GRANTMAKERS IN HEALTH

Financial Statements

For the Years Ended December 31, 2015 and 2014

and
Report Thereon

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Grantmakers In Health

Report on the Financial Statements

We have audited the accompanying financial statements of Grantmakers In Health (the Organization), which comprise the statements of financial position as of December 31, 2015 and 2014, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 Grantmakers In Health as of December 31, 2015 and 2014, 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.

Raffa, P.C.

Raffa, P.C.

Washington, DC
March 15, 2016

GRANTMAKERS IN HEALTH

STATEMENTS OF FINANCIAL POSITION
December 31, 2015 and 2014

	2015	2014
ASSETS		
Current Assets		
Cash and cash equivalents	$ 1,084,502	$ 875,379
Certificates of deposit	499,533	749,535
Pledges receivable – current portion	1,095,670	1,253,601
Prepaid expenses and other	17,500	1,000
Total Current Assets	2,697,205	2,879,515
Investments	2,652,982	2,781,156
Deposits	15,155	15,155
Pledges receivable – noncurrent portion, net of discount	854,364	400,000
Property and equipment, net	33,520	51,747
TOTAL ASSETS	$ 6,253,226	$ 6,127,573
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable and accrued expenses	$ 80,471	$ 65,411
Deferred revenue – annual conference	158,550	83,550
Total Current Liabilities	239,021	148,961
Deferred compensation	34,044	49,250
Deferred rent	37,764	28,042
TOTAL LIABILITIES	310,829	226,253
Net Assets		
Unrestricted		
Undesignated	655,287	1,285,725
Board-designated	2,643,462	2,758,981
Total Unrestricted	3,298,749	4,044,706
Temporarily restricted	2,643,648	1,856,614
TOTAL NET ASSETS	5,942,397	5,901,320
TOTAL LIABILITIES AND NET ASSETS	$ 6,253,226	$ 6,127,573

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

GRANTMAKERS IN HEALTH

STATEMENTS OF ACTIVITIES
For the Years Ended December 31, 2015 and 2014

	2015			2014		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
REVENUE AND SUPPORT						
Grants and contributions	$ 1,099,431	$ 2,547,754	$ 3,647,185	$ 1,183,382	$ 1,239,336	$ 2,422,718
Registration fees	450,000	-	450,000	343,440	-	343,440
Interest and dividend income	115,518	-	115,518	177,427	-	177,427
Net realized and unrealized losses on investments	(204,564)	-	(204,564)	(54,292)	-	(54,292)
Miscellaneous income	2,496	-	2,496	4,429	-	4,429
Net assets released from restrictions:						
Satisfaction of program restrictions	1,684,720	(1,684,720)	-	2,036,454	(2,036,454)	-
Satisfaction of time restrictions	76,000	(76,000)	-	109,420	(109,420)	-
TOTAL REVENUE AND SUPPORT	3,223,601	787,034	4,010,635	3,800,260	(906,538)	2,893,722
EXPENSES						
Programs	3,067,072	-	3,067,072	2,847,293	-	2,847,293
General and administrative	801,020	-	801,020	657,251	-	657,251
Fundraising	101,466	-	101,466	100,618	-	100,618
TOTAL EXPENSES	3,969,558	-	3,969,558	3,605,162	-	3,605,162
CHANGE IN NET ASSETS	(745,957)	787,034	41,077	195,098	(906,538)	(711,440)
NET ASSETS, BEGINNING OF YEAR	4,044,706	1,856,614	5,901,320	3,849,608	2,763,152	6,612,760
NET ASSETS, END OF YEAR	$ 3,298,749	$ 2,643,648	$ 5,942,397	$ 4,044,706	$ 1,856,614	$ 5,901,320

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

GRANTMAKERS IN HEALTH

STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2015 and 2014
Increase (Decrease) in Cash and Cash Equivalents

	2015	2014
CASH FLOW FROM OPERATING ACTIVITIES		
Cash received from contributors and registrants	$ 3,878,248	$ 3,394,216
Cash paid to suppliers and employees	(3,951,161)	(3,518,762)
Interests and dividends received	115,518	177,427
NET CASH PROVIDED BY OPERATING ACTIVITIES	42,605	52,881
CASH FLOW FROM INVESTING ACTIVITIES		
Proceeds from sales of investments	1,017,020	1,036,692
Purchases of investments	(843,408)	(1,180,247)
Purchases of property and equipment	(7,094)	(3,990)
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	166,518	(147,545)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on capital lease obligations	-	(2,656)
NET CASH USED IN FINANCING ACTIVITIES	-	(2,656)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	209,123	(97,320)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	875,379	972,699
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 1,084,502	$ 875,379
CASH FLOW FROM OPERATING ACTIVITIES		
Change in net assets	$ 41,077	$ (711,440)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Discount on pledges receivable	87,921	-
Depreciation and amortization	25,321	27,205
Net realized and unrealized losses on investments	204,564	54,292
Changes in assets and liabilities:		
Pledges receivable	(384,354)	608,674
Prepaid expenses and other	(16,500)	32,231
Accounts payable and accrued expenses	15,060	25,383
Deferred revenue – annual conference	75,000	14,955
Deferred compensation	(15,206)	(11,662)
Deferred rent	9,722	13,243
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 42,605	$ 52,881

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

1. The Organization and Summary of Significant Accounting Policies

The Organization

Grantmakers In Health (the Organization) is an educational organization serving trustees and staff of foundations and corporate giving programs. The Organization's mission is to help grantmakers improve the health of all people by building philanthropic knowledge, skills and effectiveness and by fostering communication and collaboration among grantmakers and with others. The Organization accomplishes its mission through a variety of activities including technical assistance and consultation, convening, publishing, education and training, conducting studies of the field, and brokering professional relationships. These activities are funded primarily through grants and contributions.

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting. Consequently, revenues and expenses are recognized and recorded when earned or incurred.

Cash Equivalents

The Organization considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

Investments

Investments consist of mutual funds, equity securities, exchange-traded funds, certificates of deposit with an original maturity of three months or more and cash held for investment purposes. These investments are recorded in the accompanying statements of financial position at their estimated fair value. Fair value is 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. For disclosure of the inputs used to measure fair value and related valuation techniques, see Note 4. Interest and dividend income is recorded as earned. Unrealized gains or losses are determined by comparison of cost to fair value at the beginning and end of the reporting period. Realized gains or losses on sales of investments are recorded on the trade date of the transactions.

Fair Value of Financial Instruments

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 820, *Fair Value Measurements and Disclosures*, defines fair value, establishes a framework for measuring fair value in accordance with generally accepted accounting principles in the United States of America and requires disclosures about fair value measurements for assets and liabilities measured at fair value on a recurring basis. The ASC emphasizes that fair value is a market-based measurement, not an entity-specific measurement, and therefore, a fair value measurement should be determined based on the assumptions that market participants would use in pricing the asset or liability. As a basis for considering market participant assumptions in fair value measurements, the ASC established a fair value hierarchy based upon the transparency of the inputs to the valuation of an asset or liability. These inputs may

Continued

1. The Organization and Summary of Significant Accounting Policies (continued)

Fair Value of Financial Instruments (continued)

be observable, whereby market participant assumptions are developed based on market data obtained from independent sources, and unobservable, whereby assumptions about market participant assumptions are developed by the reporting entity based on the best information available in the circumstances.

The three levels of the fair value hierarchy are described as follows:

Level 1 – Inputs based on quoted prices (unadjusted) in active markets for identical assets or liabilities accessible at the measurement date.

Level 2 – Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly, such as quoted prices for similar assets or liabilities in active markets.

Level 3 – Unobservable inputs for the asset or liability, including the reporting entity's own assumptions in determining the fair value measurement.

As of December 31, 2015 and 2014, the Organization's assets that are measured at fair value on a recurring basis are described in Note 4 of these financial statements.

Pledges Receivable

Pledges receivable are stated at their estimated net realizable value. Pledges receivable that are past due are individually analyzed for collectibility. The Organization considers pledges receivable to be fully collectible and accordingly, no allowance for uncollectible pledges has been recorded for the years ended December 31, 2015 and 2014.

Property and Equipment and Related Depreciation and Amortization

Property and equipment in excess of $500 are capitalized and stated at cost and depreciated over the estimated useful lives of the assets using the straight-line method. Depreciation and amortization are provided over the estimated useful lives of the related assets, generally three to ten years. Costs incurred in the development of software for internal use are expensed during the preliminary and post-implementation operation stages, including data conversion, training and maintenance costs. Costs incurred during the application development stage of software development are capitalized. Major additions are capitalized while replacements, maintenance and repairs that do not improve or extend the lives of the respective assets are expensed as incurred. The cost of property and equipment retired or disposed of is removed from the accounts along with the related accumulated depreciation or amortization, and any gain or loss is reflected in revenue and support or expenses in the accompanying statements of activities.

Continued

1. The Organization and Summary of Significant Accounting Policies (continued)

Classification of Net Assets

The net assets of the Organization are reported as follows:

- Unrestricted net assets represent the portion of expendable funds that are available for support of the Organization's operations. Board-designated net assets represent a portion of unrestricted net assets designated as a reserve fund. The reserve fund was established for the purpose of generating a steady source of income to support the Organization's operations.
- Temporarily restricted net assets represent amounts that are specifically restricted by donors or grantors for various purposes or for use in future time periods.

Revenue Recognition

The Organization recognizes all unconditional contributed support in the period in which the commitment is made. Grants and contributions are considered unrestricted revenue and support and available for general operations unless specifically restricted by the donor. The Organization reports grants of cash and other assets as temporarily restricted revenue and support if they are received with donor stipulations that limit the use of the donated assets as to a particular purpose or to future periods. When the stipulated time restriction ends or the purpose of the restriction is met, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the accompanying statements of activities as net assets released from restrictions. Donor-restricted grants and contributions whose restrictions are met in the same reporting period in which they are received are reported as unrestricted revenue. Revenue recognized on grants and contributions that have been committed to the Organization, but have not been received, are reflected as part of the pledges receivable in the accompanying statements of financial position. Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value. Unconditional promises to give that are expected to be collected after one year are recorded at their present value using appropriate discount rates. Amortization of the discount is recorded as additional contribution revenue and is used in accordance with donor-imposed restrictions, if any, on the contributions.

Conditional promises to give are not included as revenue and support until such time as the conditions are substantially met.

Registration fees received for the annual conference are recognized as revenue in the year in which the annual conference is held. Accordingly, revenue related to the annual conference received in advance is recorded as deferred revenue – annual conference in the accompanying statements of financial position. Expenses paid in advance are recorded as prepaid expenses in the accompanying statements of financial position.

Continued

1. The Organization and Summary of Significant Accounting Policies (continued)

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the accompanying statements of activities. Accordingly, certain costs have been allocated proportionately among the programs and supporting services to which they relate.

Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

2. Pledges Receivable

Pledges receivable represent unconditional promises to give and are recorded at net realizable value. As of December 31, 2015 and 2014, the Organization's pledges receivable are due to be received as follows:

	2015	2014
Due in less than one year	$ 1,095,670	$ 1,253,601
Due in one to five years	867,890	400,000
Due thereafter	74,395	-
Total Pledges Receivable	2,037,955	1,653,601
Less: Discount to Net Present Value	(87,921)	-
Pledges Receivable, Net	$ 1,950,034	$ 1,653,601

In 2015, the discount rate used in determining the present value of multiyear pledges was 3.25%. In 2014, the pledges receivable were not discounted to present value as the amount of the discount was determined by management not to be material to the financial statements. All amounts are deemed fully collectible. Accordingly, no allowance for uncollectible pledges has been provided.

Due to the nature of these pledges, significant fluctuations in net assets may occur. These significant fluctuations can arise as contributions are recognized as support in the calendar year in which they are pledged, but the corresponding expenses are incurred and recognized in a different fiscal year. During 2015, the Organization collected $1,274,425 of pledges which had been recognized as support in prior years. Conversely, $1,593,455 of pledges recognized as support in 2015 are expected to be collected in 2016 through 2025. During 2014, the Organization collected $1,158,176 of pledges which had been recognized as support in prior years. Conversely, $489,864 of pledges recognized as support in 2014 are expected to be collected in 2015.

Continued

3. Investments and Certificates of Deposit

As of December 31, 2015 and 2014, investments, including the investments related to the deferred compensation plan and certificates of deposit, stated at fair value, consisted of the following:

	2015	2014
Mutual funds	$ 2,008,305	$ 2,085,144
Equity securities	554,890	589,896
Certificates of deposit	499,533	749,535
Exchange-traded funds	89,037	105,893
Interest-bearing cash deposits	750	223
Total Investments and Certificates of Deposit	$ 3,152,515	$ 3,530,691

For the years ended December 31, 2015 and 2014, investment fees incurred were $23,069 and $23,055, respectively, and are included in general and administrative expenses in the accompanying statements of activities.

Investment (loss) income is summarized as follows for the years ended December 31, 2015 and 2014:

	2015	2014
Interest and dividends	$ 115,518	$ 177,427
Unrealized losses	(230,094)	(103,596)
Realized gains	25,530	49,304
Total Investment (Loss) Income	$ (89,046)	$ 123,135

4. Fair Value Measurements

The following tables summarize the Organization's assets measured at fair value on a recurring basis, aggregated by the fair value hierarchy level with which those measurements were made, for the years ended December 31:

	2015			
	Total Fair Value	Quoted Prices in Active Markets for Identical Assets/ Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Mutual funds:				
Capital appreciation	$ 345,280	$ 345,280	$ -	$ -
Europacific growth	189,227	189,227	-	-
Global asset allocation	646,953	646,953	-	-
Fixed income	793,551	793,551	-	-

Continued

4. Fair Value Measurements (continued)

	2015			
	Total Fair Value	Quoted Prices in Active Markets for Identical Assets/ Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets (continued):				
Certificates of deposit	$ 499,533	$ -	$ 499,533	$ -
Equity securities:				
Large cap value	264,875	264,875	-	-
Large cap growth	290,015	290,015	-	-
Exchange-traded funds:				
Emerging markets	89,037	89,037	-	-
457(b) plan assets:				
Mutual funds	33,294	33,294	-	-
Total Investments and Certificates of Deposits, Measured at Fair Value (a)	$ 3,151,765	$ 2,652,232	$ 499,533	$ -

(a) Excludes cash of $750 which is not considered subject to a fair value measurement.

	2014			
	Total Fair Valuel	Quoted Prices in Active Markets for Identical Assets/ Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Mutual funds:				
Capital appreciation	$ 354,764	$ 354,764	$ -	$ -
Europacific growth	190,318	190,318	-	-
Global asset allocation	661,087	661,087	-	-
Fixed income	829,948	829,948	-	-
Certificates of deposit	749,535	-	749,535	-
Equity securities:				
Large cap value	307,591	307,591	-	-
Large cap growth	282,305	282,305	-	-

Continued

4. Fair Value Measurements (continued)

	2014			
	Total Fair Value	Quoted Prices in Active Markets for Identical Assets/ Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets (continued):				
Exchange-traded funds:				
Emerging markets	$ 105,893	$ 105,893	$ -	$ -
457(b) plan assets				
Mutual funds	49,027	49,027	-	-
Total Investments and Certificates of Deposits, Measured at Fair Value (a)	$ 3,530,468	$ 2,780,933	$ 749,535	$ -

(a) Excludes cash of $223 which is not considered subject to a fair value measurement.

The Organization used the following methods and significant assumptions to estimate fair value for assets recorded at fair value:

Mutual funds, equity securities and exchange-traded funds – Valued at quoted market prices for identical assets in active markets.

Certificates of deposit – Valued at fair value by discounting the related cash flows based on current yields of similar instruments with comparable characteristics.

5. Conditional Grants

During the year ended December 31, 2015, the Organization was awarded several multiyear conditional grants totaling $749,992. These grants are contingent upon the Organization's achievement of certain goals and deliverables mutually agreed to between the Organization and the donors. Payments will be made to the Organization at various times through the year ending December 31, 2016, based on the goals and deliverables established in the grant agreements. For the year ended December 31, 2015, the Organization recognized $310,544 in revenue under these grants, which is included in grants and contributions in the accompanying statements of activities. As of December 31, 2015, the Organization has not recognized revenue related to these conditional grants of $439,448. During the year ended December 31, 2014, the Organization collected the remaining balance of $222,585 on a multiyear conditional grant received in 2011. As of December 31, 2014, there were no outstanding conditional grants.

6. Property and Equipment

The Organization's property and equipment consisted of the following as of December 31, 2015 and 2014:

	2015	2014
Capitalized software costs	$ 84,586	$ 84,586
Furniture and equipment	51,266	66,303
Leasehold improvements	19,173	19,173
Total Property and Equipment	155,025	170,062
Less: Accumulated Depreciation and Amortization	(121,505)	(118,315)
Property and Equipment, Net	$ 33,520	$ 51,747

Depreciation and amortization expense totaled $25,321 and $27,205, respectively, for the years ended December 31, 2015 and 2014.

7. Commitments and Risk

Operating Lease

The Organization leases office space under a noncancelable operating lease which expires on November 30, 2020. The lease calls for monthly payments of $20,980 in the first and second year, with annual increases thereafter equal to 2% of the previous year's payment for the remainder of the lease. The Organization is also required to pay its pro rata share of the increases in real estate taxes and operating expenses.

On August 4, 2015, the Organization entered into an amendment to the noncancelable operating lease to expand the premises under the lease effective December 1, 2015. The amended lease calls for monthly payments of $25,426 in the first year, with annual increases thereafter. The payments in the amended lease replaced the payments owed in the original lease.

Under GAAP, all fixed rent increases are recognized on a straight-line basis over the term of the lease. The difference between the required cash payments for rent and the rent expense is reflected as deferred rent in the accompanying statements of financial position. Total rent expense under the office lease for the years ended December 31, 2015 and 2014, was $275,499 and $265,803, respectively.

The Organization leases office equipment under noncancelable operating leases expiring in 2016. Total rent expense for equipment leases for the years ended December 31, 2015 and 2014, was $20,587 and $21,126, respectively.

Continued

7. Commitments and Risk (continued)

Operating Lease (continued)

Future minimum lease payments under these operating leases are as follows:

For the Year Ending December 31	
2016	$ 305,626
2017	311,743
2018	317,990
2019	324,367
2020	302,795
Total	$ 1,562,521

Hotel Commitments

The Organization has entered into agreements with several hotels to provide conference facilities and room accommodations for its annual conference and other meetings through March 2017. The agreements contain various clauses whereby the Organization is liable for liquidated damages in the event of cancellation or lower-than-anticipated attendance. The Organization's management does not believe that any losses will be incurred under these contracts. Accordingly, no amount for this potential liability has been reflected in the accompanying financial statements.

Concentration of Credit Risk

The Organization maintains its cash and cash equivalents with a commercial financial institution and its aggregate balance may, at times, exceed the Federal Deposit Insurance Corporation (FDIC) insured limit of $250,000 per depositor per institution. As of December 31, 2015 and 2014, the amount exceeding the FDIC insured amount totaled approximately $67,000 and $99,000, respectively. The Organization monitors the creditworthiness of this institution and has not experienced any historical credit losses on its cash and cash equivalents.

8. Temporarily Restricted Net Assets

Temporarily restricted net assets are comprised of the following at December 31, 2015 and 2014:

	2015	2014
Program-Restricted:		
Strengthening GIH	$ 797,000	$ 267,814
Strengthening Capacity for Health Philanthropy	361,910	766,700
Health Reform	300,000	30,399
Andrew Hyman Memorial Award	200,000	-
Federal-State Implementation Project	197,770	215,652
Bridging Traditional and Nontraditional Funders	100,359	130,213

8. Temporarily Restricted Net Assets (continued)

	2015	2014
Program-Restricted (continued):		
Wellness Core Capacity	$ 89,600	$ -
Community Metrics	66,050	-
Healthy Eating / Active Living	48,228	153,746
Disparities	48,084	-
Lauren LeRoy Lecture Series	43,387	45,000
Population Health	41,841	-
Behavioral Health	39,696	22,892
Social Determinants of Health	35,438	3,645
Public Policy / Advocacy Strategies	26,883	-
Funder Meetings in Kidswell States	21,132	91,626
Aging	16,348	18,365
Terrence Keenan Institute	11,878	32,325
Integrative Health	8,787	-
Children's Access to Health Care	5,675	-
Peer Review	2,804	-
mHealth and Social Media	-	2,237
Time-Restricted:		
For use in future periods	180,778	76,000
Total	$ 2,643,648	$ 1,856,614

9. Board-Designated Endowment

Endowment Funds

The Organization's endowment consists of funds internally designated by the Board of Directors to function as an endowment fund to support the mission of the Organization. As required by GAAP, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions. As of December 31, 2015 and 2014, the board-designated endowment was $2,643,462 and $2,758,981, respectively.

For the year ended December 31, 2015 and 2014, the board-designated endowment funds had the following activities:

	2015	2014
Balance, Beginning of Year	$ 2,758,981	$ 2,661,967
Interest and dividends	112,114	174,361
Realized and unrealized losses	(204,564)	(54,292)
Investment expenses	(23,069)	(23,055)
Balance, End of Year	$ 2,643,462	$ 2,758,981

Continued

9. Board-Designated Endowment (continued)

Investment Objectives and Risk Parameters

The Organization's objective is to maintain the purchasing power of the endowment assets as well as to provide additional real growth through investment return. A complementary objective of the investment funds is that the total rate of return achieved by the funds competes favorably, when compared over comparable periods, to that of other fiduciary funds and/or relevant market indices having similar objectives and constraints and using similar investment media. Endowment assets are invested in a well-diversified asset mix, which may include equity and debt securities. Both safety of the board-designated endowment principal and the quality of its assets should be maintained. It is accepted that the criteria for safety and quality should be imposed not on each individual asset but rather on the endowment assets as a whole.

Strategies Employed for Achieving Objectives

To achieve the investment objectives, the Organization has adopted an investment policy that attempts to maximize total return consistent with an acceptable level of risk. The long-term objective of the investment fund is to produce a total rate of return of at least 5% in excess of the rate of inflation as measured by the Department of Labor, Bureau of Labor Statistics Consumer Price Index, All Cities Average, 1967=100. Since the duration, direction and intensity of inflation cycles vary from cycle to cycle, it is recognized that the return experienced by the board-designated endowment over any one cycle may vary from this objective; however it is deemed reasonable to expect at least a 5% real rate of return over succeeding cycles.

Spending Policy

The President and Chief Executive Officer (CEO) of the Organization is authorized by the Board to draw down from the fund annually. The amount to be drawn from the fund each year may be determined by taking an average of the ending asset values for the previous twelve quarters and multiplying that amount by 5%. The Organization expects the current spending policy to allow the board designated endowment fund to grow. This is consistent with the Organization's objective to maintain the purchasing power of the board-designated endowment assets as well as to provide additional real growth through investment return.

10. Pension Plan

The Organization sponsors a noncontributory defined contribution retirement plan, qualified under Internal Revenue Code (IRC) 403(b), for the benefit of its eligible employees. Under the plan, each eligible employee receives a contribution to his or her account in the amount of 15% of compensation. Contributions to the plan for the years ended December 31, 2015 and 2014, were $161,775 and $143,687, respectively.

The Organization also maintains a deferred compensation plan under IRC Section 457(b) for the Organization's President and CEO. There were no contributions made to the plan for the years ended 2015 and 2014.

Continued

11. Program Expenses

Program expenses were related to the following activities for the years ended December 31:

	2015	2014
Annual Conference	$ 758,929	$ 689,430
Strengthening Capacity for Health Philanthropy	415,601	246,732
Federal-State Implementation Project	274,374	236,674
Strengthening GIH	181,714	149,747
Other Programs	155,972	180,263
Behavioral Health	136,238	100,574
Healthy Eating / Active Living	135,300	109,432
Fall Forum / Lauren LeRoy Lecture Series	116,570	53,317
Health Reform	103,548	265,482
Website	101,912	82,650
GIH Bulletin	94,097	66,261
Disparities	91,318	99,802
Funder Meetings in Kidswell States	83,372	90,806
Community Metrics	63,432	-
PCORI	59,979	65,023
Aging	51,647	35,420
Public Policy / Advocacy Strategies	50,615	134,503
Children’s Access to Health Care	47,564	22,284
Population Health	43,739	54,208
Integrative Health	38,501	66,510
Social Determinants of Health	35,177	28,210
Bridging Traditional and Nontraditional Funders	27,473	-
HRSA / GIH / MCHB Partnership Initiative	-	69,965
Total	$ 3,067,072	$ 2,847,293

12. Income Taxes

The Organization is exempt from the payment of taxes on income other than net unrelated business income under Section 501(c)(3) of the Internal Revenue Code. No provision for income taxes is required for the years ended December 31, 2015 and 2014, as the Organization had no net unrelated business income.

The Organization follows the authoritative guidance relating to accounting for uncertainty in income taxes included in ASC Topic 740, *Income Taxes*. These provisions provide consistent guidance for the accounting for uncertainty in income taxes recognized in an entity’s financial statements and prescribe a threshold of “more likely than not” for recognition and derecognition of tax positions taken or expected to be taken in a tax return. The Organization performed an evaluation of uncertain tax positions for the years ended December 31, 2015 and 2014, and determined that there were no matters that would require recognition in the

Continued

12. Income Taxes (continued)

financial statements or that may have any effect on its tax-exempt status. As of December 31, 2015, the statute of limitations for tax years 2012 through 2014 remains open with the U.S. federal jurisdiction or the various states and local jurisdictions in which the Organization files tax returns. It is the Organization's policy to recognize interest and/or penalties related to uncertain tax positions, if any, in income tax expense. As of December 31, 2015 and 2014, the Organization had no accruals for interest and/or penalties.

13. Reclassifications

Certain 2014 amounts have been reclassified to conform to the 2015 financial statement presentation.

14. Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through March 15, 2016, the date the financial statements were available to be issued. There were no subsequent events that require recognition or disclosure in the financial statements.