The Springfield Foundation

Consolidated Financial Statements

December 31, 2014 and 2013

(with Independent Auditors' Report)

CLARK SCHAEFER HACKETT
STRENGTH IN NUMBERS

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of
The Springfield Foundation:

Report on the Consolidated Financial Statements
We have audited the accompanying consolidated financial statements of The Springfield Foundation (a not-for-profit organization), which comprise the consolidated statements of financial position as of December 31, 2014 and 2013, and the related consolidated statements of activities and cash flows for the years then ended and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. These standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgments, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

We believe 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 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of The Springfield Foundation as of December 31, 2014 and 2013, and the consolidated 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.

Clark, Schaefer, Hackett & Co.

Springfield, Ohio
March 23, 2015

The Springfield Foundation
Consolidated Statements of Financial Position
December 31, 2014 and 2013

Assets

		2014	2013
Current assets			
Cash and cash equivalents	$	1,376,579	1,554,991
Other receivables		14,587	8,414
Prepaid expenses		21,248	19,087
		1,412,414	1,582,492
Investments			
Investments		70,105,923	65,874,634
Investments in limited liability companies		267,395	265,557
		70,373,318	66,140,191
Property and equipment			
Office equipment		88,251	73,667
Leasehold improvements		50,239	50,239
		138,490	123,906
Less accumulated depreciation		97,890	91,717
Net property and equipment		40,600	32,189
Other assets		176,091	155,742
Total assets	$	72,002,423	67,910,614

See accompanying notes to the consolidated financial statements.

Liabilities and net assets

		2014	2013
Liabilities			
Accounts payable	$	7,169	4,590
Payroll and payroll taxes accrued and withheld		3,916	2,626
Grants payable		44,309	117,412
Compensated absences		22,305	28,116
Split interest agreements payable		595,682	729,603
Agency funds payable		38,827,382	35,325,884
Trustee funds payable		-	199,835
Total liabilities		39,500,763	36,408,066
Net assets			
Unrestricted			
Operating		394,167	349,908
Discretionary funds		7,261,113	7,200,508
Total unrestricted		7,655,280	7,550,416
Temporarily restricted			
Horizon funds		42,107	66,885
Donor designated funds		7,682,437	7,386,840
Scholarship funds		6,658,565	6,269,587
Field of interest funds		3,171,958	3,140,410
Donor advised funds		7,291,313	7,088,410
Total temporarily restricted		24,846,380	23,952,132
Total net assets		32,501,660	31,502,548
Total liabilities and net assets	$	72,002,423	67,910,614

The Springfield Foundation
Consolidated Statement of Activities
Year Ended December 31, 2014

		Unrestricted	Temporarily Restricted	Total
Support, revenues and gains				
Contributions	$	118,147	1,548,275	1,666,422
Endowment spend		44,320	-	44,320
Administrative fee income		81,310	-	81,310
Interest income		32,919	99,814	132,733
Dividend income		125,808	381,469	507,277
Partners in Philanthropy fees		38,000	-	38,000
Miscellaneous income		29,669	-	29,669
Realized gain on sale of investments		155,501	626,488	781,989
Unrealized gain on investments		188,859	458,476	647,335
Gain on investments in limited liability companies		1,838	-	1,838
Net assets released from restriction		2,220,274	(2,220,274)	-
Total support, revenues and gains		3,036,645	894,248	3,930,893
Expenses				
Program service expenses				
Grants distributed		2,152,245	-	2,152,245
Investment management fees		96,845	-	96,845
Other programmatic expenses		148,395	-	148,395
Miscellaneous fund expenses		126,248	-	126,248
Management and general expenses		176,873	-	176,873
Fundraising expenses		231,175	-	231,175
Total expenses		2,931,781	-	2,931,781
Change in net assets		104,864	894,248	999,112
Net assets beginning of year		7,550,416	23,952,132	31,502,548
Net assets end of year	$	7,655,280	24,846,380	32,501,660

		Unrestricted	Temporarily Restricted	Total
Support, revenues and gains				
Contributions	$	120,575	1,644,342	1,764,917
Endowment spend		41,296	-	41,296
Administrative fee income		92,066	-	92,066
Interest income		74,418	153,479	227,897
Dividend income		114,601	220,447	335,048
Partners in Philanthropy fees		34,000	-	34,000
Miscellaneous income		1,543	-	1,543
Realized gain on sale of investments		133,424	436,658	570,082
Unrealized gain on investments		684,078	2,044,344	2,728,422
Loss from investments in limited liability companies		(54,443)	-	(54,443)
Net assets released from restriction		2,314,706	(2,314,706)	-
Total support, revenues and gains		3,556,264	2,184,564	5,740,828
Expenses				
Program service expenses				
Grants distributed		2,146,557	-	2,146,557
Investment management fees		102,296	-	102,296
Other programmatic expenses		411,512	-	411,512
Miscellaneous fund expenses		108,236	-	108,236
Management and general expenses		175,340	-	175,340
Fundraising expenses		225,237	-	225,237
Total expenses		3,169,178	-	3,169,178
Change in net assets		387,086	2,184,564	2,571,650
Net assets beginning of year		7,163,330	21,767,568	28,930,898
Net assets end of year	$	7,550,416	23,952,132	31,502,548

See accompanying notes to the consolidated financial statements.

The Springfield Foundation
Consolidated Statements of Cash Flows
Years Ended December 31, 2014 and 2013

		2014	2013
Cash flows from operating activities			
Change in net assets	$	999,112	2,571,650
Adjustments to reconcile change in net assets to net cash provided by operating activities			
Depreciation and amortization		6,173	9,978
Realized gain on sale of investments		(781,989)	(570,082)
Unrealized gain on investments		(647,335)	(2,728,422)
(Gain) loss from investments in limited liability companies		(1,838)	54,443
Donated stock		(309,024)	(712,748)
Effects of change in operating assets and liabilities			
Other receivables		(6,173)	13,570
Prepaid expenses		(2,161)	(2,234)
Other assets		(20,349)	(20,641)
Other accrued liabilities		(1,942)	6,906
Grants payable		(73,103)	(11,422)
Split interest agreements payable		(133,921)	97,562
Agency funds payable		3,501,498	19,623,076
Trustee funds payable		(199,835)	671
Net cash provided by operating activities		2,329,113	18,332,307
Cash flows from investing activities			
Purchase of property and equipment		(14,584)	(30,216)
Purchases of investments		(10,799,549)	(35,649,087)
Proceeds from sale or maturity of investments		8,306,608	17,476,086
Net cash used in investing activities		(2,507,525)	(18,203,217)
Net change in cash and cash equivalents		(178,412)	129,090
Cash and cash equivalents, beginning of year		1,554,991	1,425,901
Cash and cash equivalents, end of year	$	1,376,579	1,554,991

See accompanying notes to the consolidated financial statements.

1. DESCRIPTION AND PURPOSE OF THE ORGANIZATION:

The Springfield Foundation (the “Foundation”), a charitable trust, is an Ohio not-for-profit corporation. The Foundation was established in 1948 for the purpose of financing charitable, benevolent or educational purposes in Springfield and Clark County, Ohio. The Springfield Foundation raises, strengthens, and distributes charitable funds to benefit Clark County. The Foundation is primarily supported by local charitable giving, earnings on funds and long-term investments.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The following accounting principles and practices of the Foundation are set forth to facilitate the understanding of data presented in the financial statements:

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

Principles of consolidation
The consolidated financial statements include the accounts of the Foundation and The Mildred F Penwell Scholarship Trust (the “Trust”). This Trust was organized as a 509(a)(3) supporting organization of the Foundation. The Trust operates exclusively for the charitable and educational purposes of the Foundation. The Trust’s assets total $291,955 and $293,136 at December 31, 2014 and 2013, respectively, and are included in investments on the consolidated statements of financial position.

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

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

Short-term investments
Short-term investments are valued at fair value and consist of certificates of deposit and money market funds.

Contributions
Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or when the purpose of the restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statements of activities as net assets released from restrictions.

Income taxes
The Foundation has been granted tax-exempt status under Section 501(c)(3) of the Internal Revenue Code and is, therefore, generally exempt from federal and state income taxes. The Foundation qualifies for the charitable contribution deduction under Section 170(b)(1)(A)(vi) and has been classified as an organization that is not a private foundation under Section 509(a)(1).

The Foundation considers the accounting and recognition for income tax positions taken or expected to be taken in the Foundation's income tax returns. The Foundation's income tax filings are subject to audit by various taxing authorities. The years of filings open to these authorities and available for audit are the years ending December 31, 2011, 2012 and 2013. The Foundation participates in certain investments that generate unrelated business income. The Foundation believes there is no material tax liability at year end. The Foundation's policy with regards to interest and penalties is to recognize interest through interest expense and penalties through other expense. In evaluating the Foundation's tax provision and tax exempt status, interpretations and tax planning strategies were considered. The Foundation believes their estimates are appropriate based on the current facts and circumstances.

Investments and investment income
The Foundation records investments in equity and debt securities, mutual funds, and alternative investments at their fair value. Realized gains or losses are determined by comparison of the carrying value to the net proceeds received upon sale. Unrealized gains and losses are determined by the difference between carrying value and fair value. These amounts are included in the accompanying consolidated statements of activities as realized and unrealized gains and losses. Gains and losses and investment income derived from investments are accounted for as unrestricted, temporarily restricted, or permanently restricted based on any restrictions imposed by donors.

Investments in limited liability companies (LLC)
The Foundation owns a one third interest in Healthy City Investments, LLC. There is no established market for this investment and it is inappropriate to estimate future cash flows, which are largely dependent upon economic development. The investment is accounted for using the equity method. Under the equity method, investments are initially recorded at cost and increased or decreased by the Foundation's pro-rata share of earnings or losses. The carrying cost of this investment is also increased or decreased to reflect additional contributions or withdrawals of capital.

The Foundation owned a one half interest in the Friends of the Hartman Rock Garden, LLC. The LLC owns in situ folk art. During 2013, the LLC filed for tax exempt status under Section 501(c)(3) of the Internal Revenue Code. Exempt status was obtained in 2014. The Foundation had not reflected a value on its financial statements for the year ended December 31, 2013.

Unit share allocation
Donations received are placed into funds based upon the wishes of the donors and are invested in pooled funds. Individual funds are compared with the current fair value of the pooled funds and a "daily unit value" is assigned. The "daily unit value" is the basis for allocating income, realized gains or losses and unrealized gains or losses to the individual funds.

Split interest agreements
The Foundation is beneficiary of several charitable gift annuities and a charitable remainder trust. The Foundation values the split interest agreement liabilities using payment streams discounted at market

rates over the remaining lives of the donors using standard mortality tables. The contribution recognized in the statement of activities is the difference between the assets received and the liabilities accepted.

Promises to give
Unconditional promises to give are recognized as receivable and as revenues in the period in which the Foundation is notified by the donor of his or her commitment to make a contribution. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Property and equipment
Property and equipment are recorded at cost, or fair value, if donated and depreciated or amortized using the straight-line method over the estimated useful lives of the assets (5 to 15 years). It is the Foundation's policy to expense equipment with initial cost of less than $1,000. Depreciation and amortization expense was $6,173 and $9,978 for the years ended December 31, 2014 and 2013, respectively.

Grants payable
Grants payable in the accompanying consolidated statements of financial position are approved for payment and are payable within one year of the date of the consolidated financial statements of the Foundation.

Reclassifications
Certain items from 2013 have been reclassified to conform to current year presentation. There was no material change to the previously reported net assets or results of activities as a result of these reclassifications.

Subsequent events
The Foundation evaluates events and transactions occurring subsequent to the date of the consolidated financial statements for matters requiring recognition or disclosure in the consolidated financial statements. Subsequent events have been evaluated through March 23, 2015, the date on which the consolidated financial statements were available to be issued.

3. NET ASSET CLASSIFICATIONS:

The Board of Trustees, on the advice of legal counsels, has determined that the majority of the Foundation's net assets do meet the definition of endowment under Uniform Prudent Management of Institutional Funds Act (UPMIFA) as adopted by the State of Ohio in June 2009. The Foundation is governed subject to the governing documents for the Foundation and most contributions are subject to the governing documents. Certain contributions are received subject to other gift instruments, or are subject to specific agreements with the Foundation.

Unrestricted funds
Operating- Incurs administrative costs in the operation of the Foundation's office, as well as facilities, all property and equipment, and related depreciation.

Discretionary Funds- Recipients selected by the Foundation.

Temporarily restricted funds
Donor Designated Funds- Recipients designated by the donor in instrument of conveyance.

Scholarship Funds- Benefiting students attending high school and college.
Field-of-Interest Funds- Benefiting activities preferred by donors.

Donor Advised Funds- Recipients recommended by the donor, with the final decision made by the Foundation.

Permanently restricted funds
The Foundation does not interpret any fund as permanently restricted as the Foundation has variance power.

Return objectives
The Foundation's Investment Committee oversees the investment operations of the Foundation. The Investment Committee is responsible for establishing asset allocation guidelines, selecting and monitoring investment managers to carry out the investment program, and monitoring the performance results for the Foundation on an ongoing basis. The Committee does not make specific investment decisions on a security-by-security basis. Qualified investment managers retained by the Committee exercise discretion within the parameters set forth by the Foundation's investment guidelines for the portfolio(s) they manage on behalf of the Foundation.

In establishing investment guidelines for the Foundation, the Committee considers the long-term nature of the asset pool as well as the cash flow needs of the portfolio. In addition, the Committee has considered the risk and return characteristics of the various asset classes available to institutional investors and sought the guidance of outside consultants. Target asset allocations and permissible ranges have been set for each class of investments.

Investment strategy
The performance objective for the Foundation is to exceed, after investment management fees, a customized blended benchmark based on the Investment Committee's established investment return guidelines. To evaluate success, the Committee compares the performance of the Foundation to the performance of a custom benchmark. The benchmark consists of a weighted-average of market indices that represents a passive implementation of the investment guidelines targets. In addition, the performance objective for the Foundation is to enhance the inflation adjusted purchasing power of the Fund's assets; the Funds total returns should exceed the growth in consumer prices by a positive 6% to 7% annually. The objective needs to cover the costs of payouts for grants and scholarships, inflation, investment fees, administrative costs and appreciation. By investing the Funds' assets in multiple asset classes and using outside investment managers with well-diversified portfolios, diversification accomplishes its goal of insulating the portfolio from the effects of substantial losses in any single security, or sector of the market. The Board of Trustees has adopted statements of investment guidelines to formalize investment strategies for the Investment Committee to follow.

Endowment spending policies
Each donor of the Foundation will select a method to determine how to distribute dollars from the fund. When the fund is originally established, the donor will be asked to select a payout distribution method.

Dollars that were allocated to be paid out in a given year, but were not distributed, can be carried over and distributed in subsequent years. All distributions will be made in compliance with UPMIFA.

Income only spending policy
The amount to be distributed is the sum of all earnings that have been allocated to the fund over the course of the year. The amount to be allocated is net of all fees the fund has incurred.

Total return policy
The payout amount for a fund is calculated by multiplying the average fair value of the preceding twelve quarters by a percentage approved by the Board of Trustees. The Board of Trustees will approve the percent to be allocated each year, 5% for the years ended December 31, 2014 and 2013. Under the Total Return Spending Policy, a fund may distribute both earnings and realized gains. The calculation will be based on the twelve quarters ending September 30. This establishes a spending budget for the upcoming year.

Agency method
This method is for endowments established by not-for-profit agencies. Using the Agency Method of payout, the payout amount is determined by the needs of the agency. The amount to be paid out can be distributed by any method that is mutually agreed to between the Foundation and the agency. All agency endowments must be approved by the Executive Committee and full board of the Foundation.

Changes in endowment net assets for the year ended December 31, 2014 consisted of the following:

		Unrestricted	Temporarily Restricted	Total
Endowment assets, beginning of year	$	7,200,508	22,696,618	29,897,126
Contributions		109,241	471,474	580,715
Investment income		154,969	481,283	636,252
Realized and unrealized gains		346,089	1,085,494	1,431,583
Appropriations		(549,694)	(1,182,510)	(1,732,204)
Endowment assets, end of year	$	7,261,113	23,552,359	30,813,472

Changes in endowment net assets for the year ended December 31, 2013 consisted of the following:

		Unrestricted	Temporarily Restricted	Total
Endowment assets, beginning of year	$	6,787,592	20,652,646	27,440,238
Contributions		120,575	705,249	825,824
Investment income		130,232	382,068	512,300
Realized and unrealized gains		817,505	2,452,350	3,269,855
Appropriations		(655,396)	(1,495,695)	(2,151,091)
Endowment assets, end of year	$	7,200,508	22,696,618	29,897,126

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires the entity to retain as a fund of perpetual duration. There were no such deficiencies as of December 31, 2014 and 2013.

4. CHARITABLE REMAINDER TRUST AND CHARITABLE GIFT ANNUITIES:

The Foundation is the beneficiary of a charitable remainder trust. The Foundation recognized the asset at fair value and related liability for this trust based upon present value calculations, including the life expectancies of the contributors, the investment rates of return on the assets, and the distribution percentages stipulated in the agreement. The underlying investments consist of money market funds, common stocks, corporate bonds, municipal bonds and mutual funds at December 31, 2014 and 2013. Under the trust agreement, net interest and dividend earnings from the investments will be distributed to the grantor on a quarterly basis. The present value of the estimated future payments are calculated using discount rates equal to the investment rates of return on the assets and the applicable mortality table.

The Foundation is also the beneficiary of several charitable gift annuities. The present value of the annuities was recognized as a contribution during the initial year of the annuity in the same manner as noted above for the charitable remainder trust. The difference between these annuities and the above trust is that the grantors receive set quarterly distributions as opposed to the net earnings on the investments. There were no changes in actuarial assumptions resulting in revaluations at December 31, 2014 and 2013. The present values of the estimated future payments from these annuities were calculated using discount rates ranging from 5.1% to 8.8% and the applicable mortality table.

The following schedules summarize the investments and activity associated with the charitable remainder trust and charitable gift annuities for the years ended December 31, 2014 and 2013.

	Charitable Remainder Trust	Charitable Gift Annuities	Total
Fair value, December 31, 2012	$ -	211,068	211,068
Contributions	396,911	-	396,911
Net earnings	59,765	91,571	151,336
Distribution to donors	(14,084)	(124,942)	(139,026)
Fair value, December 31, 2013	442,592	177,697	620,289
Net earnings	33,733	55,035	88,768
Distributions to donors	(14,016)	(5,663)	(19,679)
Fair value, December 31, 2014	$ 462,309	227,069	689,378

Split interest agreements payable at December 31, 2014 and 2013 were $595,682 and $729,603, respectively.

5. GROWTH:

Partners in Philanthropy, an auxiliary organization comprised of interested individuals, was created in 1995 to interpret the role of The Springfield Foundation as well as to increase its visibility. The auxiliary's administrative and promotional costs are covered by the dues contributed by the Partners.

6. OTHER ASSETS:

Other assets consist primarily of insurance policies and annuities on the lives of local residents for which the Foundation has been irrevocably named as the beneficiary. The cash surrender value at December 31, 2014 and 2013 was $176,091 and $155,742, respectively.

7. FAIR VALUE MEASUREMENTS:

Generally accepted accounting principles establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements).

The following are descriptions of the Foundation's valuation methodologies for assets measured at fair value:

> **Level 1**- Based on quoted market prices for identical assets or liabilities the Foundation has the ability to access.
>
> **Level 2**- Based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active.
>
> **Level 3**- Based on measurements the entity inputs which are developed by the entity and not derived or corroborated by market inputs. Certain types of investments are classified within Level 3 because they trade infrequently and therefore have little or no price transparency.

Fair value methods and assumptions for publicly traded securities and mutual funds are based on Level 1 market approach. Investments in short term, U.S. Government obligations and corporate and municipal bonds are valued on Level 2 inputs using prices obtained from our custodians, which used third party data service providers. Alternative investments are valued on Level 3 inputs based on the underlying investments in the assets based on the amounts provided by the custodians of the investments, without adjustment by management.

The carrying values of cash and cash equivalents, other receivables, prepaid expenses, accounts payable, accrued expenses, and grants payable are reasonable estimates of fair value due to short-term nature of these financial instruments.

Investment securities are exposed to various risks, such as interest rate, credit and overall market volatility risk. Due to the level of risk associated with certain investment securities, it is reasonably possible that a change in the value of investment securities will occur in the near term and that such change could materially affect the amounts reported in the consolidated financial statements.

A bond with a fair value of $199,835 at December 31, 2013 was restricted for use by two charities and included in trustee funds payable on the consolidated statements of financial position. During 2014, upon maturity of the bond, the funds were invested and are included in agency funds payable.

The following tables present the assets as of December 31, 2014 and 2013 that are measured at fair value on a recurring basis and are categorized using the fair value hierarchy.

		December 31, 2014	Quoted prices in active markets for identical assets or liabilities Level 1	Significant other observable inputs Level 2	Significant unobservable inputs Level 3
Investments					
Short-term investments	$	2,057,430		2,057,430	-
U.S. Government obligations		49,334	-	49,334	-
Corporate and municipal bonds		234,586	-	234,586	-
Common and preferred stocks		8,574,848	8,574,848	-	-
Mutual funds		34,397,717	34,397,717	-	-
Alternative investments		24,792,008	-	-	24,792,008
Total investments	$	70,105,923	42,972,565	2,341,350	24,792,008

		December 31, 2013	Quoted prices in active markets for identical assets or liabilities Level 1	Significant other observable inputs Level 2	Significant unobservable inputs Level 3
Investments					
Short-term investments	$	1,647,933	-	1,647,933	-
U.S. Government obligations		241,945	-	241,945	-
Corporate and municipal bonds		245,034	-	245,034	-
Common and preferred stocks		9,338,828	9,338,828	-	-
Mutual funds		33,072,651	33,072,651	-	-
Alternative investments		21,328,243	-	-	21,328,243
Total investments	$	65,874,634	42,411,479	2,134,912	21,328,243

The following is a reconciliation of the Foundation's assets valued at Level 3 inputs as of December 31, 2014:

		RREEF American REIT	Hedge Mutual Funds	Private Equity	Total
Balance as of January 1, 2014	$	5,825,467	5,480,676	10,022,100	21,328,243
Additions		188,893	8,371	1,660,000	1,857,264
Withdrawals and sales		-	-	(342,500)	(342,500)
Net realized and unrealized gains interest and dividends		515,705	326,508	1,106,788	1,949,001
Balance as of December 31, 2014	$	6,530,065	5,815,555	12,446,388	24,792,008
Net change in unrealized gains (losses) included in change in net assets for the period relating to investments still held at the reporting date	$	515,705	326,508	1,106,788	1,949,001

The following is a reconciliation of the Foundation's assets valued at Level 3 inputs as of December 31, 2013:

		RREEF American REIT	Hedge Mutual Funds	Private Equity	Total
Balance as of January 1, 2013	$	3,536,994	1,597,192	1,669,598	6,803,784
Additions		1,700,000	835,000	310,000	2,845,000
Reclassification from level 1		-	2,600,000	7,652,281	10,252,281
Withdrawals and sales		-	-	(225,000)	(225,000)
Net realized and unrealized gains, interest and dividends		588,473	448,484	615,221	1,652,178
Balance as of December 31, 2013	$	5,825,467	5,480,676	10,022,100	21,328,243
Net change in unrealized gains (losses) included in change in net assets for the period relating to investments still held at the reporting date	$	588,473	448,484	615,221	1,652,178

During 2014, it was determined that the Foundation had reported certain hedge mutual funds and private equity as mutual funds in level 1. The 2013 amounts have been reclassified from level 1 to reflect these as level 3 investments.

The following table provides additional disclosures on the Foundation's Level 3 alternative investments at December 31, 2014:

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
RREEF American REIT (a)	$ 6,530,065	$ -	Quarterly	45 days
Small cap equity hedge mutual funds (b)	2,865,036	-	N/A	30 days
International hedge mutual funds (c)	2,950,519	-	Quarterly	90 days
High income private equity funds (d)	3,717,450	-	N/A	60 days
Private equity funds (e)	8,728,938	5,959,163	N/A	N/A
	$ 24,792,008	$ 5,959,163		

The following table provides additional disclosures on the Foundations Level 3 alternative investments at December 31, 2013:

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
RREEF American REIT (a)	$ 5,825,467	$ -	Quarterly	45 days
Small cap equity hedge mutual funds (b)	2,600,000	-	N/A	30 days
International hedge mutual funds (c)	2,880,676	-	Quarterly	90 days
High income private equity funds (d)	2,600,000	-	N/A	60 days
Private equity funds (e)	7,422,100	1,559,163	N/A	N/A
	$ 21,328,243	$ 1,559,163		

(a) This category includes investments in real estate investment trusts that invest in U.S. real estate, including; multi-family, industrial, retail and office properties. The fair values of the investments in this category have been estimated using the net asset value per share of the investments. As of December 31, 2014 and 2013, all of the investments in this category can be redeemed with no restrictions without exception.

(b) This category includes a series of Old Mutual Asset Management Trust Investment Funds. The investment portfolio's objective is to outperform the Morgan Stanley Capital International Index of Europe, Australia and the Far East Index ("MSCI EAFE Small Index") over multiple year periods. The fair values of the investments in this category have been estimated using the net asset value per share of the investments. As of December 31, 2014 and 2013, all of the investments in this category can be redeemed with no restrictions without exception.

(c) This category includes investments in investee funds that focus on diversified portfolios of U.S and international equities as well as distressed and arbitrage securities and some private less liquid investments. The underlying assets details are provided by the investee fund's managers. The fair values of the investments in this category have been estimated using the net asset value per share of the investments. As of December 31, 2014 and 2013, all of the investments in this category can be redeemed with no restrictions without exception.

(d) This category includes investments in multi-asset class, diversified portfolio of primarily below investment grade debt securities. The underlying assets are liquid and the fund's managers provide details of those assets. As of December 31, 2014 and 2013, all of the investments in this category can be redeemed with no restrictions without exception.

(e) This category includes several private equity funds that focus on buyout, growth equity and/or distressed debt. These investments are not redeemable. Instead, the nature of the investments in this category are that distributions are received through the liquidation of the underlying assets in the fund. As of December 31, 2014 and 2013, the fair values of the investments in this category have been estimated using the practical expedient provided by the investment manager.

8. AGENCY FUNDS PAYABLE:

The Springfield Foundation holds and disburses funds as an agent for several organizations. During the years ended December 31, 2014 and 2013, the following transactions occurred:

		2014	2013
Beginning agency funds payable	$	35,325,884	15,702,808
Contributions		2,990,374	17,677,999
Interest income		173,831	256,956
Dividend income		501,473	329,229
Realized gain on investments		657,752	511,283
Unrealized gain on investments		1,005,389	2,330,541
Total received on behalf of agency organizations		5,328,819	21,106,008
Grants distributed		1,649,609	1,246,582
Trust and administration fees		177,712	236,350
Total disbursed on behalf of agency organizations		1,827,321	1,482,932
Net increase		3,501,498	19,623,076
Ending agency funds payable	$	38,827,382	35,325,884

The above activity is not reported in the consolidated statements of activities.

9. CONCENTRATION OF CREDIT RISK:

Financial instruments which subject the Foundation to a concentration of credit risk include cash and investments. The Foundation maintains cash and investment balances at several financial institutions located in Ohio. Bank accounts are insured by the Federal Deposit Insurance Corporation up to $250,000. At December 31, 2014 and 2013, the Foundation had uninsured cash balances totaling

$1,098,298 and $1,423,931, respectively. To limit these risks, the Foundation places its cash investments with high credit quality financial institutions.

The Foundation's investments are subject to the normal risks associated with financial markets. The Foundation manages the risk with regards to investments by adhering to an investment policy, which requires professional investment management, the distribution of investment funds among asset managers and the overall diversification of managed investment portfolios.

10. LEASE COMMITMENTS:

The Foundation leases office space and two pieces of office equipment under non-cancelable operating leases. Rent expense for the years ended December 31, 2014 and 2013 was $36,524 and $28,219, respectively. Minimum payments required under such leases for the years ending December 31 are as follows:

2015	$	14,014
2016		2,820
2017		1,880
Total	$	18,714

11. RETIREMENT PLAN:

The Foundation established a qualified deferred compensation plan under section 401(k) of the Internal Revenue Code on January 1, 2009. Under the plan, employees who meet eligibility requirements may elect to defer a portion of their salary, subject to statutory limits. The Foundation contributes 5 ¾% of each eligible employee's compensation to the plan, which includes a safe harbor of 3%. Foundation contributions under the plan vest with employees on a five year graded scale. The Foundation's contributions to the plan were $16,668 and $15,632 for the years ended December 31, 2014 and 2013, respectively.

12. RELATED PARTIES:

The Foundation purchased health, life, and disability insurance and retirement benefits through an agent who is also a member of the Board of Trustees. The insurance and benefit cost for the years ended December 31, 2014 and 2013 was $45,107 and $50,502, respectively.

During the years ended December 31, 2014 and 2013, property, bonding and director and officer insurance totaling $4,417 and $4,057, respectively, was purchased from an agent who is a member of the Board of Trustees.

During the years ended December 31, 2014 and 2013, two members of the Board of Trustees were employed by law firms who were consulted. These legal costs totaled $80 and $1,969 for 2014 and 2013, respectively.

During the years ended December 31, 2014 and 2013, the Foundation paid for lawn care from a company owned by a member of the Board of Trustees. These costs totaled $900 and $1,125 for 2014 and 2013, respectively.

A member of the Board of Trustees is an officer of a financial institution where the Foundation holds significant investments. Custodial fees paid to this financial institution were $67,312 and $59,593 for 2014 and 2013, respectively.

Members of the Board of Trustees and employees of the Foundation are related to individuals who have established Funds with the Foundation.

During the year ended December 31, 2013, the Foundation paid for leasehold improvements from a company owned by a member of the Board of Trustees. These costs totaled $31,404.

At Clark Schaefer Hackett, we are the sum of our individuals. Each team member's training, experience and drive is well-suited to each client's needs and goals. We are committed to providing insightful and flexible service – from efficient compliance to sophisticated consulting – to help each client prosper today and plan for future success.