

BARNABAS FOUNDATION

Financial Statements
With Independent Auditors' Report

December 31, 2016 and 2015

BARNABAS FOUNDATION

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Barnabas Foundation
Crete, IL

We have audited the accompanying combined financial statements of Barnabas Foundation (the Foundation), as of December 31, 2016 and 2015, and the related combined statements of activities and cash flows for the years then ended, and the related notes to the combined financial statements.

Management's Responsibility for the Combined Financial Statements

Management is responsible for the preparation and fair presentation of these combined 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 combined 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 combined financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the combined financial statements are free from material misstatement.

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

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

Board of Directors
Barnabas Foundation
Crete, IL

Opinion

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the combined financial position of Barnabas Foundation as of December 31, 2016 and 2015, and the changes in its combined net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Capin Crouse LLP

Wheaton, Illinois
September 6, 2017

BARNABAS FOUNDATION

Combined Statements of Financial Position

	December 31,	
	2016	2015
ASSETS:		
Cash and cash equivalents	\$ 758,267	\$ 173,345
Investments	216,695,086	195,444,722
Bequests and other receivables	24,137,000	2,177,828
Prepaid expenses and other assets	66,842	151,392
Museum displays	1,009,540	1,807,860
Property and equipment, net	753,678	872,379
Assets held in trust	61,609,662	66,533,935
Member endowments - funds held for others	74,639,647	68,947,806
Endowment assets	7,346,548	7,235,679
Total Assets	\$ 387,016,270	\$ 343,344,946
LIABILITIES AND NET ASSETS:		
Liabilities:		
Accounts payable and accrued expenses	\$ 59,582	\$ 170,487
Grants payable and deferred grant payable	32,385,000	7,511,000
Annuities payable	13,236,014	12,233,245
Trust liabilities	58,484,498	62,187,269
Funds held for others	74,639,647	68,947,806
	178,804,741	151,049,807
Net assets:		
Unrestricted:		
Operating	1,772,484	1,548,525
Equity in property and equipment	753,678	872,379
Board designated:		
Stewards fund and other entities	178,186,274	162,111,263
Gift annuity reserves	3,359,214	4,397,563
	184,071,650	168,929,730
Temporarily restricted	16,902,192	16,214,841
Permanently restricted endowment	7,237,687	7,150,568
	208,211,529	192,295,139
Total Liabilities and Net Assets	\$ 387,016,270	\$ 343,344,946

See notes to combined financial statements

BARNABAS FOUNDATION

Combined Statements of Activities

	Year Ended December 31,							
	2016				2015			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
SUPPORT AND REVENUE:								
Contributions	\$ 7,422,495	\$ 25,146,477	\$ -	\$ 32,568,972	\$ 19,221,965	\$ 2,477,081	\$ -	\$ 21,699,046
Non-cash contributions	45,492,616	1,448,775	-	46,941,391	33,094,370	2,389,655	-	35,484,025
Membership dues	967,575	-	-	967,575	936,087	-	-	936,087
Asset management reimbursement	401,743	-	-	401,743	500,406	-	-	500,406
Investment income (loss)	10,500,047	883,952	87,119	11,471,118	4,679,243	(30,361)	(33,186)	4,615,696
Other revenues	317,198	-	-	317,198	283,167	-	-	283,167
Change in value of charitable gift annuities and trusts	(1,205,733)	(1,297,551)	-	(2,503,284)	(1,330,585)	(434,623)	-	(1,765,208)
	<u>63,895,941</u>	<u>26,181,653</u>	<u>87,119</u>	<u>90,164,713</u>	<u>57,384,653</u>	<u>4,401,752</u>	<u>(33,186)</u>	<u>61,753,219</u>
RECLASSIFICATIONS:								
Net assets released from restrictions:								
Satisfaction of purpose	25,494,302	(25,494,302)	-	-	3,521,685	(3,521,685)	-	-
EXPENSES:								
Program services:								
Grants paid	70,585,926	-	-	70,585,926	40,518,327	-	-	40,518,327
Stewardship and member services	574,942	-	-	574,942	1,143,445	-	-	1,143,445
Museum operations	135,987	-	-	135,987	186,494	-	-	186,494
	<u>71,296,855</u>	<u>-</u>	<u>-</u>	<u>71,296,855</u>	<u>41,848,266</u>	<u>-</u>	<u>-</u>	<u>41,848,266</u>
Supporting activities:								
Management and general	1,677,233	-	-	1,677,233	914,140	-	-	914,140
Membership development	575,896	-	-	575,896	341,728	-	-	341,728
Planned giving	698,339	-	-	698,339	989,021	-	-	989,021
	<u>2,951,468</u>	<u>-</u>	<u>-</u>	<u>2,951,468</u>	<u>2,244,889</u>	<u>-</u>	<u>-</u>	<u>2,244,889</u>
	<u>74,248,323</u>	<u>-</u>	<u>-</u>	<u>74,248,323</u>	<u>44,093,155</u>	<u>-</u>	<u>-</u>	<u>44,093,155</u>
Change in Net Assets	15,141,920	687,351	87,119	15,916,390	16,813,183	880,067	(33,186)	17,660,064
Net Assets, Beginning of Year	168,929,730	16,214,841	7,150,568	192,295,139	152,116,547	15,334,774	7,183,754	174,635,075
Net Assets, End of Year	<u>\$ 184,071,650</u>	<u>\$ 16,902,192</u>	<u>\$ 7,237,687</u>	<u>\$ 208,211,529</u>	<u>\$ 168,929,730</u>	<u>\$ 16,214,841</u>	<u>\$ 7,150,568</u>	<u>\$ 192,295,139</u>

See notes to combined financial statements

BARNABAS FOUNDATION

Combined Statements of Cash Flows

	Year Ended December 31,	
	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 15,916,390	\$ 17,660,064
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities including noncash contributions:		
Depreciation	153,525	127,526
Gain on sale of museum displays	(82,545)	-
Net realized and unrealized gain	(7,577,286)	(443,889)
Change in value of charitable trusts	1,297,551	434,623
Gift portion of new charitable gift annuities and trusts	(492,540)	(740,058)
Maturities of charitable gift annuities	(303,401)	(942,765)
Charitable gift annuity actuarial change	75,747	(763,448)
Payments on charitable gift annuities	1,932,664	2,945,719
Changes in:		
Prepaid expenses and other assets	84,550	(27,253)
Accounts payable and accrued expenses	(110,905)	2,996
Grants payable and deferred grant payable	24,874,000	(2,135,374)
Net Cash Provided by Operating Activities	35,767,750	16,118,141
Before Noncash Contributions	35,767,750	16,118,141
Change in bequests receivable	(21,959,172)	1,077,172
Noncash contributions	(46,941,391)	(35,484,025)
Net Cash Used by Operating Activities	(33,132,813)	(18,288,712)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(34,824)	(117,360)
Purchases of museum displays	(108,255)	(200,035)
Purchases of investments	(85,109,383)	(144,554,261)
Proceeds from sale of investments	120,077,558	162,997,536
Proceeds from sale of museum displays	989,120	-
Net Cash (Used) Provided by Investing Activities	35,814,216	18,125,880
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments on charitable gift annuities and trusts	(5,134,879)	(3,845,338)
Face value of new annuity and trust agreements	2,687,175	3,920,424
Investment income from charitable trusts	351,223	185,586
Net Cash (Used) Provided by Financing Activities	(2,096,481)	260,672
Net Change in Cash and Cash Equivalents	584,922	97,840
Cash and Cash Equivalents, Beginning of Year	173,345	75,505
Cash and Cash Equivalents, End of Year	\$ 758,267	\$ 173,345

See notes to combined financial statements

BARNABAS FOUNDATION

Notes to Combined Financial Statements
December 31, 2016 and 2015

1. NATURE OF ORGANIZATION:

Barnabas Foundation (Foundation) exists to help Christians exercise biblical stewardship through thoughtful charitable gift planning to the benefit of member organizations and other charitable organizations. This non-profit Foundation gets its name from Acts 4:36-37 where Barnabas, whose name means "Son of Encouragement", used money from the sale of some of his property to support and encourage the Lord's work.

The Foundation seeks to serve individuals and families throughout the United States. The Foundation encourages support of Christian ministries at the local, regional and national levels.

The Foundation's operations are supported by membership dues paid by the Foundation's 200 member organizations. These member organizations represent a variety of Christian organizations including numerous Christian schools, Christian colleges, the Christian Reformed Church of North America (CRCNA) and its denominational agencies, and other Christian organizations spreading the gospel of Jesus Christ or ministering to the needs of people in the name of Jesus Christ.

The primary source of revenue for the Foundation is contributions.

The Foundation administers the following types of funds for its own operations and as an agent for other charities:

Stewards Fund

Charitable fund agreements allow donors to make outright charitable contributions to this fund which is used to provide grants to qualified charitable organizations whose purposes, programs and practices are not inconsistent with the Christian character of the Foundation. The funds are under the complete control of the Foundation, but donors are allowed to make recommendations as to their distribution. These types of gift agreements are commonly referred to as donor advised funds and are reported as unrestricted contributions and designated net assets. The Stewards Fund also includes restricted and legacy funds which are reported as temporarily restricted net assets and endowment funds which are reported as permanently restricted net assets.

Charitable Gift Annuities

Annuity agreements have been issued in exchange for a payment that constitutes part charitable contribution and part purchase of an annuity, providing for payments to the stated annuitants during their lifetimes. These agreements constitute a general obligation of the Foundation (Note 2). The gift portion of annuities and investment reserves in excess of liabilities is reported as temporarily restricted net assets.

Member Endowments - Funds Held for Others

Funds held for others include those administered as an agent for member and non-member charitable organizations.

Trust Funds

Trust agreements administered include charitable remainder annuity trusts and unitrusts, both with irrevocable and revocable beneficiaries. Trusts in which the Foundation has an irrevocable interest are reported as part liabilities and part temporarily restricted net assets. The net asset portion represents the remainder interest due the Foundation.

BARNABAS FOUNDATION

Notes to Combined Financial Statements
December 31, 2016 and 2015

1. NATURE OF ORGANIZATION, continued:

BASIS OF COMBINATION

The combined financial statements include the financial statements of the Foundation and the following other entities:

Schaaf Truck and Tractor Museum

The Museum is a private, nonprofit organization dedicated to maintain, restore, accumulate, preserve and display antique or old-fashioned trucks, tractors, vehicles, machines and equipment for the education of the general public. In connection with the gift of the Museum, an agreement with the donor provides that if the Museum assets are liquidated or operations curtailed, the remaining funds will be transferred to the Stewards Fund.

Other Entities

John Mark Co. and Marah Co. were created in 1995. During 2005, JMC I, LLC and JMC Properties, LLC, both subsidiaries of John Mark Co., were incorporated. These organizations were created to facilitate donations of real estate and other capital assets with a view to converting such capital assets into liquid resources for the support of the various Christian ministries associated with Barnabas Foundation.

The combined financial statements of the Foundation include the Museum, as the Foundation has the ability to appoint all of the Museum's Board of Directors. The combined financial statements of the Foundation include the other entities as all are controlled through a common Board of Directors and management. Intercompany transactions and balances have been eliminated for combined financial statement purposes. The Foundation refers to Barnabas Foundation and its combined entities.

The Foundation and organizations noted above are exempt from income tax under Section 501(c)(3) of the U.S. Internal Revenue Code (the Code) and comparable state law and contributions to them are tax deductible within the limitations prescribed by the Code. The organizations have been classified as publicly supported organizations, which are not private foundations under Section 509(a) of the Code.

2. SIGNIFICANT ACCOUNTING POLICIES:

The combined financial statements of the Foundation, Museum and other entities have been prepared on the accrual basis of accounting. The preparation of combined financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures at the date of the combined financial statements. Actual results could differ from those estimates. Certain prior year amounts have been reclassified in order to conform to the current year presentation.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash, checking accounts, bank certificates of deposit and money market funds, except for cash accounts related to the Stewards and annuity funds which are classified as part of investments and assets held in trust. These accounts may, at times, exceed federally insured limits. The Foundation has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

BARNABAS FOUNDATION

Notes to Combined Financial Statements
December 31, 2016 and 2015

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

INVESTMENTS

Investments in equity securities with readily determinable fair values and all debt securities are reported at fair value, which is based on quoted market prices. If quoted market prices are not available, fair values are based on quoted market prices of comparable instruments. Investments in life insurance policies are carried at cash surrender value. Non-publicly traded securities and limited partnership interests are reported at fair value, determined by management using independent appraisals, discounted future cash flows and sales of similar investments. Discounts for lack of liquidity or marketability are taken into consideration when applicable.

Alternative investment funds are reported in accordance with the policies described in Note 10.

Real estate held for sale is initially reported at fair value on the date of donation as determined by appraisals and thereafter adjusted to estimated net realizable value. All real estate held for sale is actively marketed and is expected to be sold within one year of the combined statements of financial position date. Subsequent gains or losses resulting from disposition of real estate held for sale are recorded as investment gains or losses in the period realized. Real estate held and used is recorded at fair value at the date of donation and depreciated over its useful life, consistent with the lives of property and equipment.

Notes receivable are reported at amortized cost. Interest is calculated and recognized using the simple interest method. The reserve for doubtful loans receivable is based upon management's analysis of borrowers' payment history, financial condition and collateral, and is maintained at a level that, in management's judgment, is adequate to absorb probable losses. At December 31, 2016 and 2015, the reserve for uncollectible notes receivable was \$717,500 and \$725,000, respectively. Donated stocks, bonds, mutual funds and government securities are recorded at quoted value or appraised fair value (as determined by appraisal) at date of donation and thereafter carried in accordance with the above policies.

Investment income and realized and unrealized gains and losses are included in unrestricted investment income unless a donor or law temporarily or permanently restricts their use.

COMMON TRUST FUNDS

The Foundation maintains two common trust funds, the California Annuitants of Barnabas Foundation Trust Fund and the Barnabas Foundation Common Trust Fund (CTF). The California Annuitants of Barnabas Foundation Trust Fund is for the benefit of the California Charitable Gift Annuitants. The Barnabas Foundation Common Trust Fund is for the benefit of all other funds the Foundation manages. The Barnabas Foundation Common Trust Fund is divided into twenty sub-funds that are pooled for investment purposes. Investments in each sub-fund can be made at the beginning of each month and can also be withdrawn at the end of any month. The income earned on each sub-fund is allocated pro rata among the participants. Fees paid to outside investment managers and transaction costs are charged against income. For purposes of entry to and exit from each sub-fund, unrealized gains and losses are taken into account to adjust the assets to fair market value.

BARNABAS FOUNDATION

Notes to Combined Financial Statements
December 31, 2016 and 2015

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

COMMON TRUST FUNDS, continued:

No fees by the Foundation are charged against any of the common trust funds, but each account is assessed a charge to reimburse the Foundation for its asset management expenses. These charges are assessed on the asset base and range from .20% to 1.0% per year depending on account size and whether a minimum specified percentage of the charitable beneficiaries are members of the Foundation.

The investment objectives of the Barnabas Foundation Common Trust Fund sub-funds are as follows:

Cash Equivalents Fund (CEF)

Invests in liquid interest-bearing investments such as U.S. Treasury bills and notes, certificates of deposit and money market funds. This fund is intended to generate the current returns available from time to time on short term assets which are highly liquid and have minimal principal risk. The fund is managed by both internal staff and external money managers. As of December 31, 2016, the external money managers were JP Morgan Chase, Providence Bank, Private Bank, Merrill Lynch, Macatawa Bank, and E*Trade.

Core Fixed Income Fund

Invests in a diversified selection of U.S. issued investment grade corporate debt, government, government agency and mortgage backed fixed income securities. The fund shall be diversified across both credit quality and duration. The average credit quality of all investments in the fund must be at least A rated. Performance of the fund shall be measured against the Bank of America Merrill Lynch Intermediate Corporate & Government 1-10 Year A Rated + Index. The goal of this fund is to achieve actual performance net of all investment fees and expenses that meets or exceeds the total return of the index. As of December 31, 2016, the fund was managed by Neuberger Berman.

Private Credit Fund

Invests in a selection of direct private market strategies or a fund of funds. Investments in this fund are limited to private debt funds. The fund shall be diversified by strategy and vintage year. The goal of this fund is to generate a level of income significantly higher than public debt markets. Specific performance goals will be established following the establishment of a pacing plan for the fund. As of December 31, 2016, the fund was managed by the Czech Asset Management, Alcentra and Monroe Capital.

Global Equity Fund

Invests in a globally diversified selection of equity and equity linked securities. Investments in the fund may include common stocks, securities convertible into common stocks, American depository receipts (ADRs), global depository receipts (GDRs), preferred stocks, options, warrants, futures contracts and interests in private equity or hedge funds. Use of short sales is permitted. The fund is diversified across geography, style (growth & value) and market capitalization and is benchmarked to the MSCI ACWI Index. The goals of this fund (as well as the following four funds; Large Cap Equity, Small/Mid Cap Equity, International Equity, and Emerging International Equity) are to achieve actual performance net of all investment fees and expenses that equal or exceeds the total return (net of taxes for international indices) of the index. In addition, the fund will seek to achieve these returns with a volatility that is lower than the index as measured by standard deviation on an annualized basis. It is expected that this fund would have a tracking error to the benchmark of 200-250 basis points. As of December 31, 2016, the fund was managed by Artisan Funds and Hexavest.

BARNABAS FOUNDATION

Notes to Combined Financial Statements
December 31, 2016 and 2015

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

COMMON TRUST FUNDS, continued:

Large Cap Equity Fund

Invests in a selection of U.S. large capitalization equity and equity linked securities. Investments in the fund may include common stocks, securities convertible into common stocks, American depository receipts (ADRs), global depository receipts (GDRs), preferred stocks, options, warrants, futures contracts and interests in private equity or hedge funds. Use of short sales is permitted. The fund is diversified across sector, industry and style (growth & value) and is benchmarked to the Russell 1000 Index. As of December 31, 2016, the fund was managed by Private Bank, Edgewood Management and Coho Partners.

Small/Mid Cap Equity Fund

Invests in a selection of U.S. small and mid capitalization equity and equity linked securities. Investments in the fund may include common stocks, securities convertible into common stocks, American depository receipts (ADRs), global depository receipts (GDRs), preferred stocks, options, warrants, futures contracts and interests in private equity or hedge funds. Use of short sales is permitted. The fund is diversified across sector, industry and style (growth & value) and is benchmarked to the Russell 2500 Index. As of December 31, 2016, the fund was managed by Diamond Hill and Westfield Capital.

International Equity Fund

Invests in a selection of non-U.S. equity and equity linked securities. Investments in the fund may include common stocks, securities convertible into common stocks, American depository receipts (ADRs), global depository receipts (GDRs), preferred stocks, options, warrants, futures contracts and interests in private equity or hedge funds. Use of short sales is permitted. The fund is diversified across geography, style (growth & value) and market capitalization and is benchmarked to the MSCI ACWI ex USA Index. As of December 31, 2016, the fund was managed by Select Equity Group and Earnest Partners.

Emerging Markets Equity Fund

Invests in a selection of non-U.S. emerging market equity and equity linked securities. Investments in the fund may include common stocks, securities convertible into common stocks, American depository receipts (ADRs), global depository receipts (GDRs), preferred stocks, options, warrants, futures contracts and interests in private equity or hedge funds. Use of short sales is permitted. The fund diversified across geography, style (growth & value) and market capitalization and is benchmarked to the MSCI EM Index. As of December 31, 2016, the fund was managed by Lazard.

BARNABAS FOUNDATION

Notes to Combined Financial Statements
December 31, 2016 and 2015

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

COMMON TRUST FUNDS, continued:

Diversified Alternatives Fund

Invests in a selection of hedge funds or hedge fund of funds and shall be diversified across trading strategies, market segments, security types and managers. This fund will attempt to achieve actual performance, net of all investment fees and expenses, over a full market cycle of 6-7% real return with a standard deviation equal to 8% or less. In addition, on an annual basis, the fund shall attempt to achieve actual performance, net of all investment fees and expenses, that exceeds the blended return of 60% S&P 500 total return index and 40% Barclay Aggregate Bond Index with lower overall volatility as measured by standard deviation. The fund is benchmarked against the HFRI Fund of Funds Composite Index. As of December 31, 2016, the fund was managed by Huizenga Capital Management, Neuberger Berman, Whitebox, Passport Capital, Tricadia, Graham Capital Management, and Davidson Kempner.

Opportunistic Fixed Income Fund

Invests in a selection of global fixed income assets. Investments may include, but are not limited to, any global debt security or instrument including but not limited to U.S. Treasuries, agency and non-agency mortgage backed securities, non-U.S. sovereign credit instruments, U.S. and non-U.S. corporate bond issues, senior secured loans, mezzanine financing, structured credit, distressed debt or derivatives. Investments may be made in securities or instruments issued in either U.S. dollars or foreign currency. The fund may have limited diversification and may have high concentrations of exposure to a specific industry, country, currency, debt security type or duration. The goal of this fund is to achieve actual performance net of all investment fees and expenses that exceeds the total return of the index by 200 basis points or greater. The fund is benchmarked to the Barclays Aggregate Bond Index. As of December 31, 2016, the fund was managed by Neuberger Berman.

Opportunistic Investment Fund

Invests in opportunities as available due to significant market dislocations. Investments will vary depending on the opportunity and may include both public and private funds. Investment goals and performance objectives will be established for each investment. As of December 31, 2016, one investment commitment was made to Magentar Capital MTP Energy Opportunities Fund II.

Private Equity Fund

Invests in a selection of direct private market strategies or a fund of funds. Investments in this fund may include but are not limited to venture capital, growth equity, buyouts, international, private debt, secondary's, fund of funds, energy, real estate, real assets and mezzanine debt. The fund shall be diversified by strategy and vintage year and is benchmarked against the Thompson Reuters All PE benchmark (private benchmark) and the S&P 500 (public benchmark). The goal of this fund is to attempt to outperform public markets net of fees over the duration of the portfolio investment. Specific performance goals will be established following the establishment of a pacing plan for the fund. As of December 31, 2016, the fund was managed by the Endowment Fund, Partners Group and Collier Capital.

BARNABAS FOUNDATION

Notes to Combined Financial Statements
December 31, 2016 and 2015

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

COMMON TRUST FUNDS, continued:

Low Volatility Fund

Invests in a selection of Global Asset Allocation Funds. These funds may invest broadly across asset classes (equities, fixed income, real assets, commodities) and shall be diversified across managers, return objectives and investment methodology. The goal of this fund is to attempt to achieve actual performance net of all investment fees and expenses that exceeds the total return of the index by 100 basis points or greater. The fund is benchmarked against a blended portfolio of 65% MSCI World Index and 35% Barclays Aggregate Bond Index. As of December 31, 2016, the fund was managed by the Standard Life and GMO.

Barnabas Aggressive Growth Fund

Invests primarily in value stocks, growth stocks, international stocks, mid to small cap stocks, U.S. and non-U.S. real estate investment trusts, U.S. treasuries, U.S. agencies, corporate debt, foreign debt, high yield bonds, managed futures, fund of funds hedge funds, and money market investments. The investment objective is to gain long-term capital appreciation while managing risk through investment allocation to a variety of asset classes.

Barnabas Long Term Growth Fund

Invests primarily in value stocks, growth stocks, international stocks, mid to small cap stocks, U.S. and non-U.S. real estate investment trusts, U.S. treasuries, U.S. agencies, corporate debt, foreign debt, high yield bonds, managed futures, fund of funds hedge funds, and money market investments. The investment objective is to gain long-term growth while managing risk through investment allocation to a broad diversification of investments.

Barnabas Balanced Fund

Invests primarily in value stocks, growth stocks, international stocks, mid to small cap stocks, U.S. and non-U.S. real estate investment trusts, U.S. treasuries, U.S. agencies, corporate debt, foreign debt, high yield bonds, managed futures, fund of funds hedge funds, and money market investments. The investment objective of this portfolio is to provide a balanced mixture of principal protection, income and capital appreciation.

Barnabas Conservative Fund

Invests primarily in U.S. treasuries, U.S. agencies, corporate debt, foreign debt, high yield bonds, money market investments, value stocks, growth stocks, international stocks, mid to small cap stocks, managed futures, fund of funds hedge funds, and possibly U.S. and non-U.S. real estate investment trusts. The investment objective of the portfolio is to provide principal protection along with some opportunity for long-term capital appreciation.

Barnabas Income Fund

Invests only in fixed income instruments including: U.S. treasuries, U.S. agencies, corporate debt, foreign debt, high yield bonds, and money market investments. The investment objective of this portfolio is principal protection.

BARNABAS FOUNDATION

Notes to Combined Financial Statements
December 31, 2016 and 2015

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

COMMON TRUST FUNDS, continued:

Barnabas Endowment Fund

Invests primarily in value stocks, growth stocks, international stocks, mid to small cap stocks, U.S. and non-U.S. real estate investment trusts, U.S. treasuries, U.S. agencies, corporate debt, foreign debt, high yield bonds, managed futures, fund of funds hedge funds, and money market investments. The investment objective is to gain long-term growth while managing risk through investment allocation to a broad diversification of investments.

Barnabas CGA Fund

Invests in various components of the CTF and is used for charitable gift annuitants (CGA). The objective of the fund is to generate long-term capital appreciation and income to fund the obligations of the CGA contracts written by Barnabas Foundation targeting a charitable gift equal to fifty (50%) percent of the original contribution at maturity of the contract.

Barnabas Short Term CGA Fund

Invests in various components of the CTF and is used for CGA's that mature within seven years. The objective of the fund is capital preservation and income to fund the obligations of the CGA contracts written by Barnabas Foundation targeting a charitable gift equal to fifty (50%) percent of the original contribution at maturity of the contract.

The objective of each fund may be changed at any time upon approval of the Board or Executive Committee of the Foundation.

BEQUEST AND OTHER RECEIVABLES

Bequests and other receivables are recorded at estimated net realizable value. In most cases, proceeds are expected to be collected within one year.

PROPERTY AND EQUIPMENT

Expenditures for property and equipment in excess of \$1,000 are capitalized at cost or, if donated, at fair market value on the date of donation. The Foundation reports donations of property and equipment as unrestricted support unless explicit donor stipulation specifies how the donated assets must be used.

Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Foundation reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service. Depreciation is reported on the straight-line method over the estimated useful lives of the assets (generally three to fifteen years).

BARNABAS FOUNDATION

Notes to Combined Financial Statements
December 31, 2016 and 2015

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

PROPERTY AND EQUIPMENT, continued:

Property and equipment consist of the following:

	December 31,	
	2016	2015
Office condominium and improvements	\$ 880,271	\$ 880,271
Furniture and equipment	1,102,506	1,069,788
	1,982,777	1,950,059
Less accumulated depreciation	(1,229,099)	(1,077,680)
	\$ 753,678	\$ 872,379

ASSETS HELD IN TRUST

Assets held in trust consist of charitable remainder trusts with revocable and irrevocable beneficiary interests. Assets held in trust are valued the same as investments. Gains and losses (including realized and unrealized) from all of these assets are reported as a component of change in value of charitable trusts or as a component of trust liability if the trustor has the ability to change the remainderman until the point the trust matures.

MEMBER ENDOWMENTS

Member endowments consist of those assets held on behalf of the Foundation's charitable organization members. These assets are valued the same as investments. All activity related to these assets is recorded directly to the asset and corresponding liability account as they are accounted for as agency funds.

GRANTS PAYABLE AND DEFERRED GRANT PAYABLE

The Foundation makes grants to various organizations. Most grants are payable in one lump sum but in a few cases are payable over a number of years. Grants payable are scheduled to be paid as follows:

2017	\$ 4,526,900
2018	3,000,000
2019	3,000,000
2020	3,000,000
2021	3,000,000
Thereafter	15,858,100
	\$ 32,385,000

Included in grants payable is a \$2,000,000 Stewards Fund grant payable at the death of the donor. The deferred grant liability recorded represents the present value of the \$2,000,000 grant over the estimated actuarial life of the donor (based on published mortality rate tables adopted by the IRS) using an assumed rate of return of 6%. The resulting actuarial gain or loss is recorded as a component of grants paid in the combined statements of activities. At December 31, 2016 and 2015, this liability totaled \$820,069 and \$760,243 respectively. At death, the grant will be paid from the donor's Stewards Fund account.

BARNABAS FOUNDATION

Notes to Combined Financial Statements
December 31, 2016 and 2015

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

ANNUITIES PAYABLE

As part of certain donors' planned contributions, the Foundation has entered into charitable gift annuity contracts whereby donors contribute assets in exchange for a guaranteed fixed dollar annual return during their lifetimes. The Foundation uses published mortality rate tables adopted by the IRS at an assumed net rate of return of 5% to determine the present value of the actuarially determined liability. The resulting actuarial gain or loss is recorded as a component of the change in value.

TRUST LIABILITIES

Trust liabilities include irrevocable charitable remainder unitrusts and annuity trusts and represent the present value of future cash flows to income beneficiaries and the portion of trusts due other remaindermen. The present value of future cash flows to income beneficiaries is computed using published mortality rate tables adopted by the IRS at an assumed rate of return of 5% to determine the present value of the actuarially determined liability. The resulting actuarial gain or loss is recorded as a component of the change in value for agreements where the Foundation has an irrevocable interest. If the Foundation does not have an irrevocable interest, the resulting actuarial gain or loss is recorded directly to the due other remaindermen liability. At the death of the lifetime beneficiaries, the trusts provide for the distribution of assets to the Foundation.

FUND ACCOUNTING AND CLASSES OF NET ASSETS

To ensure observance of limitations and restrictions placed on the use of resources of the Foundation, the accounts are maintained in accordance with the principles of fund accounting. Funds are established according to the nature and purpose of contributions provided by donors. The combined financial statements report amounts by class of net assets.

Unrestricted net assets are those currently available for Foundation purposes under the direction of the Board, those designated by the Board for specific use and those resources invested in property and equipment. The Stewards Fund is reported as designated by the Board for specific use.

Temporarily restricted net assets are those contributed with donor stipulations for specific operating purposes or programs, those with time restrictions, undistributed endowment investment income, or those not currently available for use until commitments regarding their use have been fulfilled or lifetime beneficiary interests have ceased.

Permanently restricted net assets are those to be held in perpetuity as endowments (endowment assets). Only income is available for grants to member and non-member organizations.

BARNABAS FOUNDATION

Notes to Combined Financial Statements
December 31, 2016 and 2015

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

SUPPORT, REVENUE, EXPENSES AND DISTRIBUTIONS

Contributions to gift agreements, including donor advised funds, are reported as income when made, which may be when cash is received, unconditional promises are made or ownership of donated assets is transferred. Noncash gifts are recorded at their estimated fair market value at the date of donation. Investment income is recognized when earned. During the years ended December 31, 2016 and 2015, the top five donors gave approximately 49% and 45% of total contributions, respectively. Due to the nature of the Foundation, donor concentrations may not be consistent between years.

The Foundation reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated amounts. When a stipulated time restriction ends or purpose restriction is satisfied, temporarily restricted net assets are reclassified to unrestricted net assets and reported as net assets released from restrictions.

Grants to qualified organizations in accordance with various gift agreements are recognized when the grants are approved by the Foundation or upon maturity of the agreement at the donor's death. Operating expenses are recognized when incurred in accordance with the accrual basis of accounting and include certain costs associated with administration of gift agreements. The costs of providing various program services and supporting activities have been summarized on a functional basis in the combined statements of activities. Accordingly, certain costs have been allocated among the program services and supporting activities benefited. A portion of planned giving expenses represent fund-raising expenses.

Advertising costs are expensed as incurred and totaled \$4,794 and \$3,844, respectively, for the years ended December 31, 2016 and 2015.

RECLASSIFICATIONS

Certain prior year amounts have been reclassified to conform to the current year presentation.

UNCERTAIN TAX POSITIONS

The financial statement effects of a tax position taken or expected to be taken are recognized in the combined financial statements when it is more likely than not, based on the technical merits, that the position will be sustained upon examination. Interest and penalties, if any, are included in expenses in the combined statements of activities. As of December 31, 2016, the Foundation had no uncertain tax positions that qualify for recognition or disclosure in the combined financial statements.

Currently, the 2013, 2014, and 2015 tax years are open and subject to examination by the Internal Revenue Service (IRS), Illinois Department of Revenue, and various other state taxing agencies. Currently, the Foundation is under audit by the IRS for the 2012 tax year.

BARNABAS FOUNDATION

Notes to Combined Financial Statements December 31, 2016 and 2015

3. INVESTMENTS:

Investments consist of:

	December 31,	
	2016	2015
Cash equivalents	\$ 15,774,517	\$ 30,275,772
Certificates of deposit	25,839,213	23,978,306
U.S. Government securities	5,057,537	5,593,851
Corporate bonds	3,420,317	3,507,258
Corporate stocks	13,512,107	12,764,407
Mutual funds	65,249,056	49,977,920
Commingled funds	42,838,807	35,900,434
Alternative investment funds	28,609,759	27,335,636
Non-publicly traded securities and limited partnership interests	5,677,725	5,563,233
Real estate available for sale	12,371,084	3,282,491
Notes receivable	3,313,117	1,698,754
Cash surrender value - life insurance	729,152	709,341
Real estate held and used	360,234	334,425
Other investments	-	504,011
Reinsurance	1,289,009	1,254,562
	224,041,634	202,680,401
Less endowment assets	(7,346,548)	(7,235,679)
	\$ 216,695,086	\$ 195,444,722

Investments are allocated between the different funds as follows:

	December 31,	
	2016	2015
Operating	\$ 1,599,006	\$ 1,363,078
Stewards Fund	181,779,964	172,026,093
Gift annuities	16,574,954	16,617,833
Other entities	16,741,162	5,437,718
	\$ 216,695,086	\$ 195,444,722
	\$ 216,695,086	\$ 195,444,722

BARNABAS FOUNDATION

Notes to Combined Financial Statements December 31, 2016 and 2015

3. INVESTMENTS, continued:

Gift annuity investments are as follows:

	December 31,	
	2016	2015
California Annuitants of Barnabas Foundation Trust Fund:		
Cash equivalents	\$ 209,120	\$ 9,560
Certificates of deposit	105,025	103,150
Mutual funds	495,579	447,023
Remaining annuity investments:		
Cash equivalents	242,494	259,311
Certificates of deposit	238,731	225,506
U.S. Government securities	482,730	683,813
Corporate bonds	308,337	417,698
Corporate stocks	1,520,811	1,951,042
Mutual funds	3,321,704	3,019,240
Commingled funds	4,992,195	4,585,031
Alternative investment funds	3,374,821	3,664,257
Reinsurance	1,283,407	1,252,202
	\$ 16,574,954	\$ 16,617,833

Investment income consists of:

	Year Ended December 31,	
	2016	2015
Dividend and interest income	\$ 3,520,073	\$ 3,708,314
Income from rental properties	373,759	463,493
Net realized and unrealized gain	7,577,286	443,889
	\$ 11,471,118	\$ 4,615,696

Investment management fees paid to outside custodians for investments, assets held in trust, member endowments and endowment assets totaled approximately \$2,475,342 and \$2,550,700, respectively, for the years ended December 31, 2016 and 2015. These fees are netted against dividend and interest income and net realized and unrealized gains.

BARNABAS FOUNDATION

Notes to Combined Financial Statements December 31, 2016 and 2015

4. ASSETS HELD IN TRUST:
Assets held in trust consist of:

	December 31,	
	2016	2015
Cash equivalents	\$ 767,758	\$ 1,754,763
Certificates of deposit	987,901	979,233
U.S. Government securities	2,053,399	2,374,484
Corporate bonds	1,320,250	1,454,870
Mutual funds	15,557,651	14,343,308
Corporate stocks	7,535,887	8,932,725
Commingled funds	21,763,893	20,370,023
Alternative investment funds	9,767,009	14,458,022
Real estate available for sale	610,116	533,709
Notes receivable	1,228,032	1,278,423
Real estate held for use	17,766	54,375
	\$ 61,609,662	\$ 66,533,935

Liabilities and net assets held in trust consist of:

	Year Ended December 31,	
	2016	2015
Irrevocable charitable beneficiary liabilities	\$ 4,533,783	\$ 5,157,839
Revocable charitable beneficiary (liability equals assets)	53,950,715	57,029,430
	58,484,498	62,187,269
Temporarily restricted net assets for irrevocable charitable remainder trusts	3,125,164	4,346,666
	\$ 61,609,662	\$ 66,533,935

BARNABAS FOUNDATION

Notes to Combined Financial Statements
December 31, 2016 and 2015

5. MEMBER ENDOWMENTS - FUNDS HELD FOR OTHERS:

Member endowments - funds held for others consist of:

	December 31,	
	2016	2015
Cash equivalents	\$ 1,987,345	\$ 778,636
Certificates of deposit	2,938,761	636,160
U.S. Government securities	2,516,178	2,723,068
Corporate bonds	1,607,174	1,663,349
Mutual funds	18,229,973	15,994,250
Corporate stocks	8,424,410	9,219,773
Commingled funds	26,916,896	21,419,157
Alternative investment funds	12,018,910	16,513,413
	\$ 74,639,647	\$ 68,947,806

6. CHANGE IN VALUE OF CHARITABLE GIFT ANNUITIES AND TRUSTS:

	Year Ended December 31,	
	2016	2015
<u>Change in Value of Charitable Gift Annuities:</u>		
Interest and dividends	\$ 116,911	\$ 136,330
Net realized and unrealized gain (loss)	382,366	(227,409)
Actuarial change	(75,747)	763,448
Maturities	303,401	942,765
Payments and distributions (including miscellaneous expenses)	(1,932,664)	(2,945,719)
	\$ (1,205,733)	\$ (1,330,585)
<u>Change in Value of Charitable Trusts (Irrevocable Beneficiary):</u>		
Interest and dividends	\$ 116,506	\$ 168,219
Net realized and unrealized gain	234,717	17,367
Actuarial change	812,679	279,410
Maturities	740,762	-
Payments and distributions (including miscellaneous expenses)	(3,202,215)	(899,619)
	\$ (1,297,551)	\$ (434,623)

7. NOTES PAYABLE:

The Foundation has a bank line of credit of \$250,000. The line matures December 2, 2018. Interest is payable monthly at the Wall Street Journal's prime lending rate which is 3.25% but not less than 4.5%, as of December 31, 2016. As of December 31, 2016, the Foundation had not drawn on the line of credit.

BARNABAS FOUNDATION

Notes to Combined Financial Statements
December 31, 2016 and 2015

8. TEMPORARILY RESTRICTED NET ASSETS:

Temporarily restricted net assets consist of:

	December 31,	
	2016	2015
Charitable trusts (irrevocable beneficiary)	\$ 3,125,164	\$ 4,346,666
Donor restricted accounts	7,317,279	7,751,475
Legacy Foundation accounts	4,908,370	2,771,962
Schaaf Truck and Tractor Museum	1,442,518	1,259,627
Endowment earnings	108,861	85,111
	\$ 16,902,192	\$ 16,214,841

9. RETIREMENT BENEFITS:

Effective October 1, 2001, employees of the Foundation are eligible to participate in a tax deferred retirement plan. Participant's contributions to the plan are limited to the lesser of 20% of the employee's salary or the legal maximum. The plan does not allow for employer contributions and employees are no longer actively contributing.

Also effective October 1, 2001, the Foundation established a defined contribution retirement plan for all employees. The Foundation has discretionary authority to make contributions to the plan in any year. Vesting accrues 33% per year to the employee over a three-year period, based on the employee's anniversary date with the Foundation. Total contributions to the plan were \$97,096 and \$96,944 respectively, for the years ended December 31, 2016 and 2015.

10. DISCLOSURE OF FAIR VALUE AND FAIR VALUE MEASUREMENT:

The following disclosure of estimated fair value of financial instruments as of December 31, 2016 and 2015, is made in accordance with the requirements of the *Disclosures about Fair Value of Financial Instruments* topic of the FASB Accounting Standards Codification (ASC). The estimated fair value amounts have been determined by the Foundation using available market information and appropriate valuation methodologies.

Methods and assumptions used by the Foundation in estimating fair values are as follows:

Cash and cash equivalents, accrued interest receivable and investments in the Cash Equivalents Fund: The carrying amounts approximate fair value due to the short-term maturity of these instruments.

Investments and assets held in trust: The basis of the fair values of all investments and assets held in trust is summarized in Note 2. The basis of the fair value of real estate income properties and real estate available for sale is based on the current market values as determined by recent purchase/sales prices or independent appraisal made of the respective properties.

BARNABAS FOUNDATION

Notes to Combined Financial Statements
December 31, 2016 and 2015

10. DISCLOSURE OF FAIR VALUE AND FAIR VALUE MEASUREMENT, continued:

Methods and assumptions used by the Foundation in estimating fair values are as follows, continued:

Annuities payable, trust liabilities and funds held for others: The fair value of annuities payable, trust liabilities and funds held for others is based on the present value of future cash flows to annuitants, income beneficiaries and other remaindermen, respectively, using published mortality rate tables adopted by the IRS at an assumed rate of return of 5%.

The Foundation adopted the provisions of the *Fair Value Measurements and Disclosure* topic of the FASB ASC. These standards define fair value, establish a framework for measuring fair value and enhance disclosures about fair value measurements. Fair value is defined under the standards as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market between market participants on the measurements date.

FASB ASC 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. FASB ASC also establishes 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

All level one assets are carried at fair value based on quoted market prices.

Level 2

Real estate held for sale

Real estate held for sale is initially reported at fair value on the date of donation as determined by appraisals and thereafter adjusted to estimated net realizable value. All real estate held for sale is actively marketed and is expected to be sold within one year of the combined statements of financial position date.

Notes receivable

Notes receivable are reported at amortized cost. Interest is calculated and recognized using the simple interest method. The reserve for doubtful loans receivable is based upon management's analysis of borrowers' payment history, financial condition and collateral, and is maintained at a level that, in management's judgment, is adequate to absorb probable losses.

Corporate bonds

The fair values of corporate bonds are based on yields currently available on comparable securities of issuers with similar credit ratings.

Certificates of deposit

The fair values of certificates of deposit are based on observable inputs other than the quoted prices included in Level 1 and thus are based on yields for securities of comparable maturity, quality and type as obtained from market makers.

BARNABAS FOUNDATION

Notes to Combined Financial Statements
December 31, 2016 and 2015

10. DISCLOSURE OF FAIR VALUE AND FAIR VALUE MEASUREMENT, continued:

Level 2, continued

Accrued interest and other investments

The fair value of accrued interest is based on management's calculations of expected yield, discounted for the effects of future cash flows. The fair value of other investments is based on other observable inputs derived from sales, purchases and other current activity.

Level 3

Non-publicly traded securities and limited partnership interests

Non-publicly traded securities and limited partnership interests are reported at fair value, determined by management using independent appraisals, discounted future cash flows and sales of similar investments. Discounts for lack of liquidity or marketability are taken into consideration when applicable.

Funds held for others

The fair value of these liabilities is based upon the related assets, including certificates of deposit, mutual funds and other publicly traded investments, corporate bonds, notes receivable and alternative investments.

Non-leveled Investments:

Alternative investment funds

Alternative investment funds are carried at net asset value, as determined by the funds' professional managers (Manager). In determining net asset value, the Manager utilizes the valuation of the underlying investment entities reflected on the audited financial statements of the funds. The underlying investment entities value securities and other financial instruments at market value, when possible, or at fair value determined by the respective entities' general partner or manager when no market value is determinable. The estimated net asset values of certain of the investments of the underlying investment entities, which include private placements and other securities for which prices are not readily available, may not reflect amounts that could be realized upon immediate sale, nor amounts that ultimately may be realized. Accordingly, the estimated fair values may differ significantly from the values that would have been used had a ready market existed for these investments.

Commingled funds

Commingled funds are carried at net asset value, as determined by the Manager or Pricing Agent based on the underlying investments held. The underlying investments consist of securities and other financial instruments held at fair value.

The Foundation uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Foundation measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs are used only when Level 1 or Level 2 inputs are not available.

BARNABAS FOUNDATION

Notes to Combined Financial Statements
December 31, 2016 and 2015

10. DISCLOSURE OF FAIR VALUE AND FAIR VALUE MEASUREMENT, continued:

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

	Fair Value	Fair Value Measurement Using:		
		Quoted Prices in Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Unobservable Other Inputs Level 3
Common Trust Fund Investments:				
Corporate Stock:				
Large Cap Equities:				
Consumer discretionary	\$ 3,516,707	\$ 3,516,707	\$ -	\$ -
Consumer staples	1,344,004	1,344,004	-	-
Energy	882,299	882,299	-	-
Financial services	4,109,115	4,109,115	-	-
Healthcare	4,658,700	4,658,700	-	-
Industrials	2,673,089	2,673,089	-	-
Information technology	4,057,275	4,057,275	-	-
Materials	570,592	570,592	-	-
Small to Mid Cap Equities:				
Consumer discretionary	1,582,480	1,582,480	-	-
Energy	-	-	-	-
Financials	312,185	312,185	-	-
Healthcare	910,475	910,475	-	-
Industrials	1,085,543	1,085,543	-	-
Information technology	1,126,949	1,126,949	-	-
Materials	493,144	493,144	-	-
U.S. Government securities:				
U.S. Agency debt	898,104	898,104	-	-
U.S. Treasury notes and bills	8,729,010	8,729,010	-	-
Corporate bonds	6,149,186	-	6,149,186	-
Mutual funds:				
Bond Market Index	32,103,232	32,103,232	-	-
Stock Market Index	30,251,092	30,251,092	-	-
Large blend ETF	2,044,184	2,044,184	-	-
Alternative investment fund	2,290,425	2,290,425	-	-
Certificates of deposit	29,765,875	-	29,765,875	-
Accrued interest and other	-	-	-	-

BARNABAS FOUNDATION

Notes to Combined Financial Statements
December 31, 2016 and 2015

10. DISCLOSURE OF FAIR VALUE AND FAIR VALUE MEASUREMENT, continued:

	Fair Value	Fair Value Measurement Using:		
		Quoted Prices in Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Unobservable Other Inputs Level 3
Outside Common Trust Fund Investments:				
Corporate stocks:				
Financial	1,430,001	1,430,001	-	-
Energy	50,046	50,046	-	-
Industrials	236,914	236,914	-	-
Materials	164,095	164,095	-	-
Consumer cyclical	137,830	137,830	-	-
Healthcare	101,833	101,833	-	-
Telecommunications	29,128	29,128	-	-
Mutual funds:				
Equity fund	7,251,986	7,251,986	-	-
Bond fund	2,713,064	2,713,064	-	-
Large blend	7,556,213	7,556,213	-	-
Large growth	11,138,609	11,138,609	-	-
ETF	3,687,875	3,687,875	-	-
Real estate held for sale	12,981,200	-	12,981,200	-
Notes receivable	4,541,149	-	4,541,149	-
Corporate bonds	198,555	-	198,555	-
Limited partnership interests	5,677,725	-	-	5,677,725
Cash and cash equivalents	18,529,620	18,529,620	-	-
	215,979,508	\$ 156,665,818	\$ 53,635,965	\$ 5,677,725
Investments held at other than fair value:				
Commingled funds*	91,519,596			
Alternative investments*	50,395,678			
	\$ 357,894,782			
Liabilities:				
Funds held for others:				
At fair value	\$ 35,703,841	\$ 31,157,906	\$ 4,545,935	\$ -
At other than fair value	38,935,806			
	\$ 74,639,647			

*Commingled funds and alternative investments are measured at net asset value and excluded from the fair value hierarchy.

BARNABAS FOUNDATION

Notes to Combined Financial Statements
December 31, 2016 and 2015

10. DISCLOSURE OF FAIR VALUE AND FAIR VALUE MEASUREMENT, continued:

The following is a reconciliation of investments in securities for which significant unobservable inputs (Level 3) were used in determining value:

	Limited Partnership Interest
Balance as of December 31, 2015	\$ 5,563,233
Contributions	6,715,357
Income	(243,835)
Change in unrealized loss	(182,233)
Distributions	(6,174,797)
Balance as of December 31, 2016	\$ 5,677,725

Change in methods and valuation techniques: None

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

	Fair Value	Fair Value Measurement Using:		
		Quoted Prices in Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Unobservable Other Inputs Level 3
Common Trust Fund Investments:				
Corporate Stock:				
Large Cap Equities:				
Consumer discretionary	\$ 2,679,200	\$ 2,679,200	\$ -	\$ -
Consumer staples	1,624,651	1,624,651	-	-
Energy	759,062	759,062	-	-
Financial services	2,789,600	2,789,600	-	-
Healthcare	5,193,787	5,193,787	-	-
Industrials	2,304,866	2,304,866	-	-
Information technology	4,460,006	4,460,006	-	-
Materials	658,475	658,475	-	-

BARNABAS FOUNDATION

Notes to Combined Financial Statements
December 31, 2016 and 2015

10. DISCLOSURE OF FAIR VALUE AND FAIR VALUE MEASUREMENT, continued:

	Fair Value	Fair Value Measurement Using:		
		Quoted Prices in Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Unobservable Other Inputs Level 3
Common Trust Fund Investments, continued:				
Corporate Stock, continued:				
Small to Mid Cap Equities:				
Consumer discretionary	2,287,197	2,287,197	-	-
Energy	209,284	209,284	-	-
Financials	2,139,993	2,139,993	-	-
Healthcare	978,914	978,914	-	-
Industrials	1,695,795	1,695,795	-	-
Information technology	1,496,273	1,496,273	-	-
Materials & processing	713,885	713,885	-	-
U.S. Government securities:				
U.S. Agency debt	1,064,754	1,064,754	-	-
U.S. Treasury notes and bills	9,626,649	9,626,649	-	-
Corporate bonds	6,625,477	-	6,625,477	-
Mutual funds:				
Bond Market Index	52,684,044	52,684,044	-	-
Stock Market Index	3,040,721	3,040,721	-	-
Large blend ETF	3,067,838	3,067,838	-	-
Alternative investment fund	2,517,818	2,517,818	-	-
Certificates of deposit	25,593,699	-	25,593,699	-
Accrued interest and other	504,011	-	504,011	-
Outside Common Trust Fund Investments:				
Corporate stocks:				
Financial	643,589	643,589	-	-
Energy	13,237	13,237	-	-
Industrials	169,234	169,234	-	-
Materials	21,238	21,238	-	-
Consumer cyclical	63,392	63,392	-	-
Telecommunications	15,227	15,227	-	-

BARNABAS FOUNDATION

Notes to Combined Financial Statements December 31, 2016 and 2015

10. DISCLOSURE OF FAIR VALUE and FAIR VALUE MEASUREMENT, continued:

	Fair Value	Fair Value Measurement Using:		
		Quoted Prices in Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Unobservable Other Inputs Level 3
Outside Common Trust Fund Investments, continued:				
Mutual funds:				
Equity fund	6,635,093	6,635,093	-	-
Bond fund	2,229,663	2,229,663	-	-
Large blend	6,723,259	6,723,259	-	-
ETF	3,417,042	3,417,042	-	-
Real estate held for sale	3,816,200	-	3,816,200	-
Notes receivable	2,977,177	-	2,977,177	-
Limited partnership interests	5,563,233	-	-	5,563,233
Cash and cash equivalents	32,809,171	32,809,171	-	-
	199,812,754	<u>\$ 154,732,957</u>	<u>\$ 39,516,564</u>	<u>\$ 5,563,233</u>
Investments held at other than fair value:				
Commingled funds*	77,689,614			
Alternative investments*	58,307,071			
	<u>\$ 335,809,439</u>			
Liabilities:				
Funds held for others:				
At fair value	\$ 31,015,236	<u>\$ 28,715,727</u>	<u>\$ 2,299,509</u>	<u>\$ -</u>
At other than fair value	37,932,570			
	<u>\$ 68,947,806</u>			

*Commingled funds and alternative investments are measured at net asset value and excluded from the fair value hierarchy.

BARNABAS FOUNDATION

Notes to Combined Financial Statements
December 31, 2016 and 2015

10. DISCLOSURE OF FAIR VALUE AND FAIR VALUE MEASUREMENT, continued:

The following is a reconciliation of investments in securities for which significant unobservable inputs (Level 3) were used in determining value:

	<u>Limited Partnership Interest</u>
Balance as of December 31, 2014	\$ 8,009,018
Contributions	1,142,481
Income	50,432
Change in unrealized gain	-
Distributions	<u>(3,638,698)</u>
Balance as of December 31, 2015	<u>\$ 5,563,233</u>

BARNABAS FOUNDATION

Notes to the Combined Financial Statements December 31, 2016 and 2015

10. FAIR VALUE MEASUREMENTS AND DISCLOSURE OF FAIR VALUE, continued

The Foundation has invested in eight alternative investment funds consisting of investments in limited partnerships and limited liability companies made at the sole discretion of the managers of the funds (the Manager) and eleven commingled funds consisting of investments in marketable financial instruments but the funds are not publically traded. The Foundation uses the Net Asset Value (NAV) to determine the fair value for all hedge funds and commingled funds which (a) do not have a readily determinable fair value and (b) prepare their financial statements consistent with the measurement principles of an investment company or have attributes of an investment company. The following table lists investments in other investment companies (in partnership format) by major category as of December 31, 2016:

Investment Category	Strategy	Fair Value Determined Using NAV	\$ Amount of Unfunded Commit- ments	Timing to Draw Down Commit- ments	Redemption Terms	Redemption Restrictions	Redemption Restrictions In Place at Year End
Alternative Investment Funds:							
Hedge Fund of Funds (Huizenga Managers Fund, LLC)	Invests in fund of funds hedge funds with exposure to an array of strategies. The investment objective will be to attain equity-like returns with fixed income volatility.	\$ 11,747,018	\$ -	N/A	Partial or full withdrawals as of the last business day of any calendar quarter.	Advance notice of 100 days. No withdrawals within first year of investment. Fund reserves the right to limit and prorate redemptions to no more than 5% of the Fund's NAV as of the redemption date.	None
Hedge Fund of Funds (Endowment PMF)	Wind down fund of previous investment in Endowment QP fund. As of December 31, 2016, the fund was 90% invested in private equity and 10% hedge funds and other investments. Complete distribution of all assets in fund expected to take 6 years.	8,419,714	-	N/A	None. Distributions determined by general partner as liquidity is generated by the fund. Distributions are expected on a quarterly basis with interim additional distributions if cash exceeds 10% of the fund.	None	None
Private Equity Fund (Partners Group)	The investment objective of the fund is to seek attractive long-term capital appreciation by investing in a globally diversified portfolio of private equity investments.	5,993,391	-	N/A	At the discretion of the board of the fund, the fund may offer to repurchase units on a quarterly basis through tender offers to partners for up to 5% of the fund size per quarter.	Subject to tender offers to repurchase. Withdrawals of investments within twelve months of investment subject to 2% early repurchase fee.	None

BARNABAS FOUNDATION

Notes to the Combined Financial Statements December 31, 2016 and 2015

10. FAIR VALUE MEASUREMENTS AND DISCLOSURE OF FAIR VALUE, continued

Investment Category	Strategy	Fair Value Determined Using NAV	\$ Amount of Unfunded Commit- ments	Timing to Draw Down Commit- ments	Redemption Terms	Redemption Restrictions	Redemption Restrictions In Place at Year End
Alternative Investment Funds, continued:							
Opportunistic Fixed Income Fund (Czech Senior Loan Fund II)	The investment objective seeks to generate and distribute attractive, contractual, risk-adjusted, unlevered returns through making floating rate senior secured loans primarily in the US.	641,779	180,000	2 years from effective date	None. Distributions to be determined by General Partner. Term expected to be 5 years from end of fiscal quarter in which initial investment made, subject to two one year extensions.	5 years from end of fiscal quarter in which initial investment made.	None
Hedge Fund of Funds (Whitebox Multi-Strategy Partners)	The investment objective is to provide superior capital appreciation. The Fund pursues this investment objective by dynamically allocating its assets among a variety of proprietary investment strategies that seek to capture alpha from systematic inefficiencies and idiosyncratic opportunities across asset classes and market cycles.	7,524,812	-	N/A	Partial or full withdrawals as of the last business day of any calendar quarter. Redemptions in excess of 50% of investors capital in any calendar quarter subject to a 3% redemption fee.	45 Day advance notice.	None
Hedge Fund of Funds (Passport Global)	The investment objective is to achieve long term capital appreciation by investing and trading primarily in a portfolio of global equities on both a long and short basis.	4,541,439	-	N/A	Partial or full withdrawals as of the last business day of any calendar quarter.	45 Day advance notice.	Three year lock

BARNABAS FOUNDATION

Notes to the Combined Financial Statements December 31, 2016 and 2015

10. FAIR VALUE MEASUREMENTS AND DISCLOSURE OF FAIR VALUE, continued

Investment Category	Strategy	Fair Value Determined Using NAV	\$ Amount of Unfunded Commit- ments	Timing to Draw Down Commit- ments	Redemption Terms	Redemption Restrictions	Redemption Restrictions In Place at Year End
Alternative Investment Funds, continued:							
Hedge Fund of Funds (Tricadia)	The investment objective seeks to achieve superior risk-adjusted returns while preserving capital, by engaging in a variety of investment strategies and techniques, including hedged strategies and arbitrage techniques. The fund invests either long or short, in traditional fixed-income securities as well as global and emerging market securities, equities, options, mortgages and commercial real estate, loans, credit-related securities, such as structured products, mortgage-backed securities ("MBS"), credit default swaps ("CDS"), asset-backed securities ("ABS") and cash and synthetic collateralized debt obligations ("CDOs").	5,431,954	-	N/A	Partial or full withdrawals as of the last business day of any calendar quarter.	90 Day advance notice.	One year lock
Hedge Fund of Funds (Graham Prop Matrix)	The investment objectives seeks superior returns through an array of trading strategies that provide significant exposure to systematic global macro strategies and a diversified portfolio of discretionary strategies. The portfolio capitalizes on the moderate to low correlations of the component strategies and seeks to provide strong risk-adjusted returns in a variety of market environments.	6,095,571	-	N/A	Partial or full withdrawals as of the last business day of any calendar month.	3 Day advance notice.	None
		50,395,678	180,000				

BARNABAS FOUNDATION

Notes to the Combined Financial Statements December 31, 2016 and 2015

10. FAIR VALUE MEASUREMENTS AND DISCLOSURE OF FAIR VALUE, continued

Category	Strategy	Fair Value Determined Using NAV	\$ Amount of Unfunded Commit- ments	Timing to Draw Down Commit- ments	Redemption Terms	Redemption Restrictions	Redemption Restrictions In Place at Year End
Commingled Funds:							
Earnest Partners (Earnest International Investment Trust Fund)	The investment objective is to seek income and capital appreciation by investing principally in equity and equity-linked securities of non-U.S. companies.	9,837,837	-	NA	Partial or full withdrawals as of the last business day of any calendar month.	5 days notice	None
Select Equity Group (Baxter Street Fund II, LP)	The investment objective is to achieve maximum total return by investing primarily in equity securities of non-U.S. domiciled issuers.	10,456,337	-	NA	Partial or full withdrawals as of the last business day of any calendar month.	30 days notice	None
Lazard Emerging Markets Small Cap Equity Trust	The investment objective is to achieve long-term capital appreciation by investing primarily in equity and equity-linked securities of small cap companies located in emerging markets.	11,663,227	-	NA	Partial or full withdrawals as of the last business day of any calendar month.	30 days notice	None
Hexavest World Equity Fund	The investment objective of the fund seeks to provide investors with capital appreciation and/or income generation by investing primarily in equity and quasi-equity issuers securities of issuers located in developed market countries which form part of the MSCI World® Index.	22,037,594	-	NA	Partial or full withdrawals as of the last business day of any calendar month.	7 days notice	None
GMO Global Asset Allocation Fund	The funds investment objection seeks a total return greater than that of its benchmark, the GMO Global Asset Allocation Index, an internally maintained index computed by GMO, consisting of 65% MSCI ACWI and 35% Barclays U.S. Aggregate Index.	14,112,581	-	NA	Partial or full withdrawals allowed daily.	Prior to 4pm eastern time the day of redemption.	None

BARNABAS FOUNDATION

Notes to the Combined Financial Statements December 31, 2016 and 2015

10. FAIR VALUE MEASUREMENTS AND DISCLOSURE OF FAIR VALUE, continued

Investment Category	Strategy	Fair Value Determined Using NAV	\$ Amount of Unfunded Commit- ments	Timing to Draw Down Commit- ments	Redemption Terms	Redemption Restrictions	Redemption Restrictions In Place at Year End
Commingled Funds, continued:							
Standard Life Investments Global Absolute Return Strategies Offshore Feeder Fund, Ltd.	The investment objective is to deliver a positive absolute return in the form of capital growth over the medium to long term in all market conditions.	14,044,679	-	NA	Partial or full withdrawals as of the last business day of any calendar month.	5 days notice	None
Monroe Capital Private Credit Fund II ICAV Unleveraged	The investment objective is the generation of high levels of income through private lending to middle market companies based in the United States.	844,294	1,655,706	4 years from final close of fund	None	None	None
Clareant EDL (Levered) II GP	The investment objective is the generation of high levels of income through private lending to middle market companies based in Europe.	1,634,967	1,365,033	3 years from final close of fund	None	None	None
Coller International Partners VII Feeder Fund, LP	The investment objective of the fund is to achieve long-term capital appreciation by investing in secondary private equity transactions.	140,371	2,859,629	5 years from final close of fund	None	None	None

BARNABAS FOUNDATION

Notes to the Combined Financial Statements December 31, 2016 and 2015

10. FAIR VALUE MEASUREMENTS AND DISCLOSURE OF FAIR VALUE, continued

Investment Category	Strategy	Fair Value Determined Using NAV	\$ Amount of Unfunded Commit- ments	Timing to Draw Down Commit- ments	Redemption Terms	Redemption Restrictions	Redemption Restrictions In Place at Year End
Commingled Funds, continued:							
Davidson Kempner Institutional Partners LP	The investment objective is primarily to make investments in less liquid and/or longer-duration private and public securities and other financial instruments (including, without limitation, senior, secured and unsecured bank debt and public debt, junior debt, bonds, trade claims, equities and convertible securities, options, swaps (including credit default swaps) and other derivatives of U.S. and non-U.S. companies that are (i) experiencing financial distress; (ii) attempting to complete an out-of-court restructuring, including spin-offs and recapitalizations; (iii) involved in a bankruptcy, liquidation or similar proceeding; (iv) involved in substantial litigation; and/or (v) expected to have an investment horizon greater than two years).	5,031,237	-	N/A	Partial of full withdrawals as of the last day of any calendar month.	65 days advance notice	None
MTP Energy Opportunities Fund II LLC (Magnetar)	The investment objective of the fund is to achieve long-term capital appreciation through by investing in debt and equity investments in the US Energy sector.	1,716,472	3,783,528	3 years from final close of fund	None	None	None
		91,519,596	9,663,896				
		\$ 141,915,274	\$ 9,843,896				

Alternative investments and commingled funds consist of:

Investments	\$ 71,448,566
Assets held in trust	31,530,902
Member endowments	38,935,806
Total	\$ 141,915,274

BARNABAS FOUNDATION

Notes to the Combined Financial Statements December 31, 2016 and 2015

10. DISCLOSURE OF FAIR VALUE AND FAIR VALUE MEASUREMENT, continued

The Foundation has invested in five alternative investment funds consisting of investments in limited partnerships and limited liability companies made at the sole discretion of the managers of the funds (the Manager) and six commingled funds consisting of investments in marketable financial instruments but the funds are not publically traded. The Foundation uses the Net Asset Value (NAV) to determine the fair value for all hedge funds and commingled funds which (a) do not have a readily determinable fair value and (b) prepare their financial statements consistent with the measurement principles of an investment company or have attributes of an investment company. Per ASU 2009-12, the following table lists investments in other investment companies (in partnership format) by major category as of December 31, 2015:

Investment Category	Strategy	Fair Value Determined Using NAV	\$ Amount of Unfunded Commit- ments	Timing to Draw Down Commit- ments	Redemption Terms	Redemption Restrictions	Redemption Restrictions In Place at Year End
Alternative Investment Funds:							
Hedge Fund of Funds (Huizenga Managers Fund, LLC)	Invests in fund of funds hedge funds with exposure to an array of strategies. The investment objective will be to attain equity-like returns with fixed income volatility.	\$ 18,326,855	\$ -	N/A	Partial or full withdrawals as of the last business day of any calendar quarter.	Advance notice of 100 days. No withdrawals within first year of investment. Fund reserves the right to limit and prorate redemptions to no more than 5% of the Fund's NAV as of the redemption date.	None
Hedge Fund of Funds (Endowment PMF)	Wind down fund of previous investment in Endowment QP fund. As of December 31, 2015, the fund was 90% invested in private equity and 10% hedge funds and other investments. Complete distribution of all assets in fund expected to take 7 years.	10,276,944	-	N/A	None. Distributions determined by general partner as liquidity is generated by the fund. Distributions are expected on a quarterly basis with interim additional distributions if cash exceeds 10% of the fund.		None
Private Equity Fund (Partners Group)	The investment objective of the fund is to seek attractive long-term capital appreciation by investing in a globally diversified portfolio of private equity investments.	5,436,186	-	N/A	At the discretion of the board of the fund, the fund may offer to repurchase units on a quarterly basis through tender offers to partners for up to 5% of the fund size per quarter.	Subject to tender offers to repurchase. Withdrawals of investments within twelve months of investment subject to 2% early repurchase fee.	None

BARNABAS FOUNDATION

Notes to the Combined Financial Statements December 31, 2016 and 2015

10. FAIR VALUE MEASUREMENTS AND DISCLOSURE OF FAIR VALUE, continued

Investment Category	Strategy	Fair Value Determined Using NAV	\$ Amount of Unfunded Commit- ments	Timing to Draw Down Commit- ments	Redemption Terms	Redemption Restrictions	Redemption Restrictions In Place at Year End
Alternative Investment Funds, continued:							
Opportunistic Fixed Income Fund (Czech Senior Loan Fund II)	The investment objective seeks to generate and distribute attractive, contractual, risk-adjusted, unlevered returns through making floating rate senior secured loans primarily in the US.	767,873	180,000	2 years from effective date	None. Distributions to be determined by General Partner. Term expected to be 5 years from end of fiscal quarter in which initial investment made, subject to two one year extensions.	5 years from end of fiscal quarter in which initial investment made.	None
Hedge Fund of Funds (Whitebox Multi-Strategy Partners)	The investment objective is to provide superior capital appreciation. The Fund pursues this investment objective by dynamically allocating its assets among a variety of proprietary investment strategies that to seek to capture alpha from systematic inefficiencies and idiosyncratic opportunities across asset classes and market cycles.	6,532,056	-	N/A	Partial or full withdrawals as of the last business day of any calendar quarter. Redemptions in excess of 50% of investors capital in any calendar quarter subject to a 3% redemption fee.	45 Day advance notice.	None
Hedge Fund of Funds (Passport Global)	The investment objective is to achieve long term capital appreciation by investing and trading primarily in a portfolio of global equities on both a long and short basis.	5,473,493	-	N/A	Partial or full withdrawals as of the last business day of any calendar quarter.	45 Day advance notice.	Three year lock

BARNABAS FOUNDATION

Notes to the Combined Financial Statements December 31, 2016 and 2015

10. DISCLOSURE OF FAIR VALUE AND FAIR VALUE MEASUREMENT, continued

Investment Category	Strategy	Fair Value Determined Using NAV	\$ Amount of Unfunded Commit- ments	Timing to Draw Down Commit- ments	Redemption Terms	Redemption Restrictions	Redemption Restrictions In Place at Year End
Alternative Investment Funds, continued:							
Hedge Fund of Funds (Tricadia)	The investment objective seeks to achieve superior risk-adjusted returns while preserving capital, by engaging in a variety of investment strategies and techniques, including hedged strategies and arbitrage techniques. The fund invests either long or short, in traditional fixed-income securities as well as global and emerging market securities, equities, options, mortgages and commercial real estate, loans, credit-related securities, such as structured products, mortgage-backed securities ("MBS"), credit default swaps ("CDS"), asset-backed securities ("ABS") and cash and synthetic collateralized debt obligations ("CDOs").	5,513,070	-	N/A	Partial or full withdrawals as of the last business day of any calendar quarter.	90 Day advance notice.	One year lock
Hedge Fund of Funds (Graham Prop Matrix)	The investment objectives seeks superior returns through an array of trading strategies that provide significant exposure to systematic global macro strategies and a diversified portfolio of discretionary strategies. The portfolio capitalizes on the moderate to low correlations of the component strategies and seeks to provide strong risk-adjusted returns in a variety of market environments.	5,727,483	-	N/A	Partial or full withdrawals as of the last business day of any calendar month.	3 Day advance notice.	
Cube Capital	Audit holdback from closed hedge fund of funds. Final distribution expected June 2016.	253,111	-	N/A	None	None	None
		58,307,071	180,000				

BARNABAS FOUNDATION

Notes to the Combined Financial Statements December 31, 2016 and 2015

10. DISCLOSURE OF FAIR VALUE AND FAIR VALUE MEASUREMENT, continued

Investment Category	Strategy	Fair Value Determined Using NAV	\$ Amount of Unfunded Commit- ments	Timing to Draw Down Commit- ments	Redemption Terms	Redemption Restrictions	Redemption Restrictions In Place at Year End
Commingled Funds:							
Earnest Partners (Earnest International Investment Trust Fund)	The investment objective is to seek income and capital appreciation by investing principally in equity and equity-linked securities of non-U.S. companies	9,424,668	-	NA	Partial or full withdrawals as of the last business day of any calendar month.	5 days notice	None
Select Equity Group (Baxter Street Fund II, LP)	The investment objective is to achieve maximum total return by investing primarily in equity securities of non-U.S. domiciled issuers.	10,241,047	-	NA	Partial or full withdrawals as of the last business day of any calendar month.	30 days notice	None
Lazard Emerging Markets Small Cap Equity Trust	The investment objective is to achieve long-term capital appreciation by investing primarily in equity and equity-linked securities of small cap companies located in emerging markets	10,753,571	-	NA	Partial or full withdrawals as of the last business day of any calendar month.	30 days notice	None
Hexavest World Equity Fund	The investment objective of the fund seeks to provide investors with capital appreciation and/or income generation by investing primarily in equity and quasi-equity issuers securities of issuers located in developed market countries which form part of the MSCI World@ Index.	19,586,192	-	NA	Partial or full withdrawals as of the last business day of any calendar month.	7 days notice	None
GMO Global Asset Allocation Fund	The funds investment objection seeks a total return greater than that of its benchmark, the GMO Global Asset Allocation Index, an internally maintained index computed by GMO, consisting of 65% MSCI ACWI and 35% Barclays U.S. Aggregate Index.	13,358,986	-	NA	Partial or full withdrawals allowed daily.	Prior to 4pm eastern time the day of redemption.	None

BARNABAS FOUNDATION

Notes to the Combined Financial Statements December 31, 2016 and 2015

10. DISCLOSURE OF FAIR VALUE AND FAIR VALUE MEASUREMENT, continued

Investment Category	Strategy	Fair Value Determined Using NAV	\$ Amount of Unfunded Commit- ments	Timing to Draw Down Commit- ments	Redemption Terms	Redemption Restrictions	Redemption Restrictions In Place at Year End
Commingled Funds, continued:							
Standard Life Investments Global Absolute Return Strategies Offshore Feeder Fund, Ltd.	The investment objective is to deliver a positive absolute return in the form of capital growth over the medium to long term in all market conditions.	14,325,150	-	NA	Partial or full withdrawals as of the last business day of any calendar month.	5 days notice	None
		<u>77,689,614</u>	<u>-</u>				
		<u>\$ 135,996,685</u>	<u>\$ 180,000</u>				

Alternative investments and commingled funds consist of:

Investments	\$ 63,236,070
Assets held in trust	34,828,045
Member endowments	<u>37,932,570</u>
 Total	 <u>\$ 135,996,685</u>

BARNABAS FOUNDATION

Notes to Combined Financial Statements
December 31, 2016 and 2015

11. ENDOWMENT FUNDS:

The Foundation adopted the provisions of the *Endowments* topic of the FASB ASC and the net asset classification provisions were adopted when UPMIFA was enacted into law in Illinois on June 30, 2009.

In 1992, upon the death of a donor, a permanently restricted endowment fund was established to support nineteen charities chosen by the donor. Prior to his death, the donor assigned each of the nineteen charities a percentage amount that they would receive from any distributions. The donor established an oversight committee to monitor the annual distribution and to provide input into any future changes to gift allocation in the event an existing charity ceases to exist or substantially moves away from its core mission when the fund was established. To date, no actions of this nature have been taken by the committee. The donor gifted to the fund upon his death significant real estate holdings in California and other assets from his estate. These real estate holdings were sold over the next eight years with the last sale completed in 2000. Due to unusually volatile real estate valuations during this time in California, no distributions were made from the fund until the properties were sold and a final valuation was established. The first distribution from the fund to the charities occurred in 2000.

The endowment includes only donor-restricted endowment funds. As required by accounting standards generally accepted in the United States of America (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.

The Board of Directors of the Foundation has interpreted the Uniform Management of Institutional Funds Act (UMIFA) as requiring the preservation of the fair value of the original gift, as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UMIFA.

In accordance with UMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund
2. The purposes of the organization and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of the organization
7. The investment policies of the organization

BARNABAS FOUNDATION

Notes to Combined Financial Statements
December 31, 2016 and 2015

11. ENDOWMENT FUNDS, continued:

Changes in endowment net assets for the year ended December 31, 2016:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment assets, beginning of year	\$ -	\$ 85,111	\$ 7,150,568	\$ 7,235,679
Investment return:				
Interest and dividend income	-	42,472	-	42,472
Net gain (realized and unrealized)	-	203,278	87,119	290,397
Total investment return	-	245,750	87,119	332,869
Contributions	-	-	-	-
Amounts appropriated for expenditure	-	(222,000)	-	(222,000)
	-	23,750	87,119	110,869
Endowment assets, end of year	\$ -	\$ 108,861	\$ 7,237,687	\$ 7,346,548

Description of amounts classified as permanently restricted net assets:

Permanently restricted net assets:

The portion of perpetual endowment funds that is required to be retained permanently either by explicit donor stipulations or by UMIFA.

\$ 7,237,687

BARNABAS FOUNDATION

Notes to Combined Financial Statements
December 31, 2016 and 2015

11. ENDOWMENT FUNDS, continued:

Changes in endowment net assets for the year ended December 31, 2015:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment assets, beginning of year	\$ -	\$ 251,340	\$ 7,183,754	\$ 7,435,094
Investment return:				
Interest and dividend income	-	49,204	-	49,204
Net loss (realized and unrealized)	-	(77,433)	(33,186)	(110,619)
Total investment return	-	(28,229)	(33,186)	(61,415)
Contributions	-	-	-	-
Amounts appropriated for expenditure	-	(138,000)	-	(138,000)
	-	(166,229)	(33,186)	(199,415)
Endowment assets, end of year	\$ -	\$ 85,111	\$ 7,150,568	\$ 7,235,679

Description of amounts classified as permanently restricted net assets:

Permanently restricted net assets:

The portion of perpetual endowment funds that is required to be retained permanently either by explicit donor stipulations or by UMIFA.

\$ 7,150,568

Funds with Deficiencies:

From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that the donor or UMIFA requires the Foundation to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature that are reported in unrestricted net assets were \$0 as of both December 31, 2016 and 2015.

Return Objectives and Risk Parameters:

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity or for a donor-specified period(s).

BARNABAS FOUNDATION

Notes to Combined Financial Statements
December 31, 2016 and 2015

11. ENDOWMENT FUNDS, continued:

Strategies Employed for Achieving Objectives: To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends).

Spending Policy and How the Investment Objectives Related to Spending Policy: The annual distribution is determined by calculating the prior 5 year average change in value and multiplying it by 70%. The remaining 30% of the average change in value is accrued to the fund balance to maintain purchasing power over time. In 2016 and 2015, the fund distributed \$222,000 and \$138,000, respectively. Since 2000, the fund has distributed \$3,263,382 to the nineteen charities.

12. RELATED PARTY TRANSACTION:

As of December 31, 2016, the Foundation had approximately \$76,000,000 in assets at Private Bank. A Board Member of the Foundation is also an officer at Private Bank.

13. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through the report date, which represents the date the combined financial statements were available to be issued. Subsequent events after that date have not been evaluated.

SUPPLEMENTARY INFORMATION

**INDEPENDENT AUDITORS' REPORT
ON SUPPLEMENTARY DATA**

Board of Directors
Barnabas Foundation
Tinley Park, Illinois

We have audited the combined financial statements of Barnabas Foundation as of and for the years ended December 31, 2016 and 2015, and our report thereon dated September 6, 2017, which expressed an unmodified opinion on those combined financial statements, appears on page 1. Our audits were conducted for the purpose of forming an opinion on the combined financial statements as a whole. The combining statements of financial position and activities on pages 46 and 47 are presented for purposes of additional analysis of the combined financial statements rather than to present the financial position and results of operations of the individual organizations, and it is not a required part of the combined financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the combined financial statements. The combining information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the combined financial statements as a whole.

Capin Crouse LLP

Wheaton, Illinois
September 6, 2017

BARNABAS FOUNDATION

Supplemental Combining Statement of Financial Position December 31, 2016

Foundation

	Operating Fund	Stewards Fund	Annuity Fund	Trust Fund	Member Endowments	Other Entities	Eliminations	Total
ASSETS:								
Cash and cash equivalents	\$ 157,824	\$ -	\$ -	\$ -	\$ -	\$ 600,443	\$ -	\$ 758,267
Investments	1,599,006	181,779,964	16,574,954	-	-	16,741,162	-	216,695,086
Bequest and other receivables	-	24,137,000	-	-	-	-	-	24,137,000
Prepaid expenses and other assets	66,842	-	-	-	-	-	-	66,842
Museum displays	-	-	-	-	-	1,009,540	-	1,009,540
Property and equipment, net	751,107	-	-	-	-	2,571	-	753,678
Assets held in trust	-	-	-	60,981,578	-	628,084	-	61,609,662
Member endowments	-	-	-	-	74,639,647	-	-	74,639,647
Endowment assets	-	7,346,548	-	-	-	-	-	7,346,548
	<u>\$ 2,574,779</u>	<u>\$ 213,263,512</u>	<u>\$ 16,574,954</u>	<u>\$ 60,981,578</u>	<u>\$ 74,639,647</u>	<u>\$ 18,981,800</u>	<u>\$ -</u>	<u>\$ 387,016,270</u>
LIABILITIES AND NET ASSETS:								
Liabilities:								
Accounts payable and accrued expenses	\$ 51,188	\$ -	\$ -	\$ -	\$ -	\$ 8,394	\$ -	\$ 59,582
Grants payable and deferred grant payable	-	32,385,000	-	-	-	-	-	32,385,000
Annuities payable	-	-	13,215,740	-	-	20,274	-	13,236,014
Trust liabilities	-	-	-	57,856,334	-	628,164	-	58,484,498
Funds held for others	-	-	-	-	74,639,647	-	-	74,639,647
	<u>51,188</u>	<u>32,385,000</u>	<u>13,215,740</u>	<u>57,856,334</u>	<u>74,639,647</u>	<u>656,832</u>	<u>-</u>	<u>178,804,741</u>
Net assets:								
Unrestricted:								
Operating	1,772,484	-	-	-	-	-	-	1,772,484
Equity in property and equipment	751,107	-	-	-	-	2,571	-	753,678
Board designated:								
Stewards fund and other entities	-	160,867,594	-	-	-	17,318,680	-	178,186,274
Gift annuity reserves	-	-	3,359,214	-	-	-	-	3,359,214
	<u>2,523,591</u>	<u>160,867,594</u>	<u>3,359,214</u>	<u>-</u>	<u>-</u>	<u>17,321,251</u>	<u>-</u>	<u>184,071,650</u>
Temporarily restricted	-	12,773,231	-	3,125,244	-	1,003,717	-	16,902,192
Permanently restricted endowment	-	7,237,687	-	-	-	-	-	7,237,687
	<u>2,523,591</u>	<u>180,878,512</u>	<u>3,359,214</u>	<u>3,125,244</u>	<u>-</u>	<u>18,324,968</u>	<u>-</u>	<u>208,211,529</u>
	<u>\$ 2,574,779</u>	<u>\$ 213,263,512</u>	<u>\$ 16,574,954</u>	<u>\$ 60,981,578</u>	<u>\$ 74,639,647</u>	<u>\$ 18,981,800</u>	<u>\$ -</u>	<u>\$ 387,016,270</u>

BARNABAS FOUNDATION

Supplemental Combining Statement of Activities
Year Ended December 31, 2016

	Foundation							Total
	Operating Fund	Stewards Fund	Annuity Fund	Trust Fund	Member Endowments	Other Entities	Eliminations	
Changes in unrestricted net assets:								
Support and revenues:								
Contributions	\$ 694	\$ 6,869,728	\$ 492,540	\$ -	\$ -	\$ 59,533	\$ -	\$ 7,422,495
Non-cash contributions	-	32,339,616	-	-	-	13,153,000	-	45,492,616
Membership dues	967,575	-	-	-	-	-	-	967,575
Asset management reimbursement	2,166,920	-	-	-	-	-	(1,765,177)	401,743
Investment income	9,746	10,694,401	-	-	-	(204,100)	-	10,500,047
Other revenue	300,273	16,925	-	-	-	-	-	317,198
Change in value of charitable gift annuities	-	-	(1,391,958)	-	-	-	186,225	(1,205,733)
	<u>3,445,208</u>	<u>49,920,670</u>	<u>(899,418)</u>	<u>-</u>	<u>-</u>	<u>13,008,433</u>	<u>(1,578,952)</u>	<u>63,895,941</u>
Reclassifications:								
Net assets released from restrictions:								
Satisfaction of purpose	-	25,494,302	-	-	-	135,987	(135,987)	25,494,302
Expenses:								
Program services:								
Grants paid	-	70,585,926	-	-	-	-	-	70,585,926
Payments to (from) affiliates	(157,872)	(685,007)	138,931	(76,535)	-	780,483	-	-
Stewardship and member services	587,006	-	-	-	-	223,514	(235,578)	574,942
Museum operations	-	-	-	-	-	135,987	-	135,987
	<u>429,134</u>	<u>69,900,919</u>	<u>138,931</u>	<u>(76,535)</u>	<u>-</u>	<u>1,139,984</u>	<u>(235,578)</u>	<u>71,296,855</u>
Supporting activities:								
Management and general	1,634,474	1,586,162	-	-	-	35,549	(1,578,952)	1,677,233
Membership development	575,896	-	-	-	-	-	-	575,896
Planned giving	698,339	-	-	-	-	-	-	698,339
	<u>2,908,709</u>	<u>1,586,162</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>35,549</u>	<u>(1,578,952)</u>	<u>2,951,468</u>
	<u>3,337,843</u>	<u>71,487,081</u>	<u>138,931</u>	<u>(76,535)</u>	<u>-</u>	<u>1,175,533</u>	<u>(1,814,530)</u>	<u>74,248,323</u>
Change in unrestricted net assets	<u>107,365</u>	<u>3,927,891</u>	<u>(1,038,349)</u>	<u>76,535</u>	<u>-</u>	<u>11,968,887</u>	<u>99,591</u>	<u>15,141,920</u>
Changes in temporarily restricted net assets:								
Contributions	-	25,146,477	-	-	-	235,578	(235,578)	25,146,477
Non-cash contributions	-	1,448,775	-	-	-	-	-	1,448,775
Investment income	-	883,952	-	-	-	-	-	883,952
Change in value of charitable trusts	-	-	-	(1,297,551)	-	-	-	(1,297,551)
Reclassifications	-	(25,494,302)	-	-	-	(135,987)	135,987	(25,494,302)
Change in temporarily restricted net assets	<u>-</u>	<u>1,984,902</u>	<u>-</u>	<u>(1,297,551)</u>	<u>-</u>	<u>99,591</u>	<u>(99,591)</u>	<u>687,351</u>
Change in permanently restricted net assets:								
Investment income	-	87,119	-	-	-	-	-	87,119
Change in Net Assets	<u>107,365</u>	<u>5,999,912</u>	<u>(1,038,349)</u>	<u>(1,221,016)</u>	<u>-</u>	<u>12,068,478</u>	<u>-</u>	<u>15,916,390</u>
Net Assets, Beginning of Year:	<u>2,416,226</u>	<u>174,878,600</u>	<u>4,397,563</u>	<u>4,346,260</u>	<u>-</u>	<u>6,256,490</u>	<u>-</u>	<u>192,295,139</u>
Net Assets, End of Year	<u>\$ 2,523,591</u>	<u>\$ 180,878,512</u>	<u>\$ 3,359,214</u>	<u>\$ 3,125,244</u>	<u>\$ -</u>	<u>\$ 18,324,968</u>	<u>\$ -</u>	<u>\$ 208,211,529</u>