Report of Independent Auditors and
Consolidated Financial Statements

Silicon Valley Community Foundation

December 31, 2015 and 2014

MOSS ADAMS LLP

Certified Public Accountants | Business Consultants

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REPORT OF INDEPENDENT AUDITORS

The Audit Committee of
Silicon Valley Community Foundation

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Silicon Valley Community Foundation (a California public benefit corporation) and its affiliated and supporting organizations, which comprise the consolidated statement of financial position as of December 31, 2015, and the related consolidated statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Silicon Valley Community Foundation and its affiliated and supporting organizations as of December 31, 2015, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Report on Summarized Comparative Information

We have previously audited Silicon Valley Community Foundation and its affiliated and supporting organizations' 2014 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated June 4, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2014, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Other Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The *schedule of expenditures of federal awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* is presented for purposes of additional analysis and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 2, 2016 on our consideration of Silicon Valley Community Foundation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Silicon Valley Community Foundation's internal control over financial reporting and compliance.

Moss Adams LLP

San Francisco, California
June 2, 2016

CONSOLIDATED FINANCIAL STATEMENTS

SILICON VALLEY COMMUNITY FOUNDATION
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
December 31, 2015 and 2014
(in thousands)

	2015	2014
ASSETS		
ASSETS		
Cash and cash equivalents	$ 111,733	$ 121,857
Investments	7,143,565	6,366,045
Contributions and grants receivable	12,277	4,244
Notes and other receivables, net	7,212	5,493
Beneficial interest in charitable remainder trusts	2,853	2,918
Property and equipment, net	27,807	27,788
Other assets	1,105	1,202
Total assets	$ 7,306,552	$ 6,529,547
LIABILITIES AND NET ASSETS		
LIABILITIES		
Grants payable	$ 231,030	$ 110,735
Accounts payable and accrued liabilities	3,425	3,977
Liabilities to beneficiaries from split interest agreements	33,412	36,594
Deposits held for others	99,246	99,068
Total liabilities	367,113	250,374
NET ASSETS		
Unrestricted	6,772,697	6,122,082
Temporarily restricted	65,133	55,680
Permanently restricted	101,609	101,411
Total net assets	6,939,439	6,279,173
Total liabilities and net assets	$ 7,306,552	$ 6,529,547

See accompanying notes.

(in thousands)

	2015				2014
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Total
REVENUES AND SUPPORT					
Contributions	$ 1,217,766	$ 13,992	$ 487	$ 1,232,245	$ 1,970,996
Investment income, net of investment fees of $17,271 and $9,414 in 2015 and 2014, respectively	32,899	-	-	32,899	23,060
Net realized gain on investments	493,864	-	-	493,864	448,138
Change in value of split interest agreements	-	(244)	(272)	(516)	724
Other income	7,612	-	-	7,612	5,988
Net assets released from restrictions and reclassifications	5,572	(5,555)	(17)	-	-
	1,757,713	8,193	198	1,766,104	2,448,906
Unrealized gains (losses) on investments, net	(231,332)	1,260	-	(230,072)	348,709
TOTAL REVENUES AND SUPPORT	1,526,381	9,453	198	1,536,032	2,797,615
EXPENSES					
Grants awarded	821,119	-	-	821,119	956,834
Operating expenses					
Program	37,608	-	-	37,608	27,172
General and administrative	13,158	-	-	13,158	11,602
Development	3,881	-	-	3,881	3,914
TOTAL EXPENSES	875,766	-	-	875,766	999,522
CHANGE IN NET ASSETS	650,615	9,453	198	660,266	1,798,093
NET ASSETS, beginning of year	6,122,082	55,680	101,411	6,279,173	4,481,080
NET ASSETS, end of year	$ 6,772,697	$ 65,133	$ 101,609	$ 6,939,439	$ 6,279,173

See accompanying notes.

SILICON VALLEY COMMUNITY FOUNDATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
Years Ended December 31, 2015 and 2014
(in thousands)

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 660,266	$ 1,798,093
Adjustments to reconcile change in net assets to cash flows from operating activities:		
Loss (gain) on disposal of property and equipment	3	(4)
Depreciation and amortization	1,730	1,602
Noncash contributions	(72,595)	(523,772)
Contributions received for long-term purposes	(487)	(3,518)
Net realized and unrealized (gains) from changes in fair value of investments	(263,792)	(796,847)
Changes in assets and liabilities		
Contributions and grants receivable	(8,033)	(725)
Other receivables	(132)	(39)
Fair value of charitable remainder trusts and related accounts	(3,117)	1,988
Other assets	97	(159)
Grants payable	120,295	9,048
Accounts payable and accrued liabilities	(552)	1,148
Cash flows from operating activities	433,683	486,815
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales of investments	2,866,584	3,055,084
Purchases of investments	(3,307,717)	(3,503,235)
Payments received on notes receivable	(1,587)	(1,542)
Purchases of fixed assets	(1,752)	(1,078)
Deposits held for others	178	(3,101)
Cash flows used in investing activities	(444,294)	(453,872)
CASH FLOWS FROM FINANCING ACTIVITIES		
Contributions received for long-term purposes	487	3,518
Cash flows from financing activities	487	3,518
NET CHANGES IN CASH AND CASH EQUIVALENTS	(10,124)	36,461
CASH AND CASH EQUIVALENTS, beginning of year	121,857	85,396
CASH AND CASH EQUIVALENTS, end of year	$ 111,733	$ 121,857

See accompanying notes.

NOTE 1 – DESCRIPTION OF THE FOUNDATION

Silicon Valley Community Foundation ("SVCF") is a publicly supported, nonprofit public benefit corporation, which received its IRS exemption in November 2006 and officially launched in January 2007. Silicon Valley Community Foundation advances innovative philanthropic solutions to challenging problems. As the largest community foundation in the world, we engage donors and corporations from Silicon Valley, across the country and around the globe to make our region and world better for all. Our passion for helping people and organizations achieve their philanthropic dreams has created a global philanthropic enterprise committed to the belief that possibilities start here.

Mission:

Silicon Valley Community Foundation is a comprehensive center of philanthropy. Through visionary leadership, strategic grantmaking and world class experience, we partner with donors to strengthen the common good locally and throughout the world.

Programs:

Advised funds – SVCF offers several types of funds that enable donors to identify funding opportunities aligned with their values and charitable interests. Donor advised funds allow donors to recommend grant recipients, subject to SVCF's due diligence and approval. Collectively, these funds granted approximately $573,000,000 and $814,000,000 to charitable organizations during the years ended December 31, 2015 and 2014, respectively.

Corporate advised – SVCF manages one of the largest corporate advised fund programs among all U.S. based community foundations. SVCF assists in the grantmaking process, works with employee contribution committees, builds community-wide partnerships and works with corporate fund holders on community relations activities. These funds made grants of approximately $52,000,000 and $35,000,000 during the years ended December 31, 2015 and 2014, respectively.

Community endowment and field of interest funds – Through the Community Endowment Fund or named endowment funds, donors can contribute funds to address community needs. These funds are a permanent charitable resource. They grow through community support and provide much-needed funding for local programs and services. They allow SVCF to act strategically to improve the community by addressing the most urgent needs with one-time or multi-year grants.

Field of interest funds enable donors to identify a broad charitable purpose or a category of interest (e.g., arts, education or human services) and/or geographic area or target population (e.g., senior citizens, children and youth or immigrants).

Together, the community endowment and field of interest funds granted approximately $14,000,000 and $9,000,000 to charities in San Mateo and Santa Clara counties during the years ended December 31, 2015 and 2014.

Scholarship funds – SVCF administers 50 scholarship programs. The majority are designated for current or former residents of San Mateo and Santa Clara counties. During the years ended December 31, 2015 and 2014, SVCF awarded 515 and 577 scholarships totaling approximately $2,250,000 and $2,328,000, respectively.

Supporting organizations – SVCF works with a number of supporting organizations. SVCF appoints a majority of the members of the governing boards of the supporting organizations. Each governing board may create its own investment policy and grant guidelines. In 2015, the following supporting organizations were effectively under SVCF's control and were consolidated for financial statement purposes:

- William H. Cilker Foundation
- Dirk and Charlene Kabcenell Foundation
- The Chong-Moon Lee Foundation
- Bernard A. Newcomb Foundation
- Raising A Reader
- Startup: Education
- Intervalien Foundation
- Driscoll Family Foundation
- The Real Estate Trust
- Sobrato Foundation
- Reddere Foundation
- The Skoll Fund
- The Star Hill Fund
- Good Ventures
- Entrepreneurs' Foundation

During 2015, one supporting organization was closed and transitioned to a public charity.

Affiliate – In 2015, the following affiliate was effectively under SVCF's control and was consolidated for financial statement purposes:
Resonance House, LLC

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation – The consolidated financial statements have been prepared on the accrual basis of accounting.

Principles of consolidation – The accompanying consolidated financial statements as of December 31, 2015 and 2014 include the financial statements of SVCF and its supporting organizations and affiliate, listed in Note 1 above. Inter-organizational transactions and balances have been eliminated in the consolidation.

Prior year information – The consolidated financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with SVCF and its supporting organizations and affiliate' consolidated financial statements for the year ended December 31, 2014, from which the summarized information was derived.

Cash and cash equivalents – For consolidated financial statement purposes, SVCF and its supporting organizations and affiliate consider all cash accounts, except those being held for investment purposes, and all highly liquid debt instruments purchased with a maturity of 90 days or less to be cash equivalents.

Description of net assets – Net assets are classified based on existence or absence of donor-imposed restrictions as follows:

Unrestricted is defined as that portion of net assets that has no use or time restrictions. The bylaws of SVCF include a variance provision giving the Board of Directors (the "Board") the power to modify any restriction or condition on the distribution of funds for any specified charitable purpose or to specified organizations if, in the sole judgment of the Board (without the necessity of the approval of any other party), such restriction or condition becomes, in effect, unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community or area served. Based on that provision, SVCF classifies contributions, except as noted below, as unrestricted for financial statement presentation.

Temporarily restricted is defined as that portion of net assets that consist of a restriction on the specific use or the occurrence of a certain future event. Contributions unconditionally promised, including irrevocable planned gifts, which are scheduled to be received more than one year in the future, are recorded at fair value, classified as temporarily restricted until the funds are received, and are discounted at a rate commensurate with the risks involved. The accumulation of assets, above historic gift value, in donor restricted endowment funds is classified as temporarily restricted until appropriated for use based on SVCF's spending policy. SVCF also receives grants from charitable foundations and local agencies for initiatives and special projects for which purpose restrictions apply. Such grants and contributions are recorded as temporarily restricted until the purpose restrictions are met. When the purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported as net assets released from restrictions.

Permanently restricted is defined as that portion of net assets consisting of the initial fair value of the gifts where the donor has specified that the assets donated are to be retained in an endowment, providing a permanent source of revenue for charitable purposes. SVCF also records contributions to charitable trusts as permanently restricted where the donor has permanently restricted the corpus of the trust.

Investments – Investments are stated at fair value.

Endowment funds:

Interpretation of relevant law – The Board of SVCF, with the advice of legal counsel, has determined it holds assets which meet the definition of endowment funds under the Uniform Prudent Management of Institutional Funds Act ("UPMIFA"). As a result of this interpretation, the corpus of funds subject to UPMIFA is classified as permanently restricted. The corpus represents the fair value of the original gifts as of the gift date, and all subsequent gifts where the donor has indicated the gift be retained permanently. The value of assets in excess of original gifts in donor restricted endowment funds are classified as temporarily restricted net assets until appropriated for expenditure by SVCF.

From time to time, the fair value of the assets associated with individual donor restricted endowment funds may fall below the level classified as permanently restricted net assets. At December 31, 2015 and 2014, SVCF had 24 and 13 endowment funds with deficiencies of this nature totaling approximately $1,989,000 and approximately $909,000, respectively. These deficiencies are reflected in unrestricted net assets.

In accordance with UPMIFA, SVCF considers the following factors in making a determination as to the appropriation of assets for expenditure: 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, and 7) the investment policies of the SVCF.

Investment and spending policies – SVCF has adopted investment and spending policies for endowed assets that attempt to provide a predictable stream of funding for programs supported by its endowment while seeking to maintain the purchasing power of the endowed assets. The investment and spending policies work together to achieve this objective. The investment policy establishes an achievable return objective through diversification of asset classes.

To accomplish the long-term rate of return objectives, SVCF 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). SVCF targets a diversified asset allocation with an emphasis on equity based investments, within prudent risk parameters.

The spending policy determines the amount of money to be distributed annually from SVCF's various endowed funds for grantmaking and operational support. The Board generally approves the spending policy in the fourth quarter of the year for grants to be made in the following year. SVCF assesses a support fee to endowed funds which is added to the spending rate for grants and is a component of the total spending policy. The spending policy for support fees ranges from .5% to 3.5% of the average daily balance of the fund over the previous month, and varies by fund type. The spending policy for grants varies by fund type and whether the balance of the fund is above or below historic gift value. For funds with balances above historic gift value the spending policy for grants is 4.5% or 5.0% of the fund balance averaged over 12 trailing quarters. In 2009, SVCF adopted a sliding scale spending policy to address underwater funds, defined as those funds with balances below historic gift value. The table below illustrates the reduction in spending policy for grants from funds with balances that are under historic gift value at December 31, 2015 and 2014:

Spending Policy for Underwater Funds

Amount Underwater	Reduction in Spending	Spending Rate for Funds with 2% Support Fee	Spending Fate for Funds with .5% Support Fee
Less than 8%	None	4.50%	5.00%
Over 8% less than 16%	1/3	3.00%	3.33%
Over 16% less than 30%	2/3	1.50%	1.67%
Over 30%	Full	0.00%	0.00%

The spending policy is consistent with SVCF's objective to maintain purchasing power of endowed assets as well as to provide stable support to the community.

Concentrations of risk SVCF and its supporting organizations and affiliate recognize there are additional inherent risks associated with non-publicly traded securities. Risk is managed through rigorous evaluation before an investment is made, quarterly monitoring of valuations and regular communication with investment managers.

To address market and credit risks of investments, SVCF and its supporting organizations and affiliate maintain formal investment policies that set out performance criteria, provide investment guidelines and require regular review of investment performance. Investments are managed by multiple investment managers, who have responsibility for investing the funds using various investment strategies. An investment consultant is also utilized. SVCF and its supporting organizations and affiliate have custody agreements with selected banks, which process transactions at the direction of authorized staff and investment managers.

In addition, concentrations of market and credit risk exist for charitable remainder trusts as well as for cash equivalents. In the regular course of business, SVCF and its supporting organizations and affiliates may maintain operating cash balances at various banks in excess of federally insured limits. Management does not believe it is exposed to any significant credit risk on uninsured amounts.

Other concentrations:

Major contributions – For the year ended December 31, 2015, SVCF received 70% of its contributions from 12 donors. For the year ended December 31, 2014, SVCF received 73% of its contributions from four donors.

Supporting organization assets – 7.3% and 8.5% of SVCF and its supporting organizations and affiliate' total assets at December 31, 2015 and 2014, respectively, were in one supporting organization.

Concentrated investments – 29% and 33% of SVCF and its supporting organizations' total investments were in one company's publicly traded common stock at December 31, 2015 and 2014, respectively.

Notes receivable – In lieu of discounting notes receivable having a maturity date that cannot be reasonably determined, the difference between the risk free rate of return at the date of issuance of the notes and the actual interest rate of the notes is calculated and, if material, recorded annually as interest income or expense.

Split-interest gifts – SVCF has an irrevocable remainder beneficiary interest in charitable remainder trusts and charitable gift annuities whose maturities are based on the life expectancies of the income beneficiaries or a specified term of years.

Trusts and annuities in which SVCF is both trustee and remainder beneficiary are recorded at the fair value of the assets in the trusts. The corresponding liability for certain future amounts due to beneficiaries is recorded at the fair value of the annuity payments. The present value discount rates used for all trusts and annuities were 2.61% and 2.74% at December 31, 2015 and 2014, respectively.

Trusts for which SVCF does not act as trustee are recorded at the present value of the assets to be received in the future. The present value discount rate used for all trusts and annuities were 2.61% and 2.74% at December 31, 2015 and 2014, respectively.

Property and equipment – Acquisitions and donations of property and equipment with a fair value in excess of $10,000 are capitalized and depreciated using the straight-line method over the estimated useful lives of the assets ranging from three to thirty-nine years. Leasehold improvements are amortized using the straight-line method over the lesser of the assets' estimated useful lives or the term of the applicable lease.

Deposits held for others – SVCF accepts funds from unrelated nonprofit organizations who desire to have SVCF provide efficient investment management, programmatic expertise and technical assistance. A liability is recorded at the estimated fair value of assets deposited with SVCF by nonprofit organizations. Assets are invested in investment pools offered by SVCF.

SVCF Investment Pool Assets, December 31, 2015 (in thousands)

Long-Term Growth	Social Impact	Balanced	Short-Term	Capital Preservation
$488,710	$50,631	$122,277	$135,703	$504,586

Grant expense – Grants are recognized when all significant conditions are met by grantees, all due diligence has been completed, and they are approved by staff or board committee. Grant refunds are recorded as a reduction of grant expense at the time SVCF receives or is notified of the refund. Grants payable represent the present value of grants to be paid over a year and have been discounted at 1.68%.

Revenue recognition – Contributions are recognized as revenue when received or unconditionally promised. Unconditional promises to give that are expected to be collected in future years are recognized at fair value based on discounted cash flows. The discount on these amounts is computed using the rate applicable in the year the promises were received. Contributions of assets other than cash are recorded at their estimated fair value. Real estate contributed is recorded at appraised value on the date of the gift and is generally made available for sale as soon as practicable. Contributions of public stock are recorded at the mean of the quoted market price on the date of donation. Amortization of discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the original contributions.

Allowance for doubtful accounts – The SVCF and its supporting organizations and affiliate provides for amounts that may be uncollectible on contributions, grants and other receivables. Management estimates the amount based on a variety of factors, which include, but are not necessarily limited to: prior collection history, the ability of the debtor to pay, and historical trends. For the years ended December 31, 2015 and 2014, the allowances related to notes and other receivables were approximately $0 and $3,000, respectively.

In-kind contributions – Significant donated property and equipment is recorded at estimated fair value at the date of receipt. Contributed services, which require a specialized skill and for which SVCF and its supporting organizations and affiliate would have paid for if not contributed, are recorded at their estimated fair value at the date the contributed services are received. For the years ended December 31, 2015 and 2014, SVCF and its supporting organizations and affiliate recognized approximately $8,534,000 and $7,263,000, respectively, in contributed services. The expenses related to these contributions were allocated 72% to program and 28% to general and administrative for 2015 compared to 70% to program and 30% to general and administrative for 2014.

Functional expense allocations – Expenses which apply to more than one functional category have been allocated among program, general and administrative, and fundraising based on the time spent on these functions by specific employees as estimated by management. Indirect expenses such as facilities costs are allocated based on square footage used by functional departments. Other indirect expenses, such as information technology and general office supplies are allocated based on the overall number of staff in the various functional categories. Certain marketing material costs are allocated based on the percentage of the publication devoted to each functional area. All other costs are charged directly to the appropriate functional category.

Use of estimates – The preparation of consolidated 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 of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Income taxes – SVCF and its supporting organizations and affiliate are tax-exempt organizations and are not subject to federal or state income taxes, except on unrelated business income, in accordance with Section 501(a) of the Internal Revenue Code. In addition, SVCF and its supporting organizations and affiliate qualified for the charitable contribution deduction under Section 170(b) (1) (A) of the Internal Revenue Code and have been classified as organizations that are not private foundations. Unrelated business income tax, if any, is immaterial and no tax provision has been made in the accompanying consolidated financial statements.

SVCF and its supporting organizations and affiliate do not have any material uncertain tax positions. SVCF and its supporting organizations and affiliate file informational tax returns in the U.S. federal and California jurisdictions.

Subsequent events – Subsequent events are events or transactions that occur after the consolidated Statement of Financial Position date, but before consolidated financial statements are issued. SVCF and its supporting organizations and affiliate recognize in the consolidated financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the consolidated Statement of Financial Position, including the estimates inherent in the process of preparing the consolidated financial statements. The consolidated financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the consolidated Statement of Financial Position, but arose after the consolidated Statement of Financial Position date and before the consolidated financial statements are available to be issued.

SVCF and its supporting organizations and affiliate have evaluated subsequent events through June 2, 2016, which is the date the consolidated financial statements were available to be issued.

NOTE 3 – FAIR VALUE MEASUREMENT

Fair value of investments – The Financial Accounting Standards Board ("FASB") has issued Accounting Standards Update ("ASU") No. 2015-07, *Fair Value Measurement* (Topic 820): *Disclosures for Investments in Certain Entities* That Calculate Net Asset Value per Share (or Its Equivalent). The ASU applies to reporting entities that elect to measure the fair value of an investment using the net asset value per share (or its equivalent) practical expedient. Topic 820, *Fair Value Measurement*, permits a reporting entity, as a practical expedient, to measure the fair value of certain investments using the net asset value per share of the investment. Prior to implementation of the ASU, investments valued using the practical expedient were categorized within the fair value hierarchy. The ASU removed the requirement to categorize by level within the fair value hierarchy all investments for which fair value is measured using the net asset value per share practical expedient. The ASU also removes the requirement to make certain disclosures for all investments that are eligible to be measured at fair value using the net asset value per share practical expedient. Rather, those disclosures are limited to investments for which the entity has elected to measure the fair value using that practical expedient.

The ASU is effective for years beginning after December 15, 2016; however, SVCF has elected to adopt it early. Note 3 of the financial statements has been updated to reflect the application of this ASU. Investments for which fair value is measured using the net asset value per share practical expedient have been removed from the fair value hierarchy in all periods presented.

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between willing market participants at the measurement date. SVCF and its supporting organizations and affiliate determines fair value based on the fair value hierarchy established under applicable accounting guidance which requires an entity to prioritize the use of observable market-based inputs over the use of unobservable inputs when measuring fair value. There are three levels of inputs used to measure fair value. Financial instruments are considered Level 1 when the valuation is based on quoted market prices in active markets for identical assets or liabilities. Level 2 financial instruments are valued using quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or models using inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities. Financial instruments are considered Level 3 when their values are determined using pricing models, discounted cash flow methodologies or similar techniques, and at least one significant model assumption or input is unobservable and when determination of the fair value requires significant management judgment or estimation. Financial instruments are considered valued at net asset value ("NAV") when the investment (i.e., commingled funds, hedge funds, private equity funds) is valued at NAV based on capital statements provided by entities that calculate fair value using net asset value per share or its equivalent.

The following tables present the balance of assets and liabilities carried at fair value on the consolidated statements of financial position as of December 31, 2015 and 2014:

ASSETS	12/31/2015 (in thousands)				
Investments	**Total**	**Level 1**	**Level 2**	**Level 3**	**NAV**
Cash Equivalents					
Money Market Securities	$ 1,017,067	$ 1,017,067	$ -	$ -	$ -
Bank CDs and Deposits	133,823	-	133,823	-	-
Global Bonds					
Govt/Corporate	906,262	816,066	88,647	-	1,549
Foreign Bonds	65,003	12,073	-	-	52,930
High Yield	33,480	470	-	-	33,010
Global Equities					
US Equity	3,482,389	3,438,070	-	-	44,319
International	208,813	64,370	-	-	144,443
Emerging Market	34,232	14,563	-	-	19,669
Alternatives					
Commodities	26,552	11,740	-	-	14,812
Hedge Fund	627,992	-	-	-	627,992
Private Equity	449,270	-	-	61,357	387,913
Real Assets	54,757	-	-	24,772	29,985
Real Estate	103,925	-	-	35,504	68,421
Total investments	$ 7,143,565	$ 5,374,419	$ 222,470	$ 121,633	$ 1,425,043
Split interest agreements					
Beneficial interests in charitable remainder trusts	$ 2,853	$ -	$ -	$ 2,853	$ -
LIABILITIES					
Split interest agreements					
Liabilities to beneficiaries from split interest agreements	$ (33,412)	$ -	$ -	$ (33,412)	$ -

ASSETS	December 31, 2014 (in thousands)				
Investments	**Total**	**Level 1**	**Level 2**	**Level 3**	**NAV**
Cash Equivalents					
Money Market Securities	$ 776,791	$ 776,791	$ -	$ -	$ -
Bank CDs and Deposits	139,897	-	139,897	-	-
Global Bonds					
Govt/Corporate	568,256	406,614	161,642	-	-
Foreign Bonds	77,834	18,388	-	-	59,446
High Yield	34,163	3,447	-	-	30,716
Global Equities					
US Equity	3,488,331	3,405,902	15,752	-	66,677
International	195,016	141,635	-	-	53,381
Emerging Market	45,321	22,810	-	-	22,511
Alternatives					
Commodities	37,358	-	2,788	-	34,570
Hedge Fund	540,199	-	-	-	540,199
Private Equity	345,254	-	-	48,114	297,140
Real Assets	40,668	-	-	19,535	21,133
Real Estate	76,957	-	-	14,539	62,418
Total investments	$ 6,366,045	$ 4,775,587	$ 320,079	$ 82,188	$ 1,188,191
Split interest agreements					
Beneficial interests in charitable remainder trusts	$ 2,918	$ -	$ -	$ 2,918	$ -
LIABILITIES					
Split interest agreements					
Liabilities to beneficiaries from split interest agreements	$ (36,594)	$ -	$ -	$ (36,594)	$ -

Valuation process – Finance and investment staff determine fair value measurement policies and procedures for assets and liabilities under the supervision of the Chief Operating Officer and Chief Financial Officer. These policies and procedures are reassessed annually to determine if the current valuation techniques are still appropriate. A variety of qualitative factors are used to subjectively determine the most appropriate valuation methodologies. Methodologies are consistent with the market, income and cost approaches. Unobservable inputs used in fair value measurements are evaluated and adjusted on an annual basis, or as necessary based on current market conditions and other third party information. In determining the reasonableness of the methodology, SVCF evaluates a variety of factors including a review of existing agreements, economic conditions, industry, and market developments. Certain unobservable inputs are assessed through review of contract terms while others are substantiated utilizing available market data including but not limited to market comparables, qualified opinions, and discount rates and mortality tables for split interest agreements.

Investments include those held in individual funds established by donors, supporting organizations, charitable trusts and a variety of investment pools made available to donor funds for investment of gifted assets. Separate asset allocations are maintained for each investment pool, supporting organization and charitable trust. The asset allocation of any individual donor fund is dependent on the donor's choice of approved investment pools. Advised funds of one million or more are eligible to be invested separately from the pools, subject to review and approval by the SVCF's investment committee.

Alternative investments include redeemable interests in hedge funds and commingled pools; and nonredeemable interests in real estate, real assets and private equity funds. Alternative investments may be structured as limited partnerships, limited liability companies, commingled trusts and offshore investment funds. This class of assets also includes direct investment in private companies, real estate, real assets and commodities. Of the total alternative investments, 33% and 39% were concentrated in one supporting organization as of December 31, 2015 and 2014, respectively.

Derivatives are used by one supporting organization as hedging instruments to protect against loss and to achieve desired market exposure. These include futures contracts, swaps, and exchange-listed and over-the-counter put and call options on securities or on financial indices. The fair value of derivatives held at December 31, 2015 and 2014, was $(1,045,937) and $332,000, respectively. The change in net assets, as reported in the consolidated statements of activities, representing the amount of unrealized gains (losses) on derivative investments held at December 31, 2015 and 2014, was $(1,961,735) and $731,638, respectively.

The following table presents investment returns for the years ended December 31, 2015 and 2014:

	2015	2014
Investment income	$ 50,170,504	$ 32,473,745
Realized and unrealized gains, net	263,791,796	796,846,197
Direct investment related expenses	(17,271,134)	(9,413,978)
	$ 296,691,166	$ 819,905,964

Level 1, 2 and 3 valuation techniques and inputs:

Level 1 investments include marketable securities, exchange traded funds and cash equivalents that are carried at fair value based on observable quoted market prices in active markets; and mutual funds that are valued based on the net asset value per share computed by the fund manager and validated by a sufficient level of observable activity (i.e., purchases and sales).

Level 2 investments include bank issued certificates of deposit that are fully FDIC insured and valued using maturity and interest rate as observable inputs; domestic and foreign bonds other than U.S. Treasury securities that are valued using matrix pricing or market corroborated pricing and inputs such as yield curves and indices; physical commodities (i.e., gold) that are valued using observable quoted market prices in active markets from independent pricing providers; and derivatives (i.e., swaps and over the counter put and call options) that are valued with pricing models and inputs that utilize contractual terms including period to maturity, and readily observable parameters including interest rates, volatility, correlation levels and credit quality of the counterparty.

Level 3 investments include direct investments in real estate and private companies, and beneficial interests in nontrusteed charitable remainder trusts. Valuation techniques and inputs for each are described below.

Private equity – Closely-held private or restricted stock is reviewed no less than annually using a variety of qualitative factors to subjectively determine the most appropriate valuation methodologies. Valuation inputs may include, but are not limited to, initial investment amount (cost), observed transaction price used in subsequent valuations, liquidation value, qualified opinion or appraisal, company financial statements, press releases and company commentary, and the SVCF's own assessment of value and applicable discounts.

Real assets –Direct investments in physical asset such as land, precious metals, commodities and timber are reviewed no less than annually using a variety of qualitative factors to subjectively determine the most appropriate valuation methodologies. Valuation inputs may include, but are not limited to, the initial investment amount (cost), company financial statements and qualified appraisal.

Real estate – Direct investment in real estate and interests in real estate partnerships (other than real estate funds) are reviewed no less than annually using a variety of qualitative factors to subjectively determine the most appropriate valuation methodologies consistent with the market, income and cost approaches. Valuation inputs may include, but are not limited to, the initial investment amount (cost), partnership financial statements, market comparables, qualified appraisal, discounted cash flow, and SVCF's own assessment of value and applicable discounts. Independent appraisals of significant real estate held for investment are conducted periodically, depending on the nature of the investment.

Beneficial interests – Inputs used for valuation of remainder interests in nontrusteed charitable trusts include financial statements provided by the trustee, the life expectancy of the income beneficiaries, and an applicable discount rate determined by SVCF. The fair value of beneficial interests is reviewed and updated annually by adjusting the current life expectancies of the income beneficiaries, applicable discount rate and market value of each trust.

Level 3 roll-forward tables:

Investments – The following tables present the roll-forward of Level 3 investments carried at fair value (including the change in fair value) on the consolidated statements of financial position for the years ended December 31, 2015 and 2014:

	2015	Private Equity	Real Assets	Real Estate
Balance, January 1	$ 82,187,579	$ 48,113,957	$ 19,534,966	$ 14,538,656
Transfers	(1,253,705)	(1,253,705)	-	-
Purchases	55,553,188	29,882,399	948,526	24,722,263
Sales	(14,827,188)	(11,064,925)	-	(3,762,263)
Investment income	7,489	7,489	-	-
Investment fees	(260,139)	(2,472)	(257,667)	-
Realized gains (losses)	(2,469,433)	(2,469,433)	-	-
Unrealized gains (losses)	2,695,653	(1,855,995)	4,546,328	5,320
Balance, December 31	$ 121,633,444	$ 61,357,315	$ 24,772,153	$ 35,503,976

	2014	Private Equity	Real Assets	Real Estate
Balance, January 1	$ 43,641,830	$ 24,362,813	$ 6,062,030	$ 13,216,987
Transfers	2,189,999	2,189,999	-	-
Purchases	34,057,708	17,444,624	13,333,084	3,280,000
Sales	(6,772,742)	(5,070,367)	-	(1,702,375)
Investment income	-	-	-	-
Investment fees	(147,699)	(31,759)	(115,940)	-
Realized gains (losses)	(393,232)	199,393	-	(592,625)
Unrealized gains (losses)	9,611,715	9,019,254	255,792	336,669
Balance, December 31	$ 82,187,579	$ 48,113,957	$ 19,534,966	$ 14,538,656

SVCF and its supporting organizations and its affiliate' policy is to recognize transfers in and transfers out of fair value hierarchy classifications at the beginning of the period in which the event or change in circumstances occurred. The change in net assets, as reported in the consolidated statements of activities, attributable to unrealized gains (losses) on Level 3 investments held at December 31, 2015 and 2014, was $2,695,653 and $9,611,715, respectively.

Split interest agreements – The following tables present a roll-forward for the fair value of beneficial interests in split interest agreements (including the change in fair value) for nontrusteed charitable remainder trusts and life estates; and the fair value of liabilities to income beneficiaries of split interest agreements (including the change in fair value) for split interest agreement trusteed by SVCF (i.e., charitable remainder and annuity trusts, gift annuities, and pooled income fund), as shown on the consolidated statements of financial position for the years ended December 31, 2015 and 2014.

Beneficial interests in charitable remainder trusts

Balance, January 1, 2014	$ 4,443,828
CRT maturity	(1,738,320)
Unrealized gains	212,244
Balance, December 31, 2014	2,917,752
CRT maturity	-
Unrealized losses	(65,210)
Balance, December 31, 2015	$ 2,852,542

Liabilities to beneficiaries from split interest agreements

Balance, January 1, 2014	$ 36,131,525
New trusts during 2014	1,160,389
Trust maturities during 2014	-
Change in value due to change in actuarial life expectancy	(192,448)
Change in value in estimated fair value of underlying trust assets	(505,775)
Balance, December 31, 2014	36,593,691
New trusts during 2015	-
Trust maturities during 2015	(93,646)
Change in value due to change in actuarial life expectancy	463,233
Change in value in estimated fair value of underlying trust assets	(3,551,209)
Balance, December 31, 2015	$ 33,412,069

Investments valued at net asset value ("NAV") per share or its equivalent:

The following table presents the unfunded commitments, redemption frequency, and notice period for investments in entities that calculate fair value using net asset value per share or its equivalent:

Investments	Note	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice
Global bond funds	a	$ 87,489,356	$ -	Daily - monthly	10 - 90 Days
Global equity funds	b	208,431,541	-	Daily - quarterly	5 - 60 Days
Commodity Funds	c	14,811,743	-	Monthly	30 Days
Hedge funds	d	627,991,661	19,220,433	Monthly - Illiquid	15 Days - Illiquid
Private equity funds	e	387,912,879	144,964,390	Illiquid	-
Real assets funds	f	29,984,676	15,639,399	Illiquid	-
Real estate funds	g	68,420,801	23,011,722	Illiquid	-
Total		$ 1,425,042,657	$ 202,835,944		

(a) Global Bond Funds. This class includes investments in actively managed funds that invest in government, corporate or sovereign bonds. Investments are held within a commingled trust or limited partnership structure. All of the assets in this class may be redeemed on a monthly basis without restrictions.

(b) Global Equity Funds. This class includes investments in actively managed funds that invest in stocks and other securities issued by companies in domestic and foreign markets. Investments are held within a commingled trust or limited partnership structure. The portions that may be redeemed on a monthly, quarterly or annual basis are 52%, 35% and 13%, respectively, 17% cannot be redeemed due to an outstanding lockup of 90 days or more beyond December 31, 2015. Of the total, 19% is subject to a fund level redemption gate of 10% per quarter.

(c) Commodity Funds. This class includes investments in actively managed commingled trust funds that invest in commodities, commodity futures or companies involved in the extraction or production of commodity goods and related services, including but not limited to, precious metals, oil and gas, agricultural products, materials, natural resources and real estate. All of the assets in this class may be redeemed on a monthly basis without restrictions.

(d) Hedge Funds. This class includes investments in actively managed hedge funds and fund-of-funds employing a variety of strategies, including but not limited to multi-strategy, absolute return, long/short, arbitrage, event-driven, distressed debt and credit. Hedge funds have the ability to invest long and short, shift from a net long position to a net short position, apply leverage, invest in derivatives, and invest in the debt or equity of public and private companies in domestic and foreign markets. Approximately 27% of the value of this class cannot be redeemed due to an outstanding lockup of 90 days or more beyond December 31, 2015. An additional 37% of the value of this class has redemption restrictions limiting redemption amounts per period to a fund level or investor level gate per period. The remaining 36% has no restrictions on redemptions beyond redemption frequency and notification period.

(e) Private Equity Funds. This class includes investments in actively managed private equity funds and fund-of-funds that invest in private and public companies through a variety of strategies including but not limited to early and late stage venture capital, leveraged buy-outs, distressed assets, special situations, and credit strategies. These investments are generally not redeemable from the fund manager. Instead, distributions are received through the liquidation of the underlying assets of the fund, typically over 10 years or more.

(f) Real Assets Funds. This class includes investments in actively managed private equity funds that invest primarily in private companies involved in mining, energy and infrastructure, timber, agribusiness, natural resources, and other hard assets. These investments are generally not redeemable from the fund manager. Instead, distributions are received through the liquidation of the underlying assets of the fund, typically over 5 to 10 years.

(g) Real Estate Funds. This class includes investments in actively managed private equity funds that invest in commercial properties in the U.S. and abroad including but not limited to: residential, multi-family, office, retail, hotel, industrial and other specialties. These investments are generally not redeemable from the fund manager. Instead, distributions are received through the liquidation of the underlying assets of the fund, typically over 10 years or more.

While SVCF and its supporting organizations and affiliate believe their valuation methods are appropriate and consistent with those used by other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date. Those estimated values may differ significantly from the values that would have been used had a readily available market for such investments existed, or had such investments been liquidated, and these differences could be material to the consolidated financial statements.

The table below presents information about significant unobservable inputs related to material categories of Level 3 financial assets and liabilities at December 31, 2015:

		Fair Value at December 31, 2015	Valuation Techniques	Unobservable Inputs	Range
Private equity direct investment	$	61,357,315	Market, cost, or income	409A valuation Company financials	na*
Real property and real estate limited partnership interests	$	35,503,976	Market comparables	Listing prices, General partner estimates	na*
Real Assets	$	24,772,354	Market, cost, or income	409A valuation Company financials	na*
Beneficial interests in charitable remainder trusts	$	2,852,542	Discounted cash flow	Discount rate Life expectancies	3.3%, 2 to 65 years
Liabilities to beneficiaries from split interest agreements	$	(33,412,069)	Discounted cash flow	Discount rate Life expectancies	3.3%, 2 to 65 years

* Not included due to the wide range of possible values given the diverse nature of the underlying investments.

Private equity – Closely-held private or restricted stock is reviewed no less than annually using a variety of qualitative factors to subjectively determine the most appropriate valuation methodologies. Valuation inputs may include, but are not limited to, initial investment amount (cost), observed transaction price used in subsequent valuations, liquidation value, qualified opinion or appraisal, company financial statements, press releases and company commentary, and SVCF's own assessment of value and applicable discounts.

Real estate – Direct holdings of real estate are initially recorded based on the fair value of the contributed asset, and are updated no less than annually based on market comparable sales activity or listing prices provided by listing agents or web sources when available. Interests in real estate limited partnerships are initially recorded based on fair value of the contributed asset, and are updated annually using estimated fair value inputs provided by the general partner. Limited partnership interests are further discounted for lack of marketability and control. Valuation inputs may include, but are not limited to, the initial investment amount (cost), partnership financial statements, market comparables, qualified appraisal, discounted cash flow, and SVCF's own assessment of value and applicable discounts.

Real assets – Encompassing a range of investment strategies, these direct investments derive their value from an underlying physical asset such as land, precious metals, commodities and timber. Participation is comprised through interests in limited partnerships or limited liability companies. Investments are initially recorded on cost basis and subsequently at fair value using a variety of valuation techniques utilizing appraisals and/or company financials.

Beneficial interests in charitable remainder trusts and liabilities to beneficiaries for split interest agreements – SVCF uses a discounted cash flow methodology to record the fair value of beneficial interests in nontrusteed charitable remainder trusts and to determine the liability associated with split interest agreements. Fair value inputs are reviewed and updated annually by adjusting the current life expectancy of the income beneficiaries, an applicable discount rate determined by SVCF, and market value of each trust from financial statements provided by the trustee. A decrease in the discount rate and a shorter life expectancy will increase the fair value of the trust receivable and liability, just as an increase in the discount rate and a longer life expectancy will decrease the fair value of the trust receivable and liability.

NOTE 4 – CONTRIBUTIONS AND GRANTS RECEIVABLE

Contributions and grants receivable as of December 31, 2015, are expected to be collected as follows:

	Less than one year	Greater than one year
Contributions receivable	$ 4,582,062	$ 4,500,000
Grants receivable	3,195,357	-
Total	$ 7,777,419	$ 4,500,000

NOTE 5 – NOTES AND OTHER RECEIVABLE, NET

Notes receivable as of December 31, 2015, consisted of the following:

	Less than one year	Greater than one year
Program related loans	$ 648,000	$ 1,000,000
Executive loans	61,269	-
Other receivables	5,358,065	144,465
Total	$ 6,067,334	$ 1,144,465

Program related loans are stated at the amount of unpaid principal. A program officer is assigned to monitor the payments and the ongoing stability of the organization.

An outstanding executive loan exists in the amount of $ 61,269 at December 31, 2015, to the current CEO and President of SVCF. The loan was issued when the CEO was hired in 2006 to assist in locating affordable housing as he transitioned to the West Coast. It bears interest at 4.73% per annum and will mature in 2016. The annual payment of principal and interest in the amount of $62,850 for each fiscal year 2015 and 2014 was forgiven in accordance with the original agreement.

NOTE 6 – PROPERTY AND EQUIPMENT, NET

Property and equipment consisted of the following at December 31:

	2015	2014
Leasehold interest in building	$ 18,700,000	$ 18,700,000
Leasehold improvements	18,825,395	17,780,343
Construction in progress	91,671	57,174
Office equipment and other	1,948,510	1,752,315
Computer equipment	4,373,839	4,094,981
Total	43,939,415	42,384,813
Less: accumulated depreciation and amortization	(16,132,459)	(14,596,772)
Property and equipment, net	$ 27,806,956	$ 27,788,041

NOTE 7 – GRANTS PAYABLE, NET

Grants payable are expected to be disbursed as follows:

Years Ending December 31,	
2016	$ 137,787,833
2017	30,449,861
2018	52,814,500
2019	8,814,000
2020	3,550,000
Thereafter	550,000
Total	233,966,194
Discount	(2,936,469)
Grants payable, net	$ 231,029,725

NOTE 8 – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets were restricted for the following at December 31:

	2015	2014
Charitable remainder trusts and irrevocable planned gifts	$ 5,195,309	$ 5,456,591
Special projects	12,981,805	4,521,197
Endowment (unappropriated earnings)	46,955,433	45,701,736
Total	$ 65,132,547	$ 55,679,524

NOTE 9 – PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets were restricted for the following at December 31:

	2015	2014
Charitable remainder trusts and irrevocable planned gifts	$ 6,216,806	$ 6,169,332
Endowment	95,391,758	95,241,391
Total	$ 101,608,564	$ 101,410,723

NOTE 10 – ENDOWMENT DISCLOSURES

California enacted the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") effective January 1, 2009. SVCF is required to provide information about net assets which are defined as endowment. Classifications include endowment which is permanently restricted by donors (permanently restricted net assets) and endowment which has been board designated. The changes in endowment net assets for the years ended December 31, 2015 and 2014, were as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, January 1, 2014	$ 83,087,628	$ 45,579,379	$ 89,795,665	$ 218,462,672
Investment return:				
Investment income	5,543,142	-	-	5,543,142
Net appreciation (realized and unrealized)	5,999,133	102,357	-	6,101,490
Total investment return	11,542,275	102,357	-	11,644,632
Contributions	8,608	20,000	3,435,726	3,464,334
Appropriation of endowment assets for expenditure	(13,722,718)	-	-	(13,722,718)
Other changes:				
Transfers to/(from) board-designated endowment funds	1,314,378	-	2,010,000	3,324,378
Other transfers	-	-	-	-
Endowment net assets, December 31, 2014	82,230,171	45,701,736	95,241,391	223,173,298
Investment return:				
Investment income	5,246,057	-	-	5,246,057
Net appreciation (realized and unrealized)	1,564,553	1,259,998	-	2,824,551
Total investment return	6,810,610	1,259,998	-	8,070,608
Contributions	22,826	15,000	156,228	194,054
Appropriation of endowment assets for expenditure	(14,822,558)	-	-	(14,822,558)
Other changes:				
Transfers to/(from) board-designated endowment funds	(589,578)	-	-	(589,578)
Other transfers	21,361	(21,301)	(5,861)	(5,801)
Endowment net assets, December 31, 2015	$ 73,672,832	$ 46,955,433	$ 95,391,758	$ 216,020,023

	December 31, 2015			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor restricted endowments	$ (1,071,080)	$ 46,940,433	$ 95,391,758	$ 141,261,111
Board designated endowments	74,743,912	15,000	-	74,758,912
Total	$ 73,672,832	$ 46,955,433	$ 95,391,758	$ 216,020,023

	December 31, 2014			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor restricted endowments	$ 2,016,054	$ 45,680,435	$ 95,241,391	$ 142,937,880
Board designated endowments	80,214,117	21,301	-	80,235,418
Total	$ 82,230,171	$ 45,701,736	$ 95,241,391	$ 223,173,298

NOTE 11 – RELATED PARTY TRANSACTIONS

In addition to the note receivable from the CEO and President described in Note 5, SVCF had the following related party transactions:

Board members may hold interests or may be employed by corporations or partnerships whose shares or interests are held as investments by SVCF and its supporting organizations and affiliate. A conflict of interest policy has been established, which covers investments and vendor relationships with Board members, volunteers, and staff.

SVCF's volunteer members of the Board are active in oversight of fundraising events, activities and in making private contributions. Contributions received from the Board or from companies with which the Board is affiliated were approximately $916,000 and $1,902,000 for the years ended December 31, 2015 and 2014, respectively.

SVCF's supporting organizations utilize the services of an investment manager whose founder is also the founder of the supporting organization. In-kind investment management service fees of approximately $2,148,000 and $2,111,000 were donated by the investment manager during the years ended December 31, 2015 and 2014, respectively.

NOTE 12 – RETIREMENT PLANS

SVCF has a defined contribution retirement plan under Section 403(b) of the Internal Revenue Code, for which substantially all employees are eligible. Employees may elect to make contributions to the plan under salary deferral provisions and are considered eligible for those voluntary contributions on the first day of employment. SVCF contributes 5% of salary to the plan for all eligible employees, as defined, on a pay period basis beginning with the second year of employment. Contributions to the plan for the years ended December 31, 2015 and 2014, were $ 588,000 and $507,000, respectively.

SVCF also provides a defined contribution plan under Section 457(b) of the Internal Revenue Code for all employees that are members of a select group of management and highly compensated employees. The employees may elect to make contributions to the plan under a salary reduction agreement. Employer contributions are at the discretion of the SVCF. Contributions by SVCF for the years ended December 31, 2015 and 2014, were $ 18,000 and $17,500, respectively.

NOTE 13 – COMMITMENTS

The main office facility in Mountain View is retained under an operating lease with a term of 10 years, expiring in August 2023. SVCF also maintains conference and office space in San Mateo with a lease that has a term of 10 years, expiring in December 2019. In addition, SVCF has a satellite office in San Francisco with a lease term of one year, expiring July 2016 and an office in San Jose with a lease expiring July 2018. Following is a schedule of future minimum rental payments under its noncancelable operating leases.

Years Ending December 31,	
2016	$ 2,503,190
2017	2,671,571
2018	2,930,887
2019	2,995,735
2020	2,645,148
Thereafter	7,186,938
	$ 20,933,469

Rental expense consisted of approximately $2,140,000 and $2,171,000 for the years ended December 31, 2015 and 2014, respectively, for the main office facility. Rental expense for the San Mateo office and conference center was approximately $320,000 and $227,000 for the years ended December 31, 2015 and 2014. Lease expense for the San Jose and San Francisco satellite offices for the years ended December 31, 2015 and 2014, was $22,000 and $20,000, respectively. Sublease income for the years ended December 31, 2015 and 2014, was approximately $0 and $2,200, respectively for SVCF's Mountain View office.

MOSS-ADAMS LLP
Certified Public Accountants | Business Consultants

REPORT OF INDEPENDENT AUDITORS ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

The Audit Committee of
Silicon Valley Community Foundation

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Silicon Valley Community Foundation, which comprise the consolidated statement of financial position as of December 31, 2015, and the related consolidated statements of activities and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated June 2, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered Silicon Valley Community Foundation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of Silicon Valley Community Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of Silicon Valley Community Foundation's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's consolidated financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Silicon Valley Community Foundation's consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of *consolidated* financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Moss Adams LLP

San Francisco, California
June 2, 2016

REPORT OF INDEPENDENT AUDITORS ON COMPLIANCE FOR THE MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE AS REQUIRED BY THE UNIFORM GUIDANCE

The Audit Committee of
Silicon Valley Community Foundation

Report on Compliance for the Major Federal Program

We have audited Silicon Valley Community Foundation's (a California public benefit corporation) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on Silicon Valley Community Foundation's major federal program for the year ended December 31, 2015. Silicon Valley Community Foundation's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal program.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for Silicon Valley Community Foundation's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the major federal program occurred. An audit includes examining, on a test basis, evidence about Silicon Valley Community Foundation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of Silicon Valley Community Foundation's compliance.

Opinion on the Major Federal Program

In our opinion, Silicon Valley Community Foundation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the major federal program for the year ended December 31, 2015.

Report on Internal Control Over Compliance

Management of Silicon Valley Community Foundation is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Silicon Valley Community Foundation's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Silicon Valley Community Foundation's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Moss Adams LLP

San Francisco, California
June 2, 2016

Section I - Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: *Unmodified*

Internal control over financial reporting:

- Material weakness(es) identified? ☐ Yes ☒ No
- Significant deficiency(ies) identified? ☐ Yes ☒ None reported

Noncompliance material to financial statements noted? ☐ Yes ☒ No

Federal Awards

Internal control over major federal program:

- Material weakness(es) identified? ☐ Yes ☒ No
- Significant deficiency(ies) identified? ☐ Yes ☒ None reported

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? ☐ Yes ☒ No

Identification of Major Federal Program and type of auditor's report issued on compliance for major federal program:

CFDA Numbers	*Name of Federal Program or Cluster*	*Type of Auditor's Report Issued*
94.019	Social Innovation Fund	*Unmodified*

Dollar threshold used to distinguish between type A and type B programs: $ 750,000

Auditee qualified as low-risk auditee? ☐ Yes ☒ No

Section II - Financial Statement Findings

None reported

Section III - Federal Award Findings and Questioned Costs

None reported

SUPPLEMENTARY INFORMATION

SILICON VALLEY COMMUNITY FOUNDATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended December 31, 2015

Federal Grantor/Program Title	Grant Number	Federal CFDA Number	Federal Expenditures	"Passed through" to Subrecipients
Corporation For National and Community Service				
Social Innovation Fund	14SIHCA001	94.019	$ 978,076	$ 330,222

NOTE 1 – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal grant activity of Silicon Valley Community Foundation under programs of the federal government for the year ended December 31, 2015. The information in this schedule is presented in accordance with the requirements of the Office of Management and Budget ("OMB") Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of Silicon Valley Community Foundation, it is not intended to and does not present the consolidated financial position, consolidated activities, and changes in net assets or consolidated cash flows of Silicon Valley Community Foundation.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-122, *Cost Principles for Non-profit Organizations*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Silicon Valley Community Foundation elected not to use the 10% de minimis indirect cost rate allowed under the uniform guidance.