Albert and Bessie Mae Kronkosky Charitable Foundation

Independent Auditor’s Report and Financial Statements

December 31, 2016 and 2015

Albert and Bessie Mae Kronkosky
Charitable Foundation
December 31, 2016 and 2015

Contents

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Independent Auditor's Report

To the Trustee
Albert and Bessie Mae Kronkosky Charitable Foundation
San Antonio, Texas

We have audited the accompanying financial statements of the Albert and Bessie Mae Kronkosky Charitable Foundation (Foundation), which comprise the statements of financial position as of December 31, 2016 and 2015, and the related statements of activity and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 the Albert and Bessie Mae Kronkosky Charitable Foundation as of December 31, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

BKD, LLP

San Antonio, Texas
February 10, 2017

Albert and Bessie Mae Kronkosky Charitable Foundation

Statements of Financial Position

December 31, 2016 and 2015

Assets

	2016	2015
Cash and cash equivalents	$ 39,348	$ 74,935
Interest and dividends receivable	517,858	595,360
Federal excise tax receivable	128,103	97,865
Investments, at market value (Notes 2 and 3)	338,412,046	334,153,575
Property and equipment		
Property and equipment	369,755	419,475
Less accumulated depreciation	(305,633)	(325,698)
	64,122	93,777
Other assets	33,201	33,201
	$ 339,194,678	$ 335,048,713

Liabilities and Net Assets

	2016	2015
Liabilities		
Unpaid grants	$ 1,260,000	$ 1,232,336
Deferred federal excise tax payable	105,000	9,000
Total liabilities	1,365,000	1,241,336
Commitments and Contingencies (Note 6)	-	-
Net Assets		
Permanently restricted	337,829,678	333,807,377
	$ 339,194,678	$ 335,048,713

Albert and Bessie Mae Kronkosky Charitable Foundation

Statements of Activity

Years Ended December 31, 2016 and 2015

	2016			2015		
	Permanently Restricted	Unrestricted	Total	Permanently Restricted	Unrestricted	Total
Revenues						
Interest	$ -	$ 1,930,401	$ 1,930,401	$ -	$ 2,133,614	$ 2,133,614
Dividends	-	5,545,158	5,545,158	-	5,824,405	5,824,405
Capital gains/distributions	1,294,213	-	1,294,213	5,338,602	-	5,338,602
Other income	-	21,097	21,097	-	27,726	27,726
	1,294,213	7,496,656	8,790,869	5,338,602	7,985,745	13,324,347
Expenses						
Grants administration	-	1,117,001	1,117,001	-	1,016,738	1,016,738
Direct charitable activities, consultants and other program costs	-	221,152	221,152	-	88,303	88,303
Trustee fees	-	1,793,666	1,793,666	-	1,837,116	1,837,116
	-	3,131,819	3,131,819	-	2,942,157	2,942,157
Federal Excise Tax Benefit (Provision)	-	(215,762)	(215,762)	-	(208,676)	(208,676)
Grants Approved	-	(15,867,964)	(15,867,964)	-	(16,627,686)	(16,627,686)
Net Realized Gain on Sales of Investments	4,711,522	-	4,711,522	3,627,277	-	3,627,277
Net Unrealized Gain (Loss) on Investments	9,735,455	-	9,735,455	(25,620,207)	-	(25,620,207)
Interfund Transfer	(11,718,889)	11,718,889	-	(11,792,774)	11,792,774	-
Change in Net Assets	4,022,301	-	4,022,301	(28,447,102)	-	(28,447,102)
Net Assets, Beginning of Year	333,807,377	-	333,807,377	362,254,479	-	362,254,479
Net Assets, End of Year	$ 337,829,678	$ -	$ 337,829,678	$ 333,807,377	$ -	$ 333,807,377

See Notes to Financial Statements

Albert and Bessie Mae Kronkosky Charitable Foundation
Statements of Cash Flows
Years Ended December 31, 2016 and 2015

	2016	2015
Operating Activities		
Change in net assets	$ 4,022,301	$ (28,447,102)
Adjustments to reconcile change in net assets to net cash used in operating activities		
Depreciation and amortization	34,572	14,185
Loss on disposal of fixed assets	1,847	-
Net realized gain on investments	(4,711,522)	(3,627,277)
Net unrealized (gain) loss on investments	(9,735,455)	25,620,207
Increase (decrease) in deferred tax provision	96,000	(257,000)
Decrease in interest and dividends receivable	77,502	87,654
(Increase) decrease in federal excise tax receivable	(30,238)	240,676
Increase in unpaid grants	27,664	304,997
Net cash used in operating activities	(10,217,329)	(6,063,660)
Investing Activities		
Purchases of property and equipment	(6,764)	(99,118)
Purchases of investments	(163,277,379)	(75,031,834)
Proceeds from sales of investments	173,465,885	81,220,523
Net cash provided by investing activities	10,181,742	6,089,571
Net Increase (Decrease) in Cash and Cash Equivalents	(35,587)	25,911
Cash and Cash Equivalents, Beginning of Year	74,935	49,024
Cash and Cash Equivalents, End of Year	$ 39,348	$ 74,935
Supplemental Disclosure of Cash Flows Information		
Federal excise tax paid	$ 150,000	$ 225,000

Albert and Bessie Mae Kronkosky Charitable Foundation

Notes to Financial Statements

December 31, 2016 and 2015

Note 1: Summary of Significant Accounting Policies

The Foundation

The Albert and Bessie Mae Kronkosky Charitable Foundation (Foundation) was established in 1991 for the purpose of providing support to charitable programs, projects and collaborative efforts in Bandera, Bexar, Comal and Kendall Counties in Texas. The Albert and Bessie Mae Kronkosky Charitable Foundation Trust Agreement (Trust Agreement), which established the Foundation, specifies that grants are to be made to organizations involved in certain health and human services, cultural activities, public parks, zoos, museums, libraries and wildlife sanctuaries, prevention of animal abuse and aiding victims of public disasters.

The Foundation is a non-profit foundation, exempt from income tax under Section 501(c)(3) of the U.S. Internal Revenue Code of 1986 (Code) (see Note 5). The Foundation makes grants only to corporate organizations exempt under Section 501(c)(3) of the Code.

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles (GAAP) and include the accounts maintained by and for the benefit of the Foundation.

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 amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Foundation considers all liquid investments with original maturities of three months or less to be cash equivalents, except that cash and cash equivalents held in the trust account are considered investments rather than cash and cash equivalents.

Asset Valuation and Investments

Investments are principally comprised of widely traded stocks and corporate and government bonds as selected by investment managers engaged by the Foundation. The managers are monitored and evaluated by the Foundation and, although the market values of the investments are subject to fluctuations, management believes that the investment policy is prudent for the long-term welfare of the Foundation.

Securities listed or traded on a national securities exchange are valued at the last sales price on the last business day of the fiscal year or, if there was not a sale transacted on that day, at the last bid price. The Foundation follows FASB Accounting Standards Codification (ASC) Topic 958-320. Topic 958-320 requires that investments in equity securities with readily determinable fair values and all investments in debt securities be reported at fair value with gains and losses included in the statements of activities. Investments in private equity which may not be readily marketable are valued at net asset value (NAV) as a practical expedient, as provided by the investment manager. These estimated values may differ significantly from the values that would have been used had a ready market for these securities existed.

Property and Equipment

Property and equipment are recorded at cost and are being depreciated over their estimated useful lives. Leasehold improvements are amortized over the useful life of the improvement or the term of the lease, whichever is shorter. The straight-line method of depreciation is used. In 2016 and 2015, the Foundation recognized $34,572 and $14,185, respectively, of depreciation and amortization expense which is included as a component of grants administration expense in the accompanying statements of activities.

Investment Return

Investment return includes dividend, interest and other investment income realized and unrealized gains and losses on investments carried at fair value.

Realized and unrealized gains and losses on investments are determined by comparing cost, determined on an average cost per share basis, to sales proceeds and quoted market values, respectively.

Transfers Between Fair Value Hierarchy Levels

Transfers in and out of Level 1 (quoted market prices), Level 2 (other significant observable inputs) and Level 3 (significant unobservable inputs) are recognized on the period ending date.

Grants

Grants are made in accordance with the Foundation’s mission. Conditional grants (single-year or multi-year) are expensed and considered payable in the period the conditions are satisfied and the Foundation’s Distribution Committee approves the grants.

Note 2: Investments

The market value and cost of the Foundation's investments by major type as of December 31, 2016 and 2015, are as follows:

	2016		2015	
	Market Value	Cost	Market Value	Cost
Short-term money market funds	$ 6,151,126	$ 6,151,126	$ 5,551,149	$ 5,551,149
Fixed income				
Government and agency	23,431,612	24,128,848	23,492,199	24,049,176
Asset backed				
Government and agency	3,541,825	3,588,936	4,517,261	4,550,026
Asset backed corporate	1,471,006	1,486,147	-	-
Corporate bonds	23,752,979	23,951,907	25,709,973	25,820,125
Mutual funds	19,245,893	22,013,758	17,887,073	24,054,281
Foreign bonds	912,961	920,752	-	-
Other	16,562,990	16,702,010	13,767,879	14,324,065
Equity securities				
Consumer discretionary	14,784,668	13,244,670	13,140,528	12,117,036
Consumer staples	7,158,903	6,191,291	6,077,986	4,988,990
Energy	7,116,897	6,028,751	5,560,897	6,229,576
Financial	16,173,832	12,620,917	16,372,414	14,217,723
Healthcare	13,679,522	13,271,509	11,630,827	9,691,667
Industrial	12,414,026	10,974,944	10,991,183	10,033,226
Information technology	22,269,432	18,189,552	17,739,739	13,670,388
Materials	3,202,182	2,817,152	2,948,303	3,039,090
Real Estate	207,285	148,009	-	-
Telecommunication services	1,999,537	1,946,313	1,412,783	1,481,946
Utilities	2,278,752	2,069,130	2,243,313	2,125,509
Mutual funds	35,400,779	38,959,136	52,946,227	55,013,515
Other	83,674,346	80,718,440	83,978,914	82,163,705
Balanced funds	15,541,114	16,864,140	11,675,630	15,896,798
Private equity	7,320,191	5,310,000	6,497,625	4,860,000
Real estate	120,188	115,562	11,672	12,060
	$ 338,412,046	$ 328,413,000	$ 334,153,575	$ 333,890,051

Alternative Investments

Except as described below, the fair value of alternative investments (private equity fund) has been estimated using the NAV per share of the investments. Alternative investments held at December 31 consist of the following:

	December 31, 2016			
	Fair Value	Unfunded Commitments	Redemption Frequency (if currently eligible)	Redemption Notice Period
Private equity fund (A)	$ 7,320,191	$ 3,510,000	N/A	N/A

	December 31, 2015			
	Fair Value	Unfunded Commitments	Redemption Frequency (if currently eligible)	Redemption Notice Period
Private equity fund (A)	$ 6,497,625	$ 3,960,000	N/A	N/A

(A) The investment objective of the Fund is to provide attractive long-term returns to its Investors through investments in a diversified portfolio of professionally managed private equity Portfolio Funds and, on an opportunistic basis, private equity investments in portfolio companies, which may be co-investments with Portfolio Funds or the other fund-of-funds vehicles managed by the Investment Adviser or its affiliates. Investments in Portfolio Funds may include secondary investments in private equity funds acquired in third-party transactions from investors in such funds. The Investment Adviser will seek to achieve the Fund’s investment objective by pursuing a strategy of investing the assets of the Master Fund primarily in investments in Portfolio Funds, including both direct investments in Portfolio Funds and secondary transactions. It is expected that under ordinary circumstances the Master Fund will commit at least 85 percent of the aggregate amount of Investors’ commitments to the Fund, together with capital commitments by investors to the Taxable Investor Feeder, to Portfolio Funds.

Note 3: Disclosures About Fair Value of Assets and Liabilities

ASC Topic 820, *Fair Value Measurements*, defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Topic 820 also specifies a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

Level 1 Quoted prices in active markets for identical assets or liabilities

Level 2 Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities

Level 3 Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities

Recurring Measurements

The following table presents the fair value measurements of assets recognized in the accompanying statements of financial position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at December 31, 2016 and 2015:

		2016 Fair Value Measurements Using		
	Fair Value	Quoted Prices in Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3
Short-term money market funds	$ 6,151,126	$ 6,151,126	$ -	$ -
Fixed income				
Government and agency	23,431,612	16,902,225	6,529,387	-
Asset backed				
Government and agency	3,541,825	-	3,541,825	-
Asset backed corporate	1,471,006	-	1,471,006	-
Corporate bonds	23,752,979	-	23,752,979	-
Foreign bonds	912,961	-	912,961	-
Mutual funds	19,245,893	19,245,893	-	-
Equity securities	16,562,990	16,562,990	-	-
Consumer discretionary	14,784,668	14,784,668	-	-
Consumer staples	7,158,903	7,158,903	-	-
Energy	7,116,897	7,116,897	-	-
Financials	16,173,832	16,173,832	-	-
Healthcare	13,679,522	13,679,522	-	-
Industrials	12,414,026	12,414,026	-	-
Information technology	22,269,432	22,269,432	-	-
Materials	3,202,182	3,202,182	-	-
Real Estate	207,285	207,285	-	-
Telecommunication services	1,999,537	1,999,537	-	-
Utilities	2,278,752	2,278,752	-	-
Mutual funds	35,400,779	35,400,779	-	-
Other	83,674,346	83,674,346	-	-
Balanced funds	15,541,114	15,541,114	-	-
Real estate	120,188	93,944	-	26,244
Private equity (A)	7,320,191	-	-	-
	$ 338,412,046	$ 294,857,453	$ 36,208,158	$ 26,244

Albert and Bessie Mae Kronkosky Charitable Foundation

Notes to Financial Statements

December 31, 2016 and 2015

		2015 Fair Value Measurements Using		
	Fair Value	Quoted Prices in Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3
Short-term money market funds	$ 5,551,149	$ 5,551,149	$ -	$ -
Fixed income				
Government and agency	23,492,199	13,450,168	10,042,031	-
Asset backed				
Government and agency	4,517,261	-	4,517,261	-
Corporate bonds	25,709,973	-	25,709,973	-
Mutual funds	17,887,073	17,887,073	-	-
Other	13,767,879	13,767,879	-	-
Equity securities				
Consumer discretionary	13,140,528	13,140,528	-	-
Consumer staples	6,077,986	6,077,986	-	-
Energy	5,560,897	5,560,897	-	-
Financials	16,372,414	16,372,414	-	-
Healthcare	11,630,827	11,630,827	-	-
Industrials	10,991,183	10,991,183	-	-
Information technology	17,739,739	17,739,739	-	-
Materials	2,948,303	2,948,303	-	-
Telecommunication services	1,412,783	1,412,783	-	-
Utilities	2,243,313	2,243,313	-	-
Mutual funds	52,946,227	52,946,227	-	-
Other	83,978,914	83,978,914	-	-
Balanced funds	11,675,630	11,675,630	-	-
Real estate	11,672	11,672	-	-
Private equity (A)	6,497,625	-	-	-
Total	$ 334,153,575	$ 287,386,685	$ 40,269,265	$ -

(A) Certain investments that are measured at fair value using the NAV per share (or its equivalent) practical expedient have not been classified in the hierarchy. The fair value amounts included above are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statements of financial position.

Following is a description of the inputs and valuation methodologies used for assets measured at fair value on a recurring basis and recognized in the accompanying statements of financial position, as well as the general classification of such assets pursuant to the valuation hierarchy.

There have been no significant changes in the valuation techniques during the years ended December 31, 2016 and 2015.

Investments

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. Level 1 securities include cash and cash equivalents, fixed income investments and equity investments. If quoted market prices are not available, then fair values are estimated by using pricing models, quoted prices of securities with similar characteristics or discounted cash flows. Such securities are classified in Level 2 of the valuation hierarchy. Level 2 investments include government bonds, corporate bonds, foreign bonds and asset backed corporate and government securities. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy.

Level 3 Reconciliation

The following is a reconciliation of the beginning and ending balances of recurring fair value measurements recognized in the accompanying statements of financial position using significant unobservable (Level 3) inputs:

	Real Estate
Balance, January 1, 2014	$ -
Total realized and unrealized gains and losses	-
Purchases	-
Balance, December 31, 2015	-
Transfers in and/or out of Level 3	2,026
Total realized and unrealized gains	1,976
Purchases	22,242
Balance, December 31, 2016	$ 26,244
Total gains for the year included in the statements of activities attributable to the change in unrealized gain or losses to assets still held at the reporting date	
Year ended December 31, 2015	$ -
Year ended December 31, 2016	$ 26,244

At December 31, 2016, a real estate stock was transferred out of Level 1 and into Level 3 due to unavailability of pricing.

Realized and unrealized gains and losses included in change in net assets for the years ended December 31, 2016 and 2015, are reported in the statements of activity as follows:

	2016	2015
Net realized gains	$ 4,711,522	$ 3,627,277
Change in net unrealized gains (losses) relating to assets still held at the statement of financial position date	$ 9,735,455	$ (25,620,207)

The following methods were used to estimate the fair value of all other financial instruments recognized in the accompanying statements of financial position at amounts other than fair value.

Cash and Cash Equivalents

The carrying amount approximates fair value.

Receivables and Liabilities

The carrying amount of the Foundation's interest and dividends receivable, federal excise tax receivable and liabilities reported in the statements of financial position approximates fair value due to the short-term nature of those accounts.

Note 4: Fund Restrictions

FASB Accounting Standards Codification (ASC) Topic 958-205 requires the Foundation's net assets, revenues, expenses, gains and losses to be classified as permanently restricted, temporarily restricted or unrestricted based on the provisions of Topic 958-205 and the existence or absence of donor-imposed restrictions. The Foundation classifies its original corpus and realized and unrealized gains/losses net of federal excise taxes and direct investment costs (approximately 86 percent of trustee fees) as permanently restricted and its interest and dividend income net of Foundation grants and expenses (except federal excise taxes on investment income and approximately 86 percent of trustee fees) as unrestricted based on the Trust Agreement. Federal excise taxes and the approximately 86 percent of trustee fees related to permanently restricted funds are classified as unrestricted on the accompanying statements of activity. These amounts are reimbursed through an interfund transfer from permanently restricted to unrestricted net assets.

The Code requires private foundations to disburse, for charitable purposes, an amount approximating 5 percent of the value of its assets for a given year. These disbursements are to be made during the year for which the minimum distributable amount is calculated based upon the previous year's value of assets. As provided in the Trust Agreement, if the unrestricted net assets are insufficient to meet this requirement, permanently restricted net assets may be used.

Consequently, when required, distributions are made from the permanently restricted net assets. The Trust Agreement also states that, as noted above, excise tax on investment income and a portion of trustee fees shall be charged to permanently restricted net assets. For the years ended December 31, 2016 and 2015, the Foundation distributed $11,718,889 and $11,792,774, respectively, from permanently restricted net assets to unrestricted net assets. Management believes the Foundation is in compliance with the Code and, as such, has maintained its "Private Foundation" status.

Note 5: Federal Excise Tax

The Foundation is classified as a "Private Foundation" as defined in the Code. As a "Private Foundation", the Foundation is subject to a federal excise tax of one or 2 percent of net investment income, depending on the level of grant payments in relation to the prior five-year average. The Foundation has elected the cash method of accounting for tax purposes. The Foundation is required to make certain qualifying distributions in order to maintain its status. Management believes that such required distributions have been or will be accomplished through the payment of grants and the operation of the Foundation's grant program. The open tax years subject to examination by the IRS are 2013-2015. Deferred federal excise taxes are the result of the cumulative tax expense recognized for the net unrealized appreciation of investments and accrued interest and dividends. The components of the Foundation's net federal excise tax (benefit) expense for the years ended December 31, 2016 and 2015, was as follows:

	2016	2015
Current tax on investment income	$ 119,762	$ 465,676
Deferred tax benefit on investment income	(1,000)	(1,000)
Federal excise tax provision on investment income	118,762	464,676
Deferred federal excise tax provision (benefit) on unrealized investment income	97,000	(256,000)
Federal excise tax provision	$ 215,762	$ 208,676

Note 6: Commitments and Contingencies

Investments

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 change could materially affect the amounts reported in the accompanying statements of financial position.

Unpaid Grants

Unpaid grants at December 31, 2016 and 2015, consist of the grants the Foundation had unconditionally awarded to organizations but not yet paid. Grants which require conditions be met by the grantee organization before the payment is made are not recognized as an approved grant until all requirements have been met. These grants are noted as conditional grants below. The unpaid grants have been recorded as a reduction in the Foundation's net assets in the year the grant was awarded and are scheduled to be paid in the following years:

	2016	2015
Unpaid grants	$ 1,260,000	$ 1,232,336
Conditional grants	796,000	500,000
	$ 2,056,000	$ 1,732,336

The following table summarizes changes in unpaid grants for the years ended December 31, 2016 and 2015:

	2016	2015
Unpaid grants, beginning of year	$ 1,232,336	$ 927,339
Grants approved	15,867,964	16,627,686
Grants disbursed	(15,840,300)	(16,322,689)
Unpaid grants, end of year	$ 1,260,000	$ 1,232,336

Leases

The current space is on an operating lease which expires in January 2018. Rental expense for the years ended December 31, 2016 and 2015, was $102,483 and $92,565, respectively, which is included as a component of grants administration expense in the accompanying statements of activity.

Future minimum rental payments applicable to the office lease are as follows:

Year Ending December 31,	Amount
2017	$ 95,240
2018	$ 7,950

Note 7: Employee Benefits

The Foundation established a 401(k) plan for its employees in May 1998. The Foundation contributes 3 percent of an eligible employee's salary to their 401(k) balance and matches up to 6 percent of employee contributions. The Foundation contributed $51,369 in 2016 and $35,920 in 2015 to its employees' 401(k) plan. These contributions are included as a component of grants administration expense in the accompanying statements of activity.

Note 8: Related Party Transactions

The trustee of the Foundation, Bank of America, has control of the fund's assets, makes all investment decisions and performs all trades. In 2016 and 2015, the trustee derived revenue from the Foundation through trustee fees of $1,793,666 and $1,837,116, respectively. As required by the Trust Agreement, one member of the Foundation's three-person Distribution Committee is also an employee of the trustee.

Note 9: Distribution Committee

In the normal course of business, it is not uncommon for charitable organizations whose board includes a member of the Distribution Committee to request grant funding from the Foundation. When this occurs, the Distribution Committee member associated with the charitable organization abstains from any decision-making authority with respect to that grant, and the Foundation processes that grant under its normal policies and guidelines.

Note 10: Subsequent Events

Subsequent events have been evaluated through the date of the Independent Auditor's Report, which is the date the financial statements were available to be issued.