

Shasta Regional Community Foundation

Redding, California

FINANCIAL STATEMENTS WITH INDEPENDENT AUDITORS' REPORT

June 30, 2016



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Shasta Regional Community Foundation

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Shasta Regional Community Foundation
Redding, California

We have audited the accompanying financial statements of Shasta Regional Community Foundation (the Foundation), which comprise the statement of financial position as of June 30, 2016; and the related statements of activities and cash flows for the year 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 auditors' 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.

INDEPENDENT AUDITORS' REPORT

(Continued)

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of June 30, 2016, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

KCae Jcom, LLP

October 21, 2016
Redding, California

Shasta Regional Community Foundation

STATEMENT OF FINANCIAL POSITION

June 30, 2016

ASSETS

Current Assets

Cash and cash equivalents	\$	2,676,153
Contributions receivable - current portion		757,074
Prepaid expenses and other current assets		6,484
Loans receivable - current portion		30,209

Total Current Assets		3,469,920
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Property and Equipment - Net		15,063
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Other Assets

Deposits		781
Contributions receivable, long-term - net of current portion		261,823
Beneficial interest in remainder trusts		1,638,947
Loans receivable, long-term - net of current portion		322,561
Long-term investments		18,947,580

Total Other Assets		21,171,692
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TOTAL ASSETS	\$	24,656,675
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LIABILITIES AND NET ASSETS

Current Liabilities

Accounts payable	\$	8,756
Deferred revenue		8,750
Grants payable		243,563
Accrued vacation		16,084

Total Current Liabilities		277,153
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Net Assets

Unrestricted		216,471
Temporarily restricted		5,769,670
Permanently restricted		18,393,381

Total Net Assets		24,379,522
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TOTAL LIABILITIES AND NET ASSETS	\$	24,656,675
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The accompanying notes are an integral part of these financial statements.

Shasta Regional Community Foundation

STATEMENT OF ACTIVITIES

Year Ended June 30, 2016	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues, Gains, and Other Support				
Contributions	\$ 6,935	\$ 2,043,827	\$ 1,287,972	\$ 3,338,734
Program service fees	434,454	-	-	434,454
Investment return	54,811	723,529	(555,014)	223,326
Change in value of remainder trusts	-	(22,567)	-	(22,567)
Net assets released from restriction	2,462,204	(2,462,204)	-	-
Total Revenues, Gains, and Other Support	2,958,404	282,585	732,958	3,973,947
Expenses and Losses				
Advertising	25,049	-	-	25,049
Classes - Leadership Redding	24,386	-	-	24,386
Contract services	22,595	-	-	22,595
Depreciation	6,053	-	-	6,053
Dues	10,492	-	-	10,492
Grant distributions	2,225,115	-	-	2,225,115
Insurance	6,935	-	-	6,935
Legal and accounting	13,208	-	-	13,208
Library expenses	413	-	-	413
Loss on sale of assets	895	-	-	895
Occupancy expense	109,173	-	-	109,173
Office expenses	6,881	-	-	6,881
Other expenses	72,571	-	-	72,571
Payroll overhead	88,503	-	-	88,503
Postage	2,443	-	-	2,443
Printing	3,648	-	-	3,648
Salaries	350,967	-	-	350,967
Staff training and development	5,192	-	-	5,192
Telephone	10,249	-	-	10,249
Travel and lodging	29,649	-	-	29,649
Volunteer recognition	4,257	-	-	4,257
Total Expenses and Losses	3,018,674	-	-	3,018,674
Change in Net Assets	(60,270)	282,585	732,958	955,273
Net Assets - Beginning of Year	276,741	5,487,085	17,660,423	23,424,249
Net Assets - End of Year	\$ 216,471	\$ 5,769,670	\$ 18,393,381	\$ 24,379,522

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

Shasta Regional Community Foundation

STATEMENT OF CASH FLOWS

Year Ended June 30, 2016

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ 955,273
Adjustments to reconcile change in net assets to net cash used by operating activities:	
Depreciation	6,053
Unrealized loss on investments	543,857
Loss on sale of assets	895
Contributions restricted for investment in endowment	(1,287,972)
Interest and dividends restricted for long-term investment	(668,209)
Change in beneficial interest in remainder trusts	22,567
Changes in:	
Contributions receivable	(959,003)
Prepaid expenses and other current assets	(2,858)
Loans receivable	40,689
Accounts payable	8,061
Deferred revenue	2,743
Grants payable	16,132
Accrued vacation	4,891

NET CASH USED BY OPERATING ACTIVITIES (1,316,881)

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of property and equipment	(14,546)
Purchase of investments	(1,048,135)
Redemption of investments	768,501

NET CASH USED BY INVESTING ACTIVITIES (294,180)

CASH FLOWS FROM FINANCING ACTIVITIES

Contributions restricted for investment in endowment	1,287,972
Net Decrease in Cash and Cash Equivalents	(323,089)
Cash and Cash Equivalents - Beginning of Year	2,999,242
Cash and Cash Equivalents - End of Year	\$ 2,676,153

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

Shasta Regional Community Foundation

NOTES TO THE FINANCIAL STATEMENTS

1. DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization Shasta Regional Community Foundation (the Foundation) promotes philanthropy by connecting people who care with causes that matter.

Currently, the Foundation operates the following programs:

Asset Development and Grant Making: This program accepts, administers, and disburses funds to eligible recipients based upon donor wishes.

Leadership Redding: This program is a one-year program of day-long sessions intended to provide its participants with information and opportunities to promote community leadership and involvement.

Women's Fund: This program supports the efforts and organizations that improve the lives of women, children, and their families in the greater Redding area.

Ivy B. Horr Endowed Medical Education Loan Fund: This program provides low interest loans to students from Shasta, Lassen, Trinity, Tehama, Modoc, and Siskiyou Counties pursuing an education in medicine.

Basis of Presentation The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

The Foundation's financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 958, *Not-for-Profit Entities*. Under FASB ASC Topic 958, the Foundation is required to report information regarding its financial position and activities according to three classes of net assets based upon the existence or absence of donor-imposed restrictions, as follows:

Unrestricted Net Assets: Represents resources over which the Board of Directors has discretionary control and that are neither permanently restricted nor temporarily restricted by donor-imposed stipulations.

Temporarily Restricted Net Assets: Represents resources whose use by the Foundation is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Foundation pursuant to those stipulations. When a donor restriction expires, that is, when a stipulated purpose is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets.

Permanently Restricted Net Assets: Represents resources whose use by the Foundation is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Foundation.

Shasta Regional Community Foundation

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

Revenue Recognition Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted depending on the existence and nature of grantor/donor restrictions, and are recognized in these financial statements when the likelihood of conditions not being met is remote.

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 certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

Cash and Cash Equivalents For purposes of the statement of cash flows, the Foundation considers all unrestricted, highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Investments Investments in marketable securities with readily determinable fair values are stated at fair market value. Marketable securities without readily determinable fair values are stated at cost.

Contributions Receivable Contributions receivable are adjusted to net realizable value when they are determined to be delinquent based on historical experience. Losses on uncollectible receivables are recognized when such losses become known or indicated.

Property and Equipment Property and equipment are stated at cost. Depreciation is provided on the straight-line method over the estimated useful lives of the depreciable assets. The estimated useful lives of current property and equipment range from five to seven years.

The Foundation capitalizes expenses for major improvements and acquisitions as additions to property and equipment, whereas ordinary maintenance, repairs, and renewals are charged to expense as incurred.

Donated Services Donated services are recognized as contributions in accordance with FASB ASC Subtopic 958-605, *Not-for-Profit Entities – Revenue Recognition*, if the services (a) create or enhance nonfinancial assets, or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Foundation.

The value of donated services meeting requirements for recognition in the financial statements was not material and has not been recorded. Volunteers also provided their time and performed a variety of tasks that assisted the Foundation with specific program services. These services did not meet the above requirement for recognition in these financial statements and, accordingly, have not been valued or recorded.

Income Taxes The Foundation has received tax-exempt status under Section 501(c)(3) of the *Internal Revenue Code*, and Section 23701(d) of the *California Revenue and Taxation Code*, and has been classified as an organization that is not a private foundation under Section 509(a) of the *Internal Revenue Code*. Accordingly, no provision for income taxes is included in the financial statements.

Shasta Regional Community Foundation

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

FASB ASC 740-10 clarifies the accounting for uncertainty in income taxes recognized in the Foundation's financial statements in accordance with FASB ASC 740, and prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. FASB ASC 740-10 also provides guidance on derecognition and measurement of a tax position taken or expected to be taken in a tax return.

The Foundation files information returns in the U.S. federal jurisdiction, and the state of California. The Foundation did not have unrecognized tax benefits as of June 30, 2016, and does not expect this to change significantly over the next 12 months. The Foundation will recognize interest and penalties accrued on any unrecognized tax benefits as a component of income tax expense. As of June 30, 2016, the Foundation did not accrue interest or penalties related to uncertain tax positions.

Endowment Investment and Spending Policies The Foundation follows the Uniform Prudent Management of Institutional Funds Act (UPMIFA) and its own governing documents. UPMIFA details the rules on spending from donor-restricted endowment funds. Donor intent is defined in the terms of the gift instrument or document accompanying the gift. The Foundation's endowment funds are entered into with the donor and Foundation signing a fund agreement. The Foundation's endowed fund agreements state the original gift and any subsequent gifts are to be preserved for the perpetuity of the endowed fund, with the investment income and net appreciation available to spend for the restricted purpose of the fund. The Foundation classifies the original contributions made to the endowed fund as permanently restricted and the investment income and net appreciation as temporarily restricted for the amount calculated as available to spend.

The Foundation has adopted investment and spending policies, approved by the Board of Directors, for endowment assets that attempt to provide funding to programs supported by its endowment while striving to maintain capital preservation and purchasing power of those endowment assets over the long term. The investment policy establishes an achievable return objective through diversification of asset classes. The current objective is to achieve an investment return to provide sufficient revenue to support an average annual distribution rate of 6% while maintaining the purchasing power of the portfolio. Actual returns may vary from this amount in any given year. To meet this rate of return objective over the long term, the Foundation targets a diversified asset allocation between equity-based and fixed-income investments within prudent risk factors. The spending policy calculates the amount of money annually available to be distributed from the Foundation's endowed funds for grant making. The current spending policy was calculated as an annual amount equal to 4% of a 12-quarter moving average of the fair value of the endowment funds. These funds must have sufficient cumulative investment income and net appreciation to cover the spending policy calculation. The excess income and appreciation is then available for additional growth of the endowed fund. During the current year, the Board of Directors approved a spending policy calculation for all endowed funds.

Date of Management Evaluation Management has evaluated subsequent events through October 21, 2016, the date on which the financial statements were available to be issued.

Shasta Regional Community Foundation

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

2. CONCENTRATIONS OF CREDIT RISK

The Foundation has diversified its credit risk for cash by maintaining deposits in several financial institutions. There is no amount in excess of deposit insurance at June 30, 2016.

3. INVESTMENTS

The Foundation's investments consisted of the following:

June 30, 2016

Mutual funds	\$	14,670,534
Stocks		3,681,243
Money market funds		595,803
Total Investments	\$	18,947,580

The Foundation's investment return consisted of the following:

Year Ended June 30, 2016

Interest and dividends	\$	668,209
Realized gain on investments		98,974
Unrealized loss on investments		(543,857)
Total Investment Return	\$	223,326

4. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following:

June 30, 2016

Computer equipment and software	\$	89,326
Less: Accumulated depreciation		74,263
Total Property and Equipment	\$	15,063

Depreciation expense for the year ended June 30, 2016, is \$6,053.

Shasta Regional Community Foundation

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

5. CONTRIBUTIONS RECEIVABLE

Contributions receivable consisted of the following:

June 30, 2016

Amounts to be received in the future	\$	1,018,897
Less: Current portion		757,074
Total Contributions Receivable - Long-Term	\$	261,823

Amounts to be received in the future are unconditional promises to give to the Foundation. Under the terms of the underlying agreements, amounts will be made available as follows:

June 30, 2016

Less than one year	\$	757,074
One to five years		269,879
Subtotal		1,026,953
Less: Discount to net present value		8,056
Total Amounts to be Received in the Future	\$	1,018,897

No allowance for uncollectible contributions has been reflected at June 30, 2016, as management believes all amounts are fully collectible.

6. LOANS RECEIVABLE

In December 2008, the Shasta County Superior Court approved the dissolution of the Ivy B. Horr Charitable Trust and approved the transfer of the assets of such trust to the Foundation to be treated as a restricted endowment fund. The fund provides for loans to students pursuing medical careers. Loans ranging from \$2,000 to \$10,000 per loan cycle, not to exceed \$50,000 per student, are provided and repayment begins six months after the student's graduation and must be completed within ten years of graduation. Interest is charged at a rate of 2%. Loans receivable are carried at unpaid principal balances, less an allowance for expected loan losses. Management's evaluation of the adequacy of the allowance is based primarily on past loan experience and specific impaired loans. The allowance for loans receivable for the year ended June 30, 2016, was \$4,035.

Shasta Regional Community Foundation

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

7. BENEFICIAL INTEREST IN CHARITABLE TRUSTS

Charitable remainder trusts provide for the payment of distributions to designated beneficiaries over the trusts' terms. At the end of the trusts' terms, the remaining assets are available for the beneficiaries' use, subject to donor-imposed restrictions. Assets held in charitable remainder trusts are reported at fair value in the Foundation's statement of financial position. Changes in fair value of charitable remainder trusts are reflected as changes in temporarily restricted net assets in the Foundation's statement of activities.

The Foundation has been named as the irrevocable remainder beneficiary of two charitable remainder trusts (the trusts are administered by a third party). At June 30, 2016, the present value of the future benefits was calculated using a discount rate of 1.8%, estimated rate of return of 5.8%, and applicable mortality tables.

Assets held in all charitable remainder trusts at June 30, 2016, totaled \$1,638,947, and are reported at fair value in the Foundation's statement of financial position.

Shasta Regional Community Foundation

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

8. NET ASSETS

Contributions received, which are restricted to a specific program or are to be received in future periods, are recorded as temporarily restricted net assets and are released from restriction when program expenses meeting the grantor/donor requirements have been met, or when the time period has lapsed.

Contributions received, which are restricted by the donor as endowments, are recorded as permanently restricted net assets. The portion of the earnings on endowments, which are not considered permanently restricted, are recorded as temporarily restricted net assets and are released from restriction when program expenses meeting the grantor/donor requirements have been met.

Temporarily restricted net assets consisted of the following:

June 30, 2016

Amounts to be Received in Future Periods	
McConnell Foundation building grant	\$ 304,238
Net beneficial interests in charitable trusts	1,638,947
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Total Amounts to be Received in Future Periods	1,943,185
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Amounts Restricted by Donor for Specific Purpose	
Patricia L. Kimball and David T. Kimball Fund	967,686
Mount Shasta Children's Fund	544,162
Ivy B. Horr Loan Fund	425,762
Community Disaster Relief Fund	170,629
Red Bluff Bull Sale Committee Fund	146,617
The Women's Fund	132,985
Andy Peek Livestock Scholarship Fund	112,777
McConnell Fund	108,938
The First 5 Shasta Children and Families Fund	97,745
Treber-Duncan Fund	71,136
Kohn Family Scholarship Fund	31,472
Other	1,016,576
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Total Temporarily Restricted Net Assets	\$ 5,769,670

Shasta Regional Community Foundation

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

Permanently restricted net assets consisted of the following:

June 30, 2016

Knodel Family Endowment Fund	\$ 4,077,031
Elmer H. Schmidt Christian Broadcasting Fund	2,478,397
Patricia L. Kimball Endowment Fund	1,209,346
Shasta County Board of Education Student Benefit Fund	1,207,280
Ivy B. Horr Medical Education Endowment Fund	1,183,037
Josephine Taylor Fund	954,464
Shasta Regional Community Foundation Stewardship Endowment	735,968
Harrington Fund	691,435
Dr. Donald and Ann Gleason Memorial Scholarship	600,000
Burney Regional Community Fund Endowment	568,317
Animal Welfare Endowment Fund	544,722
Women's Endowment Fund	415,953
Siskiyou Family YMCA Endowment	392,448
Seamans Family Endowment Fund	328,725
Kohn Family Endowment	302,198
Tauhindauli Park Endowment Fund	298,117
Veteran's Cemetery Endowment Fund	287,547
Keep Our Flag Flying Fund	192,509
Community Arts Endowment	185,258
Mildred Lucille Driscoll Endowment Fund	174,238
Redding Rancheria Endowment Fund	158,957
Top of the State Scholarship Endowment Fund	146,922
Tri Counties Bank Endowed Scholarship Fund	130,308
Shasta Community Health Center Endowment for a Healthy Community	109,247
The Balma Family Scholarship Endowment Fund	108,056
Brennan Family Endowment Fund	104,996
Kelly Moravec Academic Encouragement Scholarship Endowment Fund	99,506
Mount Shasta Memorial Endowed Scholarship Fund	96,859
Other	611,540
Total Permanently Restricted Net Assets	\$ 18,393,381

Endowment net assets composition by type of fund is as follows:

June 30, 2016	Unrestricted	Temporarily Restricted	Permanently Restricted	Total Net Endowment Assets
Donor-restricted endowment funds	\$ 54,296	\$ 1,154,263	\$ 18,393,381	\$ 19,601,940
Endowment Net Assets - Beginning of Year	\$ -	\$ 1,087,721	\$ 17,660,423	\$ 18,748,144
Contributions	-	-	1,560,871	1,560,871
Investment income	-	1,468	614,285	615,753
Net appreciation (depreciation)	-	1,007,652	(1,442,198)	(434,546)
Other amounts released from restriction	54,296	(942,578)	-	(888,282)
Endowment Net Assets - End of Year	\$ 54,296	\$ 1,154,263	\$ 18,393,381	\$ 19,601,940

Shasta Regional Community Foundation

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

9. CONTRIBUTIONS

Contributions consisted of the following:

Year Ended June 30, 2016	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Grants	\$ -	\$ 398,828	\$ 2,923	\$ 401,751
Donations	-	1,623,657	1,285,049	2,908,706
Sponsorships	6,935	21,342	-	28,277
Total Contributions	\$ 6,935	\$ 2,043,827	\$ 1,287,972	\$ 3,338,734

10. PROGRAM SERVICE FEES

Program service fees consisted of the following:

Year Ended June 30, 2016	
Fund administration fees	\$ 427,804
Other program service fees	6,650
Total Program Service Fees	\$ 434,454

11. FUNCTIONAL EXPENSE ALLOCATION

The costs of providing various programs and activities have been summarized on a functional basis. Accordingly, the following is the allocation of certain costs among the programs and supporting services:

Year Ended June 30, 2016	
EXPENSES	
Program Services	
Asset development and grant making	\$ 2,357,659
Leadership Redding	64,593
Women's Fund	76,719
Ivy B. Horr Loan Fund	13,832
Other programs	56,731
Total Program Services Expenses	2,569,534
Supporting Services	
Management and general	226,551
Fundraising	222,589
Total Supporting Services Expenses	449,140
TOTAL EXPENSES	\$ 3,018,674

Shasta Regional Community Foundation

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

12. OPERATING LEASES

The Foundation moved to a new office facility on January 1, 2006, under a five-year lease with The McConnell Foundation. The lease expired on December 31, 2011. A lease amendment was signed in August 2010 to extend the lease an additional five years with the lease expiring December 31, 2015. A second lease amendment was signed January 1, 2016, for five years with the lease expiring December 31, 2020. The lease is a market-rate lease. Lease expense totaled \$66,492 for the year ended June 30, 2016. These lease obligations are supported by a grant from The McConnell Foundation. Future lease obligations under the amended lease are as follows:

Years Ending June 30	
2017	\$ 65,910
2018	67,890
2019	69,924
2020	72,024
2021	36,546
Total	\$ 312,294

13. SHASTA REGIONAL COMMUNITY REAL ESTATE FOUNDATION

Shasta Regional Community Real Estate Foundation (CREF) is a nonprofit organization formed by Shasta Regional Community Foundation to receive and process gifts of real estate for charitable purposes. CREF is a separate 501(c)(3) supporting organization and is not controlled by the Foundation. Its eight-member Board of Directors is composed of three members of the Foundation's Board and five outside members.

Shasta Regional Community Foundation

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

14. FAIR VALUE MEASUREMENTS

The Foundation accounts for certain assets and liabilities in accordance with FASB ASC 820, *Fair Value Measurements and Disclosures*, which establishes a framework for measuring fair value under generally accepted accounting principles.

The Foundation classifies its fair value assets and liabilities into a hierarchy of three levels based on the markets in which they are traded and the reliability of the assumptions used to determine fair value. The asset or liability measurement level within the hierarchy is based on the lowest level of any assumption that is significant to the measurement.

Valuations within the hierarchy levels are based upon the following:

Level 1 – Quoted market prices for identical instruments traded in active exchange markets.

Level 2 – Quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable or can be corroborated by observable market data.

Level 3 – Model-based techniques use at least one significant assumption not observable in the market. These unobservable assumptions reflect the Foundation's estimates of assumptions that market participants would use on pricing the asset or liability. Valuation techniques include management judgment and estimation, which may be significant.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used during the year ended June 30, 2016.

Money Market Funds: These assets are valued at the net asset value (NAV), generally \$1 per share, and are reported on the active market on which securities are traded.

Corporate Stocks, Corporate Fixed Income, and Government Securities: These assets are valued at the closing price reported on the active market on which the individual securities are traded.

Mutual Funds: These assets are valued at the NAV reported on the active market on which the securities are traded.

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 believes its 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.

Shasta Regional Community Foundation

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

Fair values of assets measured on a recurring basis are as follows:

June 30, 2016	Fair Value	Level 1	Level 2	Level 3
Mutual funds:				
Large-cap value funds	\$ 1,705,344	\$ 1,705,344	\$ -	\$ -
Large-cap blended funds	4,123,744	4,123,744	-	-
Large-cap growth funds	907,325	907,325	-	-
Moderate allocation funds	2,252,366	2,252,366	-	-
Mid-cap growth funds	779,295	779,295	-	-
Small-cap value funds	323,317	323,317	-	-
Foreign value funds	509,886	509,886	-	-
Short-term bond funds	2,743,316	2,743,316	-	-
Long-term bond funds	143,395	143,395	-	-
Intermediate-term bond funds	1,182,546	1,182,546	-	-
Stocks:				
Basic materials	74,891	74,891	-	-
Communications	228,998	228,998	-	-
Consumer	612,172	612,172	-	-
Energy	264,844	264,844	-	-
Financial services	103,321	103,321	-	-
Healthcare	454,229	454,229	-	-
Industrials	180,437	180,437	-	-
Real estate	102,786	102,786	-	-
Technology	335,206	335,206	-	-
Utilities	1,161,618	1,161,618	-	-
Media/entertainment	162,741	162,741	-	-
Money market funds	595,803	595,803	-	-
Contribution receivable - beneficial interest in remainder trusts	1,638,947	-	-	1,638,947
Total	\$ 20,586,527	\$ 18,947,580	\$ -	\$ 1,638,947

Assets measured at fair value on a recurring basis using significant, unobservable inputs (Level 3):

Balance - July 1, 2015	\$ 1,661,514
Total gains or losses (realized/unrealized)	(22,567)
Purchases, issuance, and settlements	-
Transfers in and/or out of Level 3	-
Balance - June 30, 2016	\$ 1,638,947

The amount of total losses for the year ended June 30, 2016, included in net temporarily restricted net assets attributable to the change in unrealized gains or losses, relating to assets still held at the reporting date, were \$22,567.

Shasta Regional Community Foundation

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

15. RETIREMENT PLAN

Effective February 1, 2014, the Foundation established a SIMPLE IRA plan (the Plan). The Plan is administered by American Funds and covers employees after they have earned at least \$5,000 per year during any two preceding years and who are expected to earn at least \$5,000 in the current year. Employees may make pre-tax contributions to their individual SIMPLE IRA accounts. The Foundation must match at least 1% of the eligible employees' annual salary up to the smaller of 3% of the employees' annual salary or actual employee contributions made during the fiscal year. For the year ended June 30, 2016, the Foundation made matching contributions of 3% of the annual salary of those participating in the Plan for a total of \$10,071.