Financial Statements
December 31, 2014 and 2013

Idaho Community Foundation, Inc.

EideBailly
CPAs & BUSINESS ADVISORS

Independent Auditor's Report

To the Board of Directors
Idaho Community Foundation, Inc.
Boise, Idaho

Report on the Financial Statements
We have audited the accompanying financial statements of Idaho Community Foundation, Inc., (the Foundation) which comprise the statements of financial position as of December 31, 2014 and 2013, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

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

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Foundation'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 Foundation'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.

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Opinion

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

Eide Bailly LLP

Boise, Idaho
March 25, 2015

	2014	2013
Assets		
Cash and cash equivalents	$ 19,486,843	$ 19,670,544
Investments held by trustees	101,456,018	94,641,749
Promises to give, net of allowance of $25,185 in 2014 and 2013	401,143	159,014
Unsettled trades receivables	829,592	40,572
Note receivable	97,133	-
Cash surrender value of life insurance	190,945	171,702
Land held for resale	599,631	230,990
Property and equipment, net	425,802	468,629
	$ 123,487,107	$ 115,383,200
Liabilities and Net Assets		
Accounts payable and accrued liabilities	$ 174,980	$ 255,907
Funds held as agency endowments	18,408,159	15,363,376
Charitable gift annuity liability	47,922	52,687
Total liabilities	18,631,061	15,671,970
Net Assets		
Unrestricted		
Operating	876,677	759,596
Endowment	84,349,073	79,052,511
Non-endowed	19,432,020	19,740,109
Temporarily restricted		
Endowment	198,276	159,014
Total net assets	104,856,046	99,711,230
	$ 123,487,107	$ 115,383,200

	Unrestricted	Temporarily Restricted	Total
Revenues, Gains, and Other Support			
Contributions and memberships	$ 7,206,689	255,244	$ 7,461,933
Interest and dividends	1,724,384	-	1,724,384
Net realized and unrealized gains/losses	3,263,569	-	3,263,569
Net assets released from restrictions	215,982	(215,982)	-
	12,410,624	39,262	12,449,886
Administrative Expenses			
Transfer to agency endowment funds	612,492	-	612,492
Salaries	577,038	-	577,038
Employee benefits	136,674	-	136,674
Donor/community relations	87,928	-	87,928
Miscellaneous	71,107	-	71,107
Travel and entertainment	64,599	-	64,599
Depreciation expense	50,193	-	50,193
Marketing	45,900	-	45,900
Technology	44,538	-	44,538
Professional and other services	42,238	-	42,238
Trustee fees	41,245	-	41,245
Printing, postage and telephone	29,789	-	29,789
Utilities and office maintenance	27,345	-	27,345
Writeoff of promises to give	14,045	-	14,045
Total administrative expenses	1,845,131	-	1,845,131
Grants and Fund Distributions	5,548,935	-	5,548,935
Total administrative expenses and grants and fund distributions	7,394,066	-	7,394,066
Change in Net Assets Before Transfers	5,016,558	39,262	5,055,820
Transfers			
Management fee allocation	88,996	-	88,996
Change in Net Assets	5,105,554	39,262	5,144,816
Net Assets, Beginning of Year	99,552,216	159,014	99,711,230
Net Assets, End of Year	$ 104,657,770	$ 198,276	$ 104,856,046

	Unrestricted	Temporarily Restricted	Total
Revenues, Gains, and Other Support			
Contributions and memberships	$ 5,977,046	$ 225,000	$ 6,202,046
Interest and dividends	1,506,257	-	1,506,257
Net realized and unrealized gains/losses	12,203,124	-	12,203,124
Net assets released from restrictions	191,945	(191,945)	-
	19,878,372	33,055	19,911,427
Administrative Expenses			
Salaries	499,930	-	499,930
Employee benefits	124,519	-	124,519
Donor/community relations	94,300	-	94,300
Miscellaneous	38,176	-	38,176
Travel and entertainment	51,180	-	51,180
Depreciation expense	49,829	-	49,829
Marketing	42,064	-	42,064
Technology	53,858	-	53,858
Professional and other services	52,642	-	52,642
Trustee fees	73,883	-	73,883
Printing, postage and telephone	24,474	-	24,474
Utilities and office maintenance	18,818	-	18,818
Writeoff of promises to give	26,288	-	26,288
Total administrative expenses	1,149,961	-	1,149,961
Grants and Fund Distributions	4,655,732	-	4,655,732
Total administrative expenses and grants and fund distributions	5,805,693	-	5,805,693
Change in Net Assets Before Transfers	14,072,679	33,055	14,105,734
Transfers			
Management fee allocation	63,204	-	63,204
Change in Net Assets	14,135,883	33,055	14,168,938
Net Assets, Beginning of Year	85,416,333	125,959	85,542,292
Net Assets, End of Year	$ 99,552,216	$ 159,014	$ 99,711,230

	2014	2013
Operating Activities		
Change in net assets	$ 5,144,816	$ 14,168,938
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation	50,193	49,829
Transfer to agency endowment funds	612,492	-
Stock donation	(829,592)	(40,572)
Notes receivables donation	(100,444)	-
Land held for sale donation	(361,641)	-
Net realized and unrealized gains on investments	(3,263,569)	(12,203,124)
Writeup on land held for sale	(7,000)	(26,025)
Change in cash surrender value of life insurance	(19,243)	(19,949)
Changes in operating assets and liabilities		
Change in promises to give	(242,129)	(33,055)
Change in note receivables	3,310	-
Change in trade receivables	40,572	-
Change in liabilities	(85,692)	222,497
Net Cash from Operating Activities	942,073	2,118,539
Investing Activities		
Purchase of investments	(8,680,725)	(13,147,742)
Proceeds from sale of investments	7,562,317	11,181,579
Purchase of equipment	(7,366)	(12,151)
Net Cash used for Investing Activities	(1,125,774)	(1,978,314)
Net Change in Cash and Cash Equivalents	(183,701)	140,225
Cash and Cash Equivalents, Beginning of Year	19,670,544	19,530,319
Cash and Cash Equivalents, End of Year	$ 19,486,843	$ 19,670,544

Note 1 - Summary of Significant Accounting Policies

Organization

The Idaho Community Foundation, Inc. (the Foundation) was established November 10, 1988, for the purpose of attracting donations, managing and investing its funds, and distributing the earnings for charitable purposes that benefit the residents of Idaho. Significant accounting policies are described below.

The Foundation utilizes fund accounting to classify resources and activities for accounting and reporting purposes into funds that are in accordance with specified objectives.

The Foundation maintains the following funds:

Operating – The Foundation charges funds to settle a portion of the administrative expenses. In order to reduce administrative charges to funds, the Foundation receives administrative support contributions from individuals and businesses.

Endowment – Generally, endowment funds are funds for which the intention is to conserve the principal, although there is no legal requirement to do so. Applying the Total Return Concept (see below), the Foundation annually supports a wide range of organizations that promote educational, cultural, health, social, environmental, and civic projects to improve the quality of life for Idahoans.

Non-Endowed - Special Project/Philanthropic Gift Fund – Special Project funds represent single purpose contributions to the Foundation for which both the principal and net earnings are generally distributed to support identified charitable organizations for specified projects. Philanthropic Gift funds represent non-endowed, fully expendable funds from which the donor or donor-specified advisors may recommend distributions to any IRS recognized charity.

Charitable Gift Annuities – Annuity funds are established with the agreement that in exchange for a contribution, a donor is guaranteed fixed payments for life, with the remainder interest being used to benefit a charity. Earnings on these funds are retained by the funds. The fund activity is reported in the endowment fund.

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, as well as the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Foundation considers all highly liquid investments that have a maturity of three months or less at the date of purchase to be cash equivalents. All investments classified as cash equivalents as of December 31, 2014 are securitized through collateralization. Cash on hand as of December 31, 2014 is only secured up to the Federal Deposit Insurance Corporation limits.

Investments

Investments purchases are recorded at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values on the statement of financial position. Net investment gain/(loss) is reported on the statement of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less investment management and custodial fees.

Investments Held by Trustees

Investments held by trustees are stated at fair market value. Increases and decreases in market value are recognized in the period in which they occur and the carrying value of the investments is adjusted to reflect these market fluctuations. Gains or losses on securities sold are computed on a specific identification basis. Investment income and unrealized gains or losses are allocated to the funds monthly based upon their principal balances.

The Foundation uses the Total Return Concept (TRC) to determine the level of funding available for grants annually. Under the TRC, the income plus the change in market value of the Foundation's assets less distributions and fees, averaged over time, are taken into consideration in determining available grant dollars for each year's distribution. The TRC allows the Foundation to set a spending level that is independent of the income earned by the different funds and which may be more or less than actual income earned by interest and dividends in any one year. The current spending level established by the Foundation is approximately 4.5% of a fund's average market value for the preceding two to thirteen quarters, depending on when the fund was established. A fund must have been created by June 30 to be eligible for a distribution in the following year.

Promises to Give

Unconditional promises to give expected to be collected within one year are recorded at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded and subsequently carried at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. Promises to give are due in full at the end of five years and are allocated evenly over the five years; promises to give are not required to be paid evenly over the course of the promise to give agreement.

The Foundation provides for losses on promises to give using the allowance method. The allowance is based on specific identification. It is the Foundation's policy to charge off uncollectible receivables when management determines the receivables will not be collected.

Notes Receivables

During 2014, two notes receivables were donated by estate trusts to the Foundation in the amounts of $50,444 and $50,000. Contribution revenue related to the notes receivables is included in temporarily restricted net assets. The Foundation receives annual installments of $6,504 and $3,600, respectively, with the remaining outstanding balance due at maturity. The notes receivables mature in May 2015 and September 2028, respectively. As of December 31, 2014, the Foundation is owed $47,733 and $49,400, respectively.

Promises to give at December 31, 2014 and 2013, are scheduled to be received as follows:

	2014	2013
Due in one year or less	$ 55,017	$ 19,969
Due in one to five years	400,387	179,261
Total promises to give	455,404	199,230
Less discounts to net present value	(29,076)	(15,031)
Less allowance	(25,185)	(25,185)
Net promises to give	$ 401,143	$ 159,014

Other Investments

Other investments primarily represent the value of donated M.H. King Company non-marketable stock that was gifted to the Foundation as part of the transfer of assets from the M.H. King Foundation. The value of this stock is an estimate based on the most recently available historical financial information obtained from the M.H. King Company.

The Foundation owns a life insurance policy in which the Foundation is named as beneficiary with a corresponding agreement for an endowment fund that will ultimately receive proceeds from the policy. The cash surrender value of the life insurance policy at December 31, 2014 and 2013 was estimated to be $190,945 and $171,702, respectively.

Land Held for Resale

Land held for resale is made up of donations of land. The Foundation intends to sell the land and place the proceeds in specific funds according to the donation agreement.

Capital Impairment Analysis

The Foundation reviews its land held for resale for impairment whenever events or changes in circumstances indicate that the carrying value of such property may not be recoverable. Recoverability is measured by a comparison of the carrying amount of the land to the estimated fair value of the land and any estimated proceeds from the eventual disposition of the land. If the land is considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount of the land exceeds the fair value. During 2014, the Foundation received additional donations of land held for resale of $361,641. The Foundation also continued to recoup impairment losses that had been recognized in prior years related to the land held for sale. Gains of $7,000 and $26,025 were recognized for the years ended December 31, 2014 and 2013, respectively.

Property and Equipment

Property and equipment are recorded at cost, or if donated, at fair value on the date of donation. It is the Foundation's policy to expense items costing less than $5,000 at the time of purchase. Depreciation is computed on the straight-line method over the expected economic useful lives of the assets. When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any remaining gain or loss is included in the statement of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

Property and equipment, net, and the estimated useful lives consist of the following as of December 31, 2014 and 2013:

Property and Equipment	2014	2013	Useful Lives
Land	$ 175,700	$ 175,700	
Equipment	217,579	217,802	5 years
Furniture and fixtures	28,962	28,962	7 years
Building	339,816	332,227	25 years
Total	762,057	754,691	
Accumulated depreciation	(336,255)	(286,062)	
Property and equipment, net	$ 425,802	$ 468,629	

Funds Held as Agency Endowments

The Foundation accounts for its funds held as agency endowments in accordance with FASB Accounting Standards Codification Topic ASC 958 (ASC 958) This statement establishes standards for transactions in which a community foundation accepts a contribution from a donor and agrees to transfer those assets, the return on investment of those assets, or both to another entity that is specified by the donor. ASC 958 specifically requires that if a Not-For-Profit Organization (NPO) accepts cash or other financial assets from a donor, agrees to use those assets on behalf of or transfer those assets to establish a fund at a community foundation, and specifies itself as the beneficiary of that fund, the community foundation must account for the transfer of such assets as a liability. The Foundation refers to such funds as agency endowments.

The Foundation maintains variance power and legal ownership of agency endowment funds and reports these funds as assets of the Foundation. However, in accordance with ASC 958, a liability has been established for the fair value of the funds, which is generally equivalent to the present value of future payments expected to be made to the NPO's. The present value of such future payments approximates the carrying value of the funds.

At December 31, 2014 and 2013, the Foundation was the owner of 69 and 59 agency endowment funds respectively, with a combined value of $18,408,159 and $15,363,376, respectively. The following table summarizes activity in such funds during the two years then ended:

Agency Endowment Fund balances at December 31, 2012	$ 9,328,747
Contributions	4,319,442
Interest and dividends	272,992
Net realized and unrealized gains and losses on investments	1,976,669
Management and trustee fees	(70,908)
Distributions and transfers	(463,566)
Agency Endowment Fund balances at December 31, 2013	15,363,376
Contributions	2,168,610
Interest and dividends	352,660
Net realized and unrealized gains and losses on investments	662,116
Transfer to agency endowment funds	612,492
Management and trustee fees	(95,763)
Distributions and transfers	(655,332)
Agency Endowment Fund balances at December 31, 2014	$ 18,408,159

Charitable Gift Annuities

Under charitable gift annuity contracts, the Foundation receives immediate and unrestricted title to contributed assets and agrees to make fixed recurring payments over the stipulated period. Contributed assets are recorded at fair value on the date of receipt. The related liability for future payments to be made to the specified beneficiaries is recorded at fair value using present value techniques and risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the liability. The excess of contributed assets over the annuity liability is recorded as an unrestricted contribution. In subsequent years, the liability for future payments to the donor is reduced by payments made to the donor and is adjusted to reflect changes in the fair value of the liability at the end of the year. Upon termination of the annuity contract, the remaining liability is removed and recognized as income.

Net Assets

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

Unrestricted Net Assets – Net assets available for use in general operations. Unrestricted board-designated net assets consist of net assets designated by the Board of Directors for operating reserve and quasi-endowment.

Temporarily Restricted Net Assets – Net assets subject to donor restrictions that may or will be met by expenditures or actions of the Foundation and/or the passage of time, and certain income earned on permanently restricted net assets that has not yet been appropriated for expenditure by the Foundation's Board of Directors. As of December 31, 2014 and 2013, the Foundation had temporarily restricted net assets of $198,276 and $159,014, respectively, which related to the promises to give and restricted for time.

The Foundation reports contributions restricted by donors as increases in unrestricted net assets if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently Restricted Net Assets – Net assets whose use is limited by donor-imposed restrictions that neither expire by the passage of time nor can be fulfilled or otherwise removed by action of the Foundation. As of December 31, 2014 and 2013, there were no permanently restricted net assets.

Contributions

The Foundation receives contributions with requests as to the timing and distribution of the assets and earnings. The Foundation attempts to meet the desires of the contributor in most cases. However, the Foundation reserves the right to modify any restrictions or conditions on the distribution of funds for any specified charitable purpose if, in the sole judgment of the Foundation's Board of Directors, such restrictions or conditions become unnecessary, undesirable, incapable of fulfillment or inconsistent with the charitable needs of the state of Idaho. Therefore, all contributions are classified as unrestricted except for unconditional promises to give for which the cash has not been received. These are classified as temporarily restricted in accordance with FASB ASC 958-605.

Revenue and Revenue Recognition

Revenue is recognized when earned. Program service fees and payments under cost-reimbursable contracts received in advance are deferred to the applicable period in which the related services are performed or expenditures are incurred, respectively. Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

Donated Services and In-Kind Contributions

Volunteers contribute significant amounts of time to the Foundation's program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods are recorded at fair value at the date of donation. The Foundation records donated professional services at the respective fair values of the services received.

In 2014 and 2013, respectively, $1,763 and $6,400 of non-cash contributions were recorded as contributions. These amounts are unrestricted operating funds. These contributions consist mainly of the fair market value of the accounting and professional services rendered during the year, which are reflected as professional and other services expense in the Statement of Activities.

Grants and Distributions

Grants from endowment funds are approved and made by the Board of Directors in accordance with the Foundation's bylaws and guidelines. Distributions from non-endowed funds are also approved by the Board of Directors based on criteria established at the time of each individual fund's creation. Grants and distributions are recorded in the financial statements when approved by the Board of Directors, all conditions have been met, and the funds are distributed.

Management Fee

Endowment funds are assessed an annual management fee of 1%, with 0.25% being assessed at the end of each quarter based on the average market value of the fund. Scholarship funds are assessed fees between 1% - 2%, depending on the level of services provided.

Agency funds are assessed an annual management fee of one half of 1%, with 0.125% being assessed at the end of each quarter on the average market value of the fund. Agency funds are subject to a minimum annual fee of $250.

Non-endowed philanthropic gift funds established before 2014 are not subject to a management fee as long as the monies remain in the fund for at least 6 months. The Foundation, however, retains the earnings on the fund. Monies expended from a philanthropic gift fund in less than six months are assessed a 2% management fee and all contributions are subject to a 2% fee. Non-endowed philanthropic gift funds established after January 1, 2014 are charged a 2% fee on all contributions made to the fund and the Foundation retains the earnings on the fund.

Non-endowed special project funds that provide for the total expenditure of the contributions and earnings have a negotiated fee based on the amount of the administrative work required.

Income Taxes

The Foundation is exempt from income taxes as defined by Section 501(c)(3) of the Internal Revenue Code. The Foundation is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the Foundation is subject to income tax on net income that is derived from business activities that are unrelated to its exempt purpose. The Foundation has determined it is not subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

The Foundation believes that it has appropriate support for any tax positions taken affecting its annual filing requirements, and as such, does not have any uncertain tax positions that are material to the financial statements. The Foundation would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred. The Foundation is no longer subject to Federal and state tax examinations by tax authorities for years before 2011.

Guarantees

The Foundation, in association with the Idaho Assistive Technology Program (IATP), guarantees loans used by disabled borrowers to purchase equipment that assists them in performing everyday activities. These guarantees are accounted for under FASB Accounting Standards Codification Topic 460-10. All loan guarantees are secured by the balance in the IATP fund established at the Foundation. Outstanding loans guaranteed at December 31, 2014 and 2013 were $74,859 and $107,619, respectively. The corresponding assets related to the loan guarantees are included in the investments held by trustees as of December 31, 2014 and 2013.

Employee Retirement Plan

The Foundation incurred expenses of $20,938 and $13,353 for December 31, 2014 and 2013, respectively, for the SEP IRA employee retirement plan.

Financial Instruments and Credit Risk

The Foundation manages deposit concentration risk by placing cash, money market accounts, and certificates of deposit with financial institutions believed by management to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, the Foundation has not experienced losses in any of these accounts. Credit risk associated with promises to give is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from Board members, and individuals and businesses supportive of the Foundation's mission. Investments are made by diversified investment managers whose performance is monitored by management and the Investment Committee of the Board of Directors. Although the fair values of investments are subject to fluctuation on a year-to-year basis, management and the Investment Committee believe that the investment policies and guidelines are prudent for the long-term welfare of the Foundation.

Reclassification

Certain amounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation in the current year financial statements. The reclassifications had no impact on net income or net assets.

Subsequent Events

The Foundation has evaluated subsequent events through March 25, 2015, the date the financial statements were available to be issued.

Note 2 - Investments

At December 31, the fair market value of investments held consisted of:

	2014	2013
Mutual fund equity	$ 67,955,385	$ 65,356,426
U.S. commingled index funds	33,500,633	29,285,323
	$ 101,456,018	$ 94,641,749

Note 3 - Related Party Transactions

During 2014 and 2013, members of the Foundation's management and Board of Directors contributed $127,684 and $245,366, respectively, in the form of memberships, donations and in-kind contributions to the Foundation. The Foundation's insurance carrier employs a member of the Foundation's board of directors. During the year ended December 31, 2014 and 2013, the Foundation paid $7,385 and $7,254, respectively, for the insurance.

Note 4 - Significant Concentrations

During 2014, $2,005,776 of the Foundation's total contribution revenue was received from one donor, of which no amounts were distributed before December 31, 2014. During 2013, $5,618,810 of the Foundation's total contribution revenue was received from three donors, of which no amounts were distributed before December 31, 2014.

Note 5 - Split Interest Agreements

The Foundation has charitable gift annuities, of which the underlying assets had a market value of $130,535 and $135,484 (recorded in investments) at December 31, 2014 and 2013, respectively. The actuarial obligations to pay the annuity at December 31, 2014 and 2013 are $47,922 and $52,687, respectively. The assets of the individual trusts are invested and are expected to generate sufficient income to pay this obligation until the termination of the individual annuities.

Note 6 - Fair Value Measurements

Certain assets and liabilities are reported at fair value in the financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available. A three tier hierarchy categorizes the inputs as follows:

> Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Foundation can access at the measurement date.
>
> Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.
>
> Level 3 – Unobservable inputs for the asset or liability. In these situations, the Foundation develops inputs using the best information available in the circumstances.

In some cases, the inputs used to measure the fair value of an asset or a liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, taking into account factors specific to the asset or liability. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to the Foundation's assessment of the quality, risk or liquidity profile of the asset or liability.

Assets and liabilities measured at fair value on a recurring basis at December 31, 2014 and 2013 are as follows:

	2014	2013
Investments held by trustees		
Mutual fund equity	$ 67,955,385	$ 65,356,426
US commingled index funds	33,500,633	29,285,323
Promises to give	401,143	159,014
Total assets	$ 101,857,161	$ 94,800,763
Charitable gift annuity liabilities	$ 47,922	$ 52,687

The fair value option was chosen to measure promises to give and charitable gift annuity liabilities annually in order to mitigate volatility in reported changes in net assets.

The related fair values of these assets and liabilities are determined as follows:

December 31, 2014	Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Investments held by trustees			
Mutual fund equity	$ 67,955,385	$ -	$ -
US commingled index funds	-	33,500,633	-
Promises to give	-	-	401,143
Total assets	$ 67,955,385	$ 33,500,633	$ 401,143
Charitable gift annuity liability	$ -	$ -	$ 47,922

December 31, 2013	Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Investments held by trustees			
Mutual fund equity	$ 65,356,426	$ -	$ -
US commingled index funds	-	29,285,323	-
Promises to give	-	-	159,014
Total assets	$ 65,356,426	$ 29,285,323	$ 159,014
Charitable gift annuity liability	$ -	$ -	$ 52,687

Mutual fund equity: Valued at fair value based on the quoted net asset value (NAV) of shares held by the Foundation as of yearend.

US commingled funds: Valued at the net asset value, which is provided by the trustee and is used as a practical expedient to estimate fair value. The NAV is based on the fair value of the observable market prices of the underlying assets held by the fund less liabilities.

Promises to give: Determined by estimating the present value of expected future cash flows.

Charitable gift annuity liability: Determined by estimating the present value of expected future cash outflows.

Following is a reconciliation of activity for 2014 and 2013 for assets measured at fair value based upon significant unobservable (non-market) information.

	Pledges Receivable	Charitable Gift Annuity Liability
Balance, December 31, 2012	$ 125,959	$ (56,455)
Additions at the reporting date	225,000	
Payments and write offs at the reporting date	(191,945)	7,405
Realized and unrealized gains (losses) relating to instruments till held at the reporting date	-	(3,637)
Balance, December 31, 2013	159,014	(52,687)
Additions at the reporting date	454,800	-
Payments at the reporting date	(212,671)	7,405
Realized and unrealized gains (losses) relating to instruments till held at the reporting date	-	(2,640)
Balance, December 31, 2014	$ 401,143	$ (47,922)

Gains and losses (realized and unrealized) included in changes in net assets for the period above are reported in realized and unrealized gains (losses) and additions are included in contributions and memberships in the Statements of Activities.

Fair Value Measurement and Disclosure (Topic 820): Investments in Certain Entities that Calculate Net Asset Value Per Share (or its Equivalent) requires disclosures of certain attributes in entities that calculate a net asset value per share (or its equivalent) and do not have readily determinable fair value. The following table sets forth the disclosure of the attributes at December 31, 2014 and 2013:

	2014			
	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
U.S. Commingled Index Funds				
Passive Bond Market Index Strategy	$ 15,997,889	$ -	Daily	2 Days
SSgA Russel 1000 Growth				
Index NL QP Strategy	12,588,774	-	Daily	2 Days
SSgA U.S. TIPS Index NL QP Strategy	4,913,970	-	Daily	2 Days

	2013			
	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
U.S. Commingled Index Funds				
Passive Bond Market Index Strategy	$ 11,014,170	$ -	Daily	2 Days
SSgA Russel 1000 Growth				
Index NL QP Strategy	11,130,175	-	Daily	2 Days
SSgA U.S. TIPS Index NL QP Strategy	7,140,978	-	Daily	2 Days

Passive Bond Market Index Strategy fund seeks an investment return that approximates, before expenses, the performance of its benchmark index (Barclays U.S. Aggregate Bond Index) over the long term. The strategy is managed using a “passive” or “indexing” investment approach, by which SSgA attempts to match, before expenses, the performance of the benchmark index and securities will be selected based upon what SSgA expects will provide a return comparable to that of the benchmark index.

SSgA Russell 1000 Growth Index NL QP Strategy fund seeks an investment return that approximates, before expenses, the performance of its benchmark index (Russell 1000® Growth Index) over the long term. The strategy is managed using a “passive” or “indexing” investment approach, by which SSgA attempts to match, before expenses, the performance of the benchmark index and securities will be selected based upon what SSgA expects will provide a return comparable to that of the benchmark index.

SSgA U.S. TIPS Index NL QP Strategy fund seeks an investment return that approximates, before expenses, the performance of its benchmark index (Barclays U.S. Treasury Inflation Protected Index) over the long term. The strategy is managed using a “passive” or “indexing investment approach by which SSgA attempts to replicate, before expenses, the performance of its benchmark index and securities will be selected based upon what SSgA expects will provide a return comparable to that of the benchmark index.

Changes in Fair Value Levels

The availability of observable market data is monitored to assess the appropriate classifications of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the beginning of the reporting period.

Assets measured at fair value on a non-recurring basis at December 31, 2014, are as follows:

		Fair Value Measurements Using			
		Quoted Prices			
	Fair Value	In Active Markets for Identical Assets/Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Gains (Losses)
Description					
Land held for sale	$ 599,631	$ -	$ 599,631	$ -	$ 7,000

Assets measured at fair value on a non-recurring basis at December 31, 2013, are as follows:

		Fair Value Measurements Using			
		Quoted Prices			
	Fair Value	In Active Markets for Identical Assets/Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Gains (Losses)
Description					
Land held for sale	$ 230,990	$ -	$ 230,990	$ -	$ 26,025

Land held for sale as of December 31, 2014 consists of ten contributed land parcels. The fair value of those assets is determined by reference to market prices and information for similar assets, less estimated costs to sell. During 2014 eight land parcels were contributed to the Foundation in the amount of $361,641, which there was no unrealized gain/loss for the year then ended. The two land parcels held from prior year's contributions were adjusted to their fair value of $237,990, resulting in a gain of $7,000 for the year ended December 31, 2014.

During the year ended December 31, 2013, land held for sale was adjusted to its fair value of $230,990, resulting in a gain of $26,025, which was included in unrestricted net realized and unrealized gains/losses for the year.

Fair Value of Financial Instruments Not Required To Be Reported at Fair Value

The carrying amount of cash and cash equivalents, pledges receivable, accounts payable, accrued expenses, and other liabilities approximate fair value due to the short-term nature of the items. The carrying amount of promises to give due in more than one year is based on the discounted net present value of the expected future cash receipts, and approximate fair value. The carrying amount of liabilities under split-interest agreements is based on the discounted net present value of the expected future cash payments, and approximates fair value.

Note 7 - Endowment

The Idaho Community Foundation's endowment consists of approximately 395 individual funds established for a variety of purposes. Its endowment includes funds designated by the Board of Trustees to function as endowments. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Board of Directors of the Idaho Community Foundation (ICF) has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, ICF classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts 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. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by ICF in a manner consistent with the standard of prudence prescribed by SPMIFA. In accordance with SPMIFA, ICF considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

(1) The duration and preservation of the fund
(2) The purposes of the organization and donor-restricted 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 organization
(7) The investment policies of the organization

The composition of Endowment Net Assets by fund type as of December 31, 2014 and 2013, respectively, is as follows:

December 31, 2014	Unrestricted
Board-designated endowment funds	$ 84,349,073
	$ 84,349,073

December 31, 2013	Unrestricted
Board-designated endowment funds	$ 79,052,511
	$ 79,052,511

Changes in Endowment Net Assets for the years ending December 31, 2014 and 2013, respectively, are as follows:

	2014 Unrestricted	2013 Unrestricted
Endowment net assets, Beginning of year	$ 79,052,511	$ 65,492,897
Investment return		
Investment income	1,705,948	1,487,491
Net realized and unrealized appreciation (depreciation)	3,256,807	12,176,539
Contributions	4,355,888	2,838,382
Release from obligations	215,982	191,945
Appropriation of endowment assets for expenditure	(2,729,329)	(2,397,969)
Other Changes		
Transfers to other funds	(612,492)	48,674
Management fee allocations	(896,242)	(785,448)
Endowment net assets, End of year	$ 84,349,073	$ 79,052,511

As of December 31, 2014 and 2013, respectively, there were no temporarily restricted or permanently restricted balances or transactions related to the endowment.

Funds with Deficiencies (Disclosure required by paragraph 15 (d) of Statement 124)

From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that the donor or SPMIFA requires ICF to retain as a fund of perpetual duration. In accordance with generally accepted accounting principles, deficiencies of this nature that are reported in unrestricted net assets were $0 as of December 31, 2014 and 2013. There were no such deficiencies as of December 31, 2014 and 2013.

Return Objectives and Risk Parameters

ICF 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. Endowment assets include those assets of donor-restricted funds that the organization must hold in perpetuity or for a donor-specified period(s) as well as board-designated funds. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of the S&P 500 index while assuming a moderate level of investment risk. ICF expects its endowment funds, over time, to provide an average rate of return of approximately 7-8 percent annually. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, ICF 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). ICF targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy

ICF has a policy of appropriating for distribution each year of its endowment fund's average fair value over the prior 2-13 quarters through the calendar year-end preceding the fiscal year in which the distribution is planned. Effective January 1, 2013, ICF elected to change the distribution rate from 5% to 4.5%. In establishing this policy, the Foundation considered the long-term expected return on its endowment. Accordingly, over the long term, the Foundation expects the current spending policy to allow its endowment to grow at an average of 2-3 percent annually. This is consistent with the organization's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.