17,077,414
Total Non-Endowment Funds	25,843,203	2,973,438	28,816,641
Total Net Assets	\$ 38,699,019	\$ 415,897,011	\$ 454,596,030

Net Asset Composition at December 31, 2017

	<i>Without Donor Restrictions</i>	<i>With Donor Restrictions</i>	<i>Total Net Assets</i>
Endowment Funds	\$ 14,362,336	\$ 452,582,012	\$ 466,944,348
Non-Endowment Funds:			
Donor advised	11,700,707	-	11,700,707
Agency and designated	-	909,376	909,376
Field of interest	-	675	675
Scholarship	-	138,878	138,878
Other	14,192,011	2,338,446	16,530,457
Total Non-Endowment Funds	25,892,718	3,387,375	29,280,093
Total Net Assets	\$ 40,255,054	\$ 455,969,387	\$ 496,224,441

Kalamazoo Community Foundation

Notes to Combined Financial Statements

Net assets with donor restrictions are restricted for the following purposes or periods:

Year ended December 31,	2018	2017
Non-Endowed Funds:		
Subject to expenditure for specified purpose:		
Truth, Racial Healing, and Transformation Initiative	\$ -	\$ 65,000
Designated for scholarships and financial aid	138,135	138,878
Designated for specific agencies	691,030	909,376
Designated for a specific field of interest	35,061	674
Subject to the passage of time:		
Assets held under split-interest agreements	1,587,615	1,768,049
Life insurance contracts	521,597	505,398
Total Non-Endowed Funds - With Donor Restriction	2,973,438	3,387,375
Endowed Funds:		
Subject to endowment spending policy and appropriation:		
Designated for recommendations from donor advisors	40,459,210	45,207,291
Designated for specific agencies	144,999,131	156,266,601
Designated for scholarships and financial aid	38,079,786	41,614,701
Designated for specific field of interest	41,538,238	45,391,400
Undesignated	138,266,298	152,550,522
Underwater endowments	(706,302)	-
	402,636,361	441,030,515
Not subject to spending policy or appropriation -		
Beneficial interests in perpetual trusts	10,287,212	11,551,497
Total Endowed Funds - With Donor Restriction	412,923,573	452,582,012
Total Net Assets - With Donor Restriction	\$ 415,897,011	\$ 455,969,387

Supplementary Information



Independent Auditor's Report on Supplementary Information

Kalamazoo Community Foundation
Kalamazoo, Michigan

Our audits of the combined financial statements included in the preceding section of this report were conducted for the purpose of forming an opinion on those statements as a whole. The supplementary information presented in the following section of this report is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

BDO USA, LLP

June 10, 2019

Kalamazoo Community Foundation
Combining Statements of Financial Position
December 31, 2018 (With Comparative Totals for 2017)

	<i>Kalamazoo Community Foundation</i>	<i>Kalamazoo Community Foundation Real Estate Holdings, Inc.</i>	<i>Eliminating Entries</i>	<i>2018 Combined Total</i>	<i>2017 Combined Total</i>
Assets:					
Cash and cash equivalents	\$ 349,091	\$ 2,885	\$ -	\$ 351,976	\$ 3,188,332
Investments	458,673,164	2,269,355	-	460,942,519	502,239,135
Program related investments, net	2,892,923	-	-	2,892,923	3,247,962
Contributions and pledges receivable	2,027,203	-	-	2,027,203	2,476,988
Prepaid scholarships	540,310	-	-	540,310	566,936
Accrued investment income	980,354	-	-	980,354	681,589
Beneficial interest in charitable perpetual trusts	10,287,212	-	-	10,287,212	11,551,497
Other assets	6,391,927	-	(5,460,432)	931,495	962,544
Net property and equipment	282,672	4,678,536	-	4,961,208	3,907,387
Total Assets	\$ 482,424,856	\$ 6,950,776	\$ (5,460,432)	\$ 483,915,200	\$ 528,822,370
Liabilities and Net Assets					
Liabilities:					
Funds held as agency endowments	\$ 24,738,306	\$ -	\$ -	\$ 24,738,306	\$ 28,119,821
Annuities payable	3,115,716	-	-	3,115,716	3,890,780
Grants payable	789,700	-	-	789,700	-
Loan payable	260,000	-	-	260,000	320,000
Other	408,798	6,650	-	415,448	267,328
Total Liabilities	29,312,520	6,650	-	29,319,170	32,597,929
Net Assets:					
Without donor restrictions	38,699,019	-	-	38,699,019	40,255,054
With donor restrictions	414,413,317	6,944,126	(5,460,432)	415,897,011	455,969,387
Total Net Assets	453,112,336	6,944,126	(5,460,432)	454,596,030	496,224,441
Total Liabilities and Net Assets	\$ 482,424,856	\$ 6,950,776	\$ (5,460,432)	\$ 483,915,200	\$ 528,822,370

See accompanying independent auditor's report on supplementary information.

Kalamazoo Community Foundation

Combining Statements of Activities and Changes in Net Assets Year Ended December 31, 2018 (With Comparative Totals for 2017)

	Kalamazoo Community Foundation	Kalamazoo Community Foundation Real Estate Holdings, Inc.	Eliminating Entries	2018 Combined Total	2017 Combined Total
Support, Revenue, and Gains:					
Public support -					
Gifts and bequests	\$ 10,424,358	\$ 1,350,000	\$ -	\$ 11,774,358	\$ 9,269,161
Less gifts and bequests received for agency endowments	283,560	-	-	283,560	162,418
Total gifts and bequests	10,140,798	1,350,000	-	11,490,798	9,106,743
Dividends and interest	10,215,481	11,399	-	10,226,880	9,319,827
Less dividends and interest received for agency endowments	572,447	-	-	572,447	515,271
Total dividends and interest	9,643,034	11,399	-	9,654,433	8,804,556
Net gain (loss) from investment transactions	(43,449,962)	409,742	-	(43,040,220)	59,519,123
Plus net gain from investment transactions for agency endowments	2,198,554	-	-	2,198,554	3,011,935
Total net gain (loss) from investment transactions	(41,251,408)	409,742	-	(40,841,666)	56,507,188
Other income (loss):					
Change in value of perpetual trusts	(1,264,285)	-	-	(1,264,285)	1,159,384
Other income (loss)	318,972	210,000	(210,000)	318,972	(419,076)
Plus other income from agency endowments	141,037	-	-	141,037	136,464
Total other income (loss)	(804,276)	210,000	(210,000)	(804,276)	876,772
Total Support, Revenue, and Gains (Losses)	(22,271,852)	1,981,141	(210,000)	(20,500,711)	75,295,259

See accompanying independent auditor's report on supplementary information.

Kalamazoo Community Foundation

Combining Statements of Activities and Changes in Net Assets Year Ended December 31, 2018 (With Comparative Totals for 2017)

	<i>Kalamazoo Community Foundation</i>	<i>Kalamazoo Community Foundation Real Estate Holdings, Inc.</i>	<i>Eliminating Entries</i>	<i>2018 Combined Total</i>	<i>2017 Combined Total</i>
Expenditures:					
Grants paid	\$ 17,535,349	\$ -	\$ -	\$ 17,535,349	\$ 16,390,439
Less grants paid for agency endowments	1,869,574	-	-	1,869,574	1,112,851
Total grants paid	15,665,775	-	-	15,665,775	15,277,588
Investment management fees	761,352	-	-	761,352	694,993
Less investment management fees for agency endowments	28,356	-	-	28,356	28,119
Total investment management fees	732,996	-	-	732,996	666,874
Other expenses:					
Program services	1,283,865	-	-	1,283,865	1,571,065
Donor relations and development	1,351,987	-	-	1,351,987	1,311,189
Administration and general expenses	1,981,845	321,232	(210,000)	2,093,077	1,855,220
Total other expenses	4,617,697	321,232	(210,000)	4,728,929	4,737,474
Total Expenditures	21,016,468	321,232	(210,000)	21,127,700	20,681,936
Increase (Decrease) in Net Assets	(43,288,320)	1,659,909	-	(41,628,411)	54,613,323
Net Assets, beginning of year	496,401,294	(176,853)	-	496,224,441	441,611,118
Net Assets, end of year	\$ 453,112,974	\$ 1,483,056	\$ -	\$ 454,596,030	\$ 496,224,441

See accompanying independent auditor's report on supplementary information.