Jackson Community Foundation

Financial Report
with Additional Information
December 31, 2015

Jackson Community Foundation

Contents

Plante & Moran, PLLC
Suite 300
750 Trade Centre Way
Portage, MI 49002
Tel: 269.567.4500
Fax: 269.567.4501
plantemoran.com

Independent Auditor's Report

To the Board of Directors
Jackson Community Foundation

We have audited the accompanying financial statements of Jackson Community Foundation (the "Foundation"), which comprise the balance sheet as of December 31, 2015 and 2014 and the related statements of activities and changes in net assets 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 audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Jackson Community Foundation as of December 31, 2015 and 2014 and the changes in net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Plante & Moran, PLLC

March 8, 2016

Jackson Community Foundation

Balance Sheet

	December 31, 2015	December 31, 2014
Assets		
Cash and cash equivalents	$ 367,257	$ 271,709
Investments (Note 2)	21,441,297	21,256,833
Prepaid expenses	2,647	2,647
Contribution receivable - Net	11,743	13,805
Bequests receivable	-	332,591
Beneficial interests in trust (Note 3)	1,000,436	863,694
Property and equipment - Net (Note 4)	35,336	23,084
Total assets	**$ 22,858,716**	**$ 22,764,363**
Liabilities and Net Assets		
Liabilities		
Accounts payable	$ 34,507	$ 22,816
Grants payable	12,300	8,099
Funds held as agency (Note 5)	1,515,047	1,653,450
Total liabilities	1,561,854	1,684,365
Net Assets		
Unrestricted	19,203,940	18,734,787
Temporarily restricted	2,092,922	2,345,211
Total net assets	21,296,862	21,079,998
Total liabilities and net assets	**$ 22,858,716**	**$ 22,764,363**

See Notes to Financial Statements.

Jackson Community Foundation

Statement of Activities and Changes in Net Assets

	Year Ended					
	December 31, 2015			December 31, 2014		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Revenue, Gains, and Other Support						
Contributions	$ 1,877,211	$ 176,449	$ 2,053,660	$ 1,221,604	$ 417,276	$ 1,638,880
Interest and dividend income	777,685	42,923	820,608	682,775	41,899	724,674
Change in value of beneficial interest	-	136,742	136,742	-	255,505	255,505
Net realized and unrealized losses on investments	(1,469,835)	(82,179)	(1,552,014)	(218,162)	(13,955)	(232,117)
Miscellaneous income	100,631	-	100,631	107,486	-	107,486
Net assets released from restrictions	526,224	(526,224)	-	171,186	(171,186)	-
Total revenue, gains, and other support	1,811,916	(252,289)	1,559,627	1,964,889	529,539	2,494,428
Expenses						
Program services:						
Grants and contributions	699,770	-	699,770	775,433	-	775,433
Other program services	333,906	-	333,906	260,310	-	260,310
Management and general	204,799	-	204,799	183,316	-	183,316
Fundraising	104,288	-	104,288	109,204	-	109,204
Total expenses	1,342,763	-	1,342,763	1,328,263	-	1,328,263
Increase (Decrease) in Net Assets	469,153	(252,289)	216,864	636,626	529,539	1,166,165
Net Assets - Beginning of year	18,734,787	2,345,211	21,079,998	18,098,161	1,815,672	19,913,833
Net Assets - End of year	**$ 19,203,940**	**$ 2,092,922**	**$ 21,296,862**	**$ 18,734,787**	**$ 2,345,211**	**$ 21,079,998**

See Notes to Financial Statements.

Jackson Community Foundation

Statement of Cash Flows

	Year Ended December 31, 2015	Year Ended December 31, 2014
Cash Flows from Operating Activities		
Increase in net assets	$ 216,864	$ 1,166,165
Adjustments to reconcile increase in net assets to net cash from operating activities:		
Depreciation	11,554	10,788
Contribution receivable - Bad debt expense	-	46,000
Realized and unrealized investment losses	1,552,014	232,117
Change in value of beneficial interest	(136,742)	(255,505)
Changes in operating assets and liabilities which (used) provided cash:		
Prepaid expenses	-	(2,647)
Contribution receivable	2,062	(4,176)
Bequest receivable	332,591	(332,591)
Accounts payable	11,691	(595)
Grants payable	4,201	(16,412)
Agency activity	(138,403)	(108,706)
Net cash provided by operating activities	1,855,832	734,438
Cash Flows from Investing Activities		
Purchase of property and equipment	(23,806)	(2,794)
Purchases of investments	(10,241,022)	(8,815,263)
Proceeds from sales and maturities of investments	8,504,544	8,191,547
Net cash used in investing activities	(1,760,284)	(626,510)
Net Increase in Cash and Cash Equivalents	95,548	107,928
Cash and Cash Equivalents - Beginning of year	271,709	163,781
Cash and Cash Equivalents - End of year	**$ 367,257**	**$ 271,709**

See Notes to Financial Statements.

Note 1 - Nature of Business and Significant Accounting Policies

Organization Purpose - Jackson Community Foundation (the "Foundation") is a public foundation under Internal Revenue Code Section 501(c)(3) that receives and administers gifts and bequests which are used to support a variety of programs for the benefit of local area residents including scientific, educational, social, cultural, recreational, and other charitable endeavors.

The bylaws of Jackson Community Foundation include a variance provision and powers of modification, giving the board of trustees the power to vary the use of funds. Based on these provisions, most contributions received by Jackson Community Foundation are reported as unrestricted support. Jackson Community Foundation further classifies its unrestricted net assets as follows:

	2015	2014
Advised	$ 1,751,761	$ 1,615,115
Discretionary	3,522,834	3,448,917
Designated	2,567,219	1,727,276
Field of interest	1,304,485	1,164,471
Named	4,969,959	5,439,679
Agency - Third party	1,216,042	1,239,692
Scholarship	3,871,640	4,099,637
Total unrestricted net assets	$ 19,203,940	$ 18,734,787

The Foundation maintains separate accounting records for each of the individual established funds, which are classified as unrestricted.

Basis of Accounting - The accounting principles of the Foundation conform to generally accepted accounting principles as applicable to nonprofit organizations. The following is a summary of the significant accounting policies:

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 revenue, expenses, and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Cash Equivalents - The Foundation considers all highly liquid investments purchased with original maturities of three months or less to be cash equivalents, except for certain money market funds that are included in the Foundation's investment portfolio.

Note 1 - Nature of Business and Significant Accounting Policies (Continued)

Concentration of Credit Risk - The Foundation maintains cash balances at one bank, which at times may exceed the $250,000 insured limit by the Federal Deposit Insurance Corporation (FDIC).

Investments - Money market investment funds are under the custody of a fund manager and represent temporarily uninvested monies and short-term investments.

Investments in mutual funds and index funds are carried at quoted fair market value whenever available. Unrealized increases or decreases resulting from changes in the market value of investments are included annually in the statement of activities and changes in net assets. Realized gains and losses are recorded using specific identification of the assets sold.

Risks and Uncertainties - The Foundation invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

Contribution Receivable - Contributions receivable that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. An allowance for uncollectible contributions is provided when evidence indicates amounts promised by donors may not be collectible. At December 31, 2015 and 2014, contributions receivable are $11,743 and $13,805, respectively, and are expected to be collected within one year. There is no allowance for uncollectible contributions for the years ended December 31, 2015 and 2014.

Bequests Receivable - The bequests receivable consist of unconditional promises to give from donors who have left gifts in trust to be distributed to the Foundation. There were no bequests receivable at December 31, 2015 and there was $332,591 as of December 31, 2014. The Foundation received all $332,591 of the receivable in 2015.

Property and Equipment - Property and equipment are recorded at cost when purchased and at estimated fair market value when donated. Depreciation on property and equipment is provided on a straight-line basis over the estimated useful lives of the assets, which range from 5 to 10 years. Costs of maintenance and repairs are charged to expense when incurred.

Classification of Net Assets - The Foundation reports information regarding its financial position and activities according to three classes of net assets:

Note 1 - Nature of Business and Significant Accounting Policies (Continued)

- Unrestricted net assets are not restricted by donors, or the donor-imposed restrictions have expired.

- Temporarily restricted net assets contain donor-imposed restrictions that permit the Foundation to use or expend the assets as specified. Temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities and changes in net assets as net assets released from restrictions when the restrictions are satisfied either by the passage of time or by actions of the Foundation.

  Temporarily restricted net assets consist of the following as of December 31:

	2015	2014
Special project funds	$ 58,821	$ 25,575
Beneficial interest in trusts	1,000,436	863,694
Youth advisory council	953,528	1,043,870
Scholarship funds	80,137	79,481
Bequest receivable	-	332,591
Total temporarily restricted net assets	$ 2,092,922	$ 2,345,211

Net assets released from restrictions during the years ended December 31, 2015 and 2014 were primarily for scholarships, Foundation expenses, and distributions to others.

- Permanently restricted net assets contain donor-imposed restrictions that stipulate the resources be maintained permanently, but permit the Foundation to use or expend part or all of the income derived from the donated assets for specified purposes. Investment earnings available for distribution are recorded in temporarily or unrestricted net assets. The Foundation did not have any permanently restricted net assets as of December 31, 2015 and 2014.

Contributions - Contributions of cash and other assets, including unconditional promises to give in the future, are reported as revenue when received, measured at fair value. Contributions resulting from split-interest agreements, measured at the time the agreements are entered into, are based on the difference between the fair value of the assets received or promised and the present value of the obligation to the third-party recipient(s) under the contract.

Contributions without donor-imposed restrictions and contributions with donor-imposed time or purpose restrictions that are met in the same period as the gift are both reported as unrestricted support. Other restricted gifts are reported as restricted support and temporarily or permanently restricted net assets.

Note 1 - Nature of Business and Significant Accounting Policies (Continued)

Fundraising - Fundraising costs are charged to expense as incurred. The majority of all development activities for the benefit of the Foundation are conducted by the Foundation.

Functional Allocation of Expenses - Total expenses consisted of expenses relating to program services, management and general, and fundraising. Costs are allocated between the various programs and support services on an actual basis, where available, or based upon reasonable methods. Although methods of allocation used are considered appropriate, other methods could be used that would produce different amounts.

Retirement Plan - The Foundation sponsors a SIMPLE IRA plan for substantially all employees. The plan provides for the Foundation to make a required matching contribution. Contributions to the plan totaled $2,012 and $2,118 for the years ended December 31, 2015 and 2014, respectively.

Tax Status - The Internal Revenue Service (IRS) has ruled that the Foundation and its supporting organization are public charities as described in Sections 509(a)(1), 509(a)(3), and 170(b)(l)(A)(vi) of the Internal Revenue Code. Consequently, the Foundation is exempt from federal income taxes and certain excise taxes are imposed on private foundations. Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Foundation and recognize a tax liability if the Foundation has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS or other applicable taxing authorities. Management has analyzed the tax positions taken by the Foundation and has concluded that as of December 31, 2015 and 2014, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements. Tax years that remain subject to tax examination by the State of Michigan and the IRS are 2012-2015. The Foundation is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

Subsequent Events - The financial statements and related disclosures include evaluation of events up through and including March 8, 2016, which is the date the financial statements were available to be issued.

Note 2 - Investments

Investments consisted of the following at December 31:

	2015	2014
Mutual funds	$ 21,441,297	$ 21,256,833

Note 2 - Investments (Continued)

Investment income is comprised of the following at December 31:

	2015	2014
Interest and dividends	$ 820,608	$ 724,674
Net unrealized losses	(1,664,060)	(872,475)
Net realized gains	112,046	640,358
Total	$ (731,406)	$ 492,557

Investment income above does not include investment activity related to the agency funds. At December 31, 2015 and 2014, total investment income, including agency funds, is ($787,925) and $537,857, respectively.

Note 3 - Beneficial Interests in Trust

The Foundation is party to a split-interest agreement that began in 2012 and a second that began in 2014 upon the donors' deaths. The agreements create trusts in which the Foundation has a remainderman interest. The trustees are required to pay a specified amount each year to the designated beneficiaries until their death. For the 2012 split-interest agreement, the beneficiaries will each receive $50,000 per year. For the 2014 split-interest agreement, the beneficiary will receive the earnings of the trust each year (4 and 6 percent at December 31, 2015 and 2014, respectively). Upon the death of the beneficiaries, the remaining funds become the property of the Foundation.

The Foundation is not the trustee for these agreements and therefore, the present value of the Foundation's interest is determined by taking the market value of the trust assets at December 31 less the present value of future distributions to the beneficiaries. The present value of future distributions is computed based on the normal life expectancy of the beneficiaries, based on the U.S. Department of Social Security life expectancy tables, using a blended discount rate of 3.77 percent based on the average of the 30-year treasury rate, 20-year AA-rated bonds, and 20-year A-rated bonds at December 31 each year.

The fair market value of the trusts at December 31, 2015 and 2014 was $4,306,776 and $4,463,876, respectively. The present value of future distributions calculated to $3,306,340 and $3,600,182, and the beneficial interest in trusts is $1,000,436 and $863,694 at December 31, 2015 and 2014, respectively. For the years ended December 31, 2015 and 2014, the change in beneficial interest was $136,742 and $255,505, respectively, and is recorded on the statement of activities. The beneficial interests in trusts are recorded as an asset and temporarily restricted net assets for the years ended December 31, 2015 and 2014.

Note 4 - Property and Equipment

The cost of property and equipment is summarized as follows:

	2015	2014
Furniture and fixtures	$ 119,894	$ 102,809
Less accumulated depreciation	(84,558)	(79,725)
Net carrying amount	$ 35,336	$ 23,084

Depreciation expense was $11,554 for 2015 and $10,788 for 2014.

Note 5 - Funds Held as Agency

The Foundation has adopted guidance to record transfers of assets to a not-for-profit organization that holds contributions for others. Accounting standards specifically require 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 the donor or another entity that is specified by the donor. The standard specifically requires that if a not-for-profit organization (NPO) 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 a liability.

In accordance with accounting standards, a liability has been established for a portion of the fair value of the funds, which is generally equivalent to the present value of future payments which may be made to NPOs.

The following table summarizes activity in such funds:

	2015	2014
Funds held as agency - Beginning of year	$ 1,653,450	$ 1,762,156
Gifts, memorials, and bequests	36,993	10,330
Interest and dividend income	62,922	64,687
Realized and unrealized loss on investments	(119,441)	(19,387)
Grants and administrative expense	(85,901)	(89,352)
Transfer to nonagency fund	(32,976)	(74,984)
Funds held as agency - End of year	$ 1,515,047	$ 1,653,450

Note 6 - Fair Value Measurements

Accounting standards require certain assets be reported at fair value in the financial statements and provide a framework for establishing that fair value. The framework for determining fair value is based on a hierarchy that prioritizes the inputs and valuation techniques used to measure fair value.

Note 6 - Fair Value Measurements (Continued)

The following tables present information about the Foundation's assets measured at fair value on a recurring basis at December 31, 2015 and 2014 and the valuation techniques used by the Foundation to determine those fair values.

In general, fair values determined by Level 1 inputs use quoted prices in active markets for identical assets that the Foundation has the ability to access.

Fair values determined by Level 2 inputs use other inputs that are observable, either directly or indirectly. These Level 2 inputs include quoted prices for similar assets in active markets, and other inputs such as interest rates and yield curves that are observable at commonly quoted intervals.

Level 3 inputs are unobservable inputs, including inputs that are available in situations where there is little, if any, market activity for the related asset. These Level 3 fair value measurements are based primarily on management's own estimates using pricing models, discounted cash flow methodologies, or similar techniques taking into account the characteristics of the asset.

In instances whereby inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Foundation's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset.

Assets Measured at Fair Value on a Recurring Basis at December 31, 2015

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at December 31, 2015
Investments:				
Mutual funds - Large-/Mid-cap equity	$ 3,645,699	$ -	$ -	$ 3,645,699
Mutual funds - Small-cap equity	1,197,768	-	-	1,197,768
Mutual funds - International equity	4,210,606	-	-	4,210,606
Mutual funds - Emerging markets	1,752,450	-	-	1,752,450
Mutual funds - Natural resources	700,979	-	-	700,979
Mutual funds - Real estate	709,373	-	-	709,373
Mutual funds - Fixed income, primarily domestic	4,103,253	-	-	4,103,253
Mutual funds - Low volatility	4,017,817	-	-	4,017,817
Mutual funds - Multi-class	22,576	-	-	22,576
Money market mutual funds	1,080,776	-	-	1,080,776
Beneficial interest in trust	-	-	1,000,436	1,000,436
Total assets	$ 21,441,297	$ -	$ 1,000,436	$ 22,441,733

Note 6 - Fair Value Measurements (Continued)

Assets Measured at Fair Value on a Recurring Basis at December 31, 2014

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at December 31, 2014
Investments:				
Mutual funds - Large-/Mid-cap equity	$ 3,656,652	$ -	$ -	$ 3,656,652
Mutual funds - Small-cap equity	1,726,317	-	-	1,726,317
Mutual funds - International equity	2,950,404	-	-	2,950,404
Mutual funds - Emerging markets	1,842,111	-	-	1,842,111
Mutual funds - Natural resources	1,278,594	-	-	1,278,594
Mutual funds - Real estate	729,220	-	-	729,220
Mutual funds - Fixed income, primarily domestic	3,971,745	-	-	3,971,745
Mutual funds - low volatility	3,969,103	-	-	3,969,103
Money market mutual funds	1,132,687	-	-	1,132,687
Beneficial interest in trust	-	-	863,694	863,694
Total assets	$ 21,256,833	$ -	$ 863,694	$ 22,120,527

The Foundation's policy is to recognize transfers in and transfers out of Level 1, 2, and 3 fair value classifications as of the actual date of the event of change in circumstances that caused the transfer.

The following table summarizes the valuation methods and inputs used to determine fair value at December 31, 2015 for assets measured at fair value on a recurring basis using unobservable inputs (Level 3 inputs).

	Fair Value at December 31, 2015	Valuation Technique	Significant Unobservable Inputs Used	Range (Weighted Average)
Beneficial interest in trusts	$ 1,000,436	Discounted cash flow	Blended rate of 30-year treasury, 20-year AA-rated bonds, 20-year A-rated bonds	2.96%-4.24%
			Life expectancy of beneficiaries	7.3-19.9 years

The fair value of the beneficial interest in trust at December 31, 2015 and 2014 was determined primarily based on Level 3 inputs. The Foundation estimates the fair value of this beneficial interest through the fair value of the investment held in the trust net with the present value of future payments required to be paid to the beneficiaries.

Note 6 - Fair Value Measurements (Continued)

Changes in Level 3 assets measured at fair value on a recurring basis for the years ended December 31, 2015 and 2014 are as follows:

	Beneficial Interest in Trust
Balance at December 31, 2014	$ 863,694
Net unrealized gains	136,742
Balance at December 31, 2015	$ 1,000,436

	Beneficial Interest in Trust
Balance at January 1, 2014	$ 608,189
Investment in beneficial interest in trust	375,027
Net unrealized losses	(119,522)
Balance at December 31, 2014	$ 863,694

Both observable and unobservable inputs may be used to determine the fair value of positions classified as Level 3 assets. As a result, the unrealized gains and losses for these assets presented in the tables above may include changes in fair value that were attributable to both observable and unobservable inputs.

Note 7 - Designated Endowments

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

Note 7 - Designated Endowments (Continued)

Interpretation of Relevant Law

The board of trustees of the Foundation follows the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the historical value of the original gift as of the gift date of the designated endowment funds, absent explicit donor stipulations to the contrary. As a result of this law and variance provision rights, the Foundation classifies within unrestricted net assets (a) the original value of gifts donated to the designated endowment, (b) the original value of subsequent gifts to the designated endowment, and (c) accumulations to the designated endowment. 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 the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate designated endowment funds:

(1) The duration and preservation of the fund

(2) The purposes of the Foundation and the 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 Foundation

(7) The investment policies of the Foundation

Note 7 - Designated Endowments (Continued)

Changes in Unrestricted Endowment Net Assets

Endowment net assets - January 1, 2014	$ 14,965,031
Investment return:	
Investment income	558,457
Net depreciation - Realized and unrealized	(193,728)
Total investment return	364,729
Contributions and other income	1,155,795
Appropriation of endowment assets for expenditure	(1,199,685)
Endowment net assets - December 31, 2014	15,285,870
Investment return:	
Investment income	644,737
Net depreciation - Realized and unrealized	(1,140,807)
Total investment return	(496,070)
Contributions and other income	1,768,772
Appropriation of endowment assets for expenditure	(877,466)
Endowment net assets - December 31, 2015	$ 15,681,106

Return Objectives and Risk Parameters

The Foundation has adopted investment and spending policies for its net assets that attempt to provide a predictable stream of funding to programs supported by its net assets while seeking to maintain its purchasing power. Under this policy, as approved by the board of trustees, the primary objective of the investments will be to provide for long-term growth of principal and income without undue exposure to risk to enable the Foundation to make grants on a continuing and reasonably consistent basis. Therefore, the Foundation's board-designated endowment assets are invested in a manner to produce an average rate of return of the Consumer Price Index (CPI) plus 5 percent annually.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Note 7 - Designated Endowments (Continued)

Spending Policy and How the Investment Objectives Relate to Spending Policy

Each year, the Foundation has a policy of appropriating for distribution, 5.5 percent of its endowment fund's average fair value over the 16 quarters through October 31 of the preceding fiscal year in which the distribution is planned. 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. This is consistent with the Foundation'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.

Note 8 - Lease Commitments

The Foundation leased its office space month-to-month during 2014. As of January 1, 2015, the Foundation entered into a five-year lease agreement ending December 31, 2019.

The future minimum lease payments are as follows:

Years Ending December 31		Amount
2016		$ 32,713
2017		32,713
2018		32,713
2019		32,713
2020		32,713
	Total	$ 163,565

Rent expense for 2015 and 2014 was $31,769.

Additional Information

Plante & Moran, PLLC
Suite 300
750 Trade Centre Way
Portage, MI 49002
Tel: 269.567.4500
Fax: 269.567.4501
plantemoran.com

Independent Auditor's Report on Additional Information

To the Board of Directors
Jackson Community Foundation

We have audited the financial statements of Jackson Community Foundation as of and for the years ended December 31, 2015 and 2014 and have issued our report thereon dated March 8, 2016, which contained an unmodified opinion on those financial statements. Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of functional expenses is presented for the purpose 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.

Plante & Moran, PLLC

March 8, 2016

Jackson Community Foundation

Schedule of Functional Expenses

	Year Ended								
	December 31, 2015				December 31, 2014				
	Program Services	Management and General Expenses	Fundraising Expenses	Total	Program Services	Management and General Expenses	Fundraising Expenses	Total	Change
Grants	$ 699,770	$ -	$ -	$ 699,770	$ 775,433	$ -	$ -	$ 775,433	$ (75,663)
Program expense	69,576	-	-	69,576	-	-	-	-	69,576
Investment services	99,055	-	-	99,055	95,147	-	-	95,147	3,908
Youth Advisory Committee	2,497	-	-	2,497	1,924	-	-	1,924	573
Payroll and contracted services:									
Salaries and wages	109,510	119,183	43,470	272,163	107,945	101,051	41,513	250,509	21,654
Employee benefits	9,241	9,891	1,692	20,824	13,214	10,760	2,454	26,428	(5,604)
Payroll taxes	9,936	10,636	1,819	22,391	11,974	9,751	2,224	23,949	(1,558)
Computer support	-	18,213	-	18,213	-	18,018	-	18,018	195
Contracted services	6,909	4,571	4,116	15,596	7,426	4,809	4,424	16,659	(1,063)
Total payroll and contracted services	135,596	162,494	51,097	349,187	140,559	144,389	50,615	335,563	13,624
Office-related expenses:									
Rent	14,931	7,942	8,895	31,768	14,931	7,942	8,895	31,768	-
Depreciation	-	11,554	-	11,554	-	10,788	-	10,788	766
Insurance	-	5,760	-	5,760	-	5,248	-	5,248	512
Equipment rental	-	5,003	-	5,003	-	3,396	-	3,396	1,607
Telephone	2,443	1,300	1,455	5,198	2,283	1,215	1,361	4,859	339
Office expenses	2,543	1,353	1,515	5,411	2,026	1,078	1,207	4,311	1,100
Postage and shipping	1,248	664	744	2,656	1,328	706	791	2,825	(169)
Total office-related expenses	21,165	33,576	12,609	67,350	20,568	30,373	12,254	63,195	4,155
Other expenses:									
Program materials	776	-	6,982	7,758	-	-	4,604	4,604	3,154
Special events	2,328	-	20,947	23,275	-	-	23,651	23,651	(376)
Trustee/Staff development	1,494	-	381	1,875	867	-	4,461	5,328	(3,453)
Outside printing	998	665	4,996	6,659	-	2,229	6,687	8,916	(2,257)
Conferences and meetings	-	3,643	-	3,643	-	4,039	-	4,039	(396)
Professional dues	-	809	7,276	8,085	-	-	6,932	6,932	1,153
Travel	-	3,612	-	3,612	-	2,286	-	2,286	1,326
Franklin-Myer scholarship expense	421	-	-	421	1,245	-	-	1,245	(824)
Total other expenses	6,017	8,729	40,582	55,328	2,112	8,554	46,335	57,001	(1,673)
Total functional expenses	**$ 1,033,676**	**$ 204,799**	**$ 104,288**	**$ 1,342,763**	**$ 1,035,743**	**$ 183,316**	**$ 109,204**	**$ 1,328,263**	**$ 14,500**