The Foundation Center

Financial Statements

December 31, 2016 and 2015

PKF O'CONNOR DAVIES
ACCOUNTANTS AND ADVISORS

Independent Auditors' Report

The Board of Trustees
The Foundation Center

We have audited the accompanying financial statements of the Foundation Center (the "Center"), which comprise the statement of financial position as of December 31, 2016, and the related statements of changes in unrestricted net assets, changes in net assets, 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 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.

Auditors' Responsibility

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

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

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

Opinion

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

Prior Period Financial Statements

The financial statements of the Center for the year December 31, 2015, were audited by other auditors whose report dated August 12, 2016, expressed an unmodified opinion on those statements.

PKF O'Connor Davies, LLP

April 20, 2017

The Foundation Center

Statements of Financial Position

	December 31, 2016	December 31, 2015
ASSETS		
Cash	$ 159,360	$ 148,070
Investments (note 4)	25,130,775	26,947,978
Accounts and grants receivable, net (note 5)	3,608,402	4,372,135
Prepaid expenses and other assets	520,298	456,453
Inventory	63,782	66,864
Property and equipment, net (note 6)	11,515,309	13,168,590
	$ 40,997,926	$ 45,160,090
LIABILITIES AND NET ASSETS		
Accounts payable and accrued expenses	$ 845,233	$ 1,266,006
Deferred revenue	5,896,680	5,519,089
Loan payable (note 9)	1,546,377	2,500,000
Deferred rent (note 10)	4,364,564	4,511,154
Postretirement healthcare benefits (note 8)	1,913,304	2,145,965
Total Liabilities	14,566,158	15,942,214
Net Assets		
Unrestricted (note 11)	18,369,348	20,113,577
Temporarily restricted (note 11)	6,348,420	7,390,299
Permanently restricted (note 12)	1,714,000	1,714,000
Total Net Assets	26,431,768	29,217,876
	$ 40,997,926	$ 45,160,090

See notes to financial statements

The Foundation Center

Statement of Changes in Unrestricted Net Assets
Year Ended December 31, 2016

	Operating Fund	Capital Fund	Long-Term Investment and Special Purpose Fund	Total Unrestricted
REVENUE AND SUPPORT				
Foundation and corporate contributions	$ 2,360,443	$ -	$ -	$ 2,360,443
Product revenues	11,193,704	-	-	11,193,704
Program service and other fees	3,192,282	-	-	3,192,282
Investment return (note 4)	473,964	-	501,815	975,779
Net assets released from restrictions	7,209,311	308,165	-	7,517,476
Total Revenue and Support	24,429,704	308,165	501,815	25,239,684
EXPENSES				
Program Services				
Data collection and publications	8,121,481	884,907	-	9,006,388
Library/learning centers and other public services	5,080,835	408,033	-	5,488,868
Research and other programs	4,609,932	517,641	-	5,127,573
Total Program Services	17,812,248	1,810,581	-	19,622,829
Supporting Services				
General and administrative (note 11)	4,686,620	443,661	1,382,069	6,512,350
Fundraising	934,159	131,265	-	1,065,424
Total Supporting Services	5,620,779	574,926	1,382,069	7,577,774
Total Expenses	23,433,027	2,385,507	1,382,069	27,200,603
Excess/(Deficiency) of Revenue and Support Over Expenses Before Other Items	996,677	(2,077,342)	(880,254)	(1,960,919)
Transfer of acquisition of furniture, equipment, capitalized software and leasehold improvements funded from operations	(424,060)	424,060	-	-
Postretirement changes other than net periodic benefit cost (note 8)	-	-	216,690	216,690
Change in Unrestricted Net Assets	$ 572,617	$ (1,653,282)	$ (663,564)	$ (1,744,229)

See notes to financial statements

The Foundation Center

Statement of Changes in Unrestricted Net Assets
Year Ended December 31, 2015

	Operating Fund	Capital Fund	Long-Term Investment and Special Purpose Fund	Total Unrestricted
REVENUE AND SUPPORT				
Foundation and corporate contributions	$ 2,795,817	$ -	$ -	$ 2,795,817
In-kind contribution	241,264	-	-	241,264
Product revenues	11,486,940	-	-	11,486,940
Program service and other fees	3,125,996	-	-	3,125,996
Investment return (note 4)	469,871	-	(273,206)	196,665
Net assets released from restrictions	6,877,858	5,978,681	-	12,856,539
Total Revenue and Support	24,997,746	5,978,681	(273,206)	30,703,221
EXPENSES				
Program Service				
Data collection and publications	8,644,164	486,500	-	9,130,664
Library/learning centers and other public services	5,694,413	217,843	-	5,912,256
Research and other programs	4,990,363	242,632	-	5,232,995
Total Program Services	19,328,940	946,975	-	20,275,915
Supporting Services				
General and administrative (note 11)	5,942,516	382,531	117,931	6,442,978
Fundraising	866,221	53,090	-	919,311
Total Supporting Services	6,808,737	435,621	117,931	7,362,289
Total Expenses	26,137,677	1,382,596	117,931	27,638,204
Excess/(Deficiency) of Revenue and Support Over Expenses Before Other Items	(1,139,931)	4,596,085	(391,137)	3,065,017
Transfer of acquisition of furniture, equipment, capitalized software and leasehold improvements funded from operations	(4,841,589)	4,841,589	-	-
Postretirement changes other than net periodic benefit cost (note 8)	-	-	(46,220)	(46,220)
Change in Unrestricted Net Assets	$ (5,981,520)	$ 9,437,674	$ (437,357)	$ 3,018,797

See notes to financial statements

The Foundation Center

Statements of Changes in Net Assets

	December 31, 2016	December 31, 2015
Change in unrestricted net assets	$ (1,744,229)	$ 3,018,797
Changes in temporarily restricted net assets		
Foundation and corporate contributions	6,327,153	7,022,099
Investment return (note 4)	26,036	30,129
Net appreciation (depreciation) on donor-restricted endowment (note 12)	122,408	(156,022)
Net assets released from restrictions:		
For operating activities	(7,209,311)	(6,877,858)
For capital purposes	(308,165)	(5,978,681)
Change in Temporarily Restricted Net Assets	(1,041,879)	(5,960,333)
Change in Net Assets	(2,786,108)	(2,941,536)
NET ASSETS		
Beginning of year	29,217,876	32,159,412
Ending of year	$ 26,431,768	$ 29,217,876

See notes to financial statements

The Foundation Center

Statements of Cash Flows

	December 31, 2016	December 31, 2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ (2,786,108)	$ (2,941,536)
Adjustments to reconcile change in net assets to net cash from operating activities		
Postretirement changes other than net periodic benefit cost	(216,690)	46,220
Depreciation and amortization	2,384,901	1,278,924
Loss on disposal of property and equipment	606	103,672
Contribution revenue for capital purchases	-	(3,318,500)
Realized and unrealized change in investments	(739,234)	432,290
Changes in operating assets and liabilities		
Accounts and grants receivable	763,733	462,283
Prepaid expenses and other assets	(63,845)	100,118
Inventory	3,082	20,815
Accounts payable and accrued expenses	(420,773)	10,990
Deferred revenue	377,591	88,972
Deferred rent	(146,590)	4,511,154
Accumulated postretirement benefit obligation	(15,971)	(32,489)
Net Cash from Operating Activities	(859,298)	762,913
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(5,033,236)	(12,582,129)
Proceeds from sale of investments	7,589,672	14,070,578
Acquisition of property and equipment	(732,225)	(11,020,270)
Decrease in accounts payable for property and equipment	-	(148,739)
Net Cash from Investing Activities	1,824,211	(9,680,560)
CASH FLOWS FROM FINANCING ACTIVITIES		
Contributions received for capital purchases	-	6,418,500
Proceeds from loan	-	2,500,000
Payment on loan payable	(953,623)	-
Net Cash from Financing Activities	(953,623)	8,918,500
Net Change in Cash	11,290	853
CASH		
Beginning of year	148,070	147,217
End of year	$ 159,360	$ 148,070
SUPPLEMENTAL CASH FLOW INFORMATION		
Cash paid during the year for interest	$ 33,819	$ -

See notes to financial statements

1. Organization and Tax Status

The Foundation Center (the “Center”) is a not-for-profit organization exempt from United States federal income taxes under Section 501(c)(3) of the Internal Revenue Code and has been designated as an organization that is not a private foundation. The Center’s mission is to strengthen the social sector by advancing knowledge about philanthropy in the U.S. and around the world. The Center accomplishes its mission by: operating library/learning centers in five locations that offer free access to information resources and educational programs; maintaining unique databases of information on foundations, corporate donors, and grantmaking public charities; providing a content-rich website with a variety of free search tools, tutorials, downloadable reports, and other information updated daily; conducting research and publishing reports on the growth of the foundation field and on trends in foundation support of the nonprofit sector; educating thousands of people each year through a full curriculum of training courses; and coordinating a network of funding information centers nationwide and around the world that offer free local access to Center resources and training. Its audience includes grantseekers, grantmakers, researchers, policymakers, the media, and the general public.

2. Summary of Significant Accounting Policies

Basis of Presentation Use of Estimates

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”) which requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly actual results could differ from those estimates.

Net Asset Presentation

Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Center and changes therein are classified as temporarily restricted or unrestricted. Unrestricted amounts are those currently available for use in the Center’s operations. Temporarily restricted amounts are those which are stipulated by donors for specific operating purposes. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions. All contributions are considered available for unrestricted use, unless specifically restricted by the donor or subject to other legal restrictions.

2. Summary of Significant Accounting Policies *(continued)*

Net Asset Presentation (continued)

The unrestricted activity of the Center is classified into the following funds:

Operating Fund

The operating fund represents unrestricted funds available and net assets released from restrictions for the Center's operations.

Capital Fund

The capital fund represents the activities related to the Center's acquisition and depreciation of its property, plant and equipment.

Long-term Investment and Special Purpose Fund

The long-term investment and special purpose fund represents activity related to the Center's Board-designated fund and other non-operating activity.

Cash and Cash Equivalents

Cash and cash equivalents include certain investments in highly liquid debt instruments with maturities of three months or less at the time of purchase. Money market funds which are held as part of the investment portfolio are classified as investments and not as cash and cash equivalents.

Fair Value Measurements

The Center follows U.S. GAAP guidance on Fair Value Measurements which defines fair value and establishes a fair value hierarchy organized into three levels based upon the input assumptions used in pricing assets. Level 1 inputs have the highest reliability and are related to assets with unadjusted quoted prices in active markets. Level 2 inputs relate to assets with other than quoted prices in active markets which may include quoted prices for similar assets or liabilities or other inputs which can be corroborated by observable market data. Level 3 inputs are unobservable inputs and are used to the extent that observable inputs do not exist.

During 2015, the Center adopted new U.S. GAAP guidance which removed the requirements to categorize within the fair value hierarchy alternative investments where fair value is measured using the Net Asset Value ("NAV") per share as a practical expedient. Adoption of this guidance was applied retrospectively and had no effect on the carrying value of such investments.

2. Summary of Significant Accounting Policies *(continued)*

Investments Valuation and Income Recognition

Investments are stated at fair value. Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis and dividends are recorded on the ex-dividend date. Realized gains and losses on the sale of investments are computed on the average cost basis. Realized and unrealized gains and losses are included in the determination of the change in net assets.

Accounts Receivable

Accounts receivable represent subscription and other charges earned but not yet collected. Accounts receivables are presented net of allowances for doubtful accounts. Interest is not accrued or recorded on outstanding receivables.

Contributions and Grants Receivable

Unconditional contributions, including promises to give cash and other assets, are reported at fair value at the date the contribution is received. Gifts are reported as temporarily or permanently restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction is satisfied, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Conditional promises to give are not included as support until the conditions are subsequently met.

Allowance for Accounts Doubtful for Collection

The Center determines whether an allowance for uncollectible balances should be provided for contributions and accounts receivable. Such estimates are based on management's assessment of the aged basis of its receivables, current economic conditions, subsequent receipts and historical information. Contributions and accounts receivable are written off when all reasonable collection efforts have been exhausted. The allowance for doubtful accounts was $50,000 at December 31, 2016 and 2015.

Inventory

Inventory is valued at the lower of direct production cost or market using the first-in, first-out method. The inventory consists of publications which were created by the Center.

2. Summary of Significant Accounting Policies *(continued)*

Property and Equipment

The Center follows the practice of capitalizing all expenditures for property and equipment with a useful life greater than one year. Assets are recorded at cost or in the case of gift, at the fair value at the date of the gift. Depreciation is computed using the straight-line method over the estimated useful lives of the assets as follows:

Furniture and equipment	10 years
Computer hardware	5 years
Capitalized software	3 – 10 years

Leasehold improvements are amortized over the shorter of the remaining term of the leases or useful lives. Property and equipment are reviewed for impairment if the use of the asset significantly changes or another indicator of possible impairment is identified. If the carrying amount for the asset is not recoverable, the asset is written down to the fair value. Management believes there were no asset impairments for the years ended December 31, 2016 and 2015.

Revenue Recognition

Subscription fees are recognized on a straight line basis as revenue during the applicable subscription period. Subscription fees paid in advance are classified to their related product deferred revenue account. Revenues derived from knowledge services are recognized when the related service or sale takes place.

Leases

Leases are classified as operating or capital leases in accordance with the terms of the underlying agreements. Capital leases are recorded at the lower of the fair value of the assets or the present value of the minimum lease payments and are amortized over the lease term or estimated useful life of the assets, whichever is shorter, unless the lease provides for transfer of title or includes a bargain purchase option, in which case the lease is amortized over the estimated useful life of the asset. Operating lease payments are charged to rental expenses.

Advertising

Advertising costs are expensed as incurred and totaled $72,643 and $18,781 in fiscal years 2016 and 2015.

Allocations

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

2. Summary of Significant Accounting Policies *(continued)*

Measure of Operations

The Center has elected to present their activities as either operating or non-operating in its statements of activities. According, net assets released from restrictions for capital purposes, depreciation and amortization expenses, and the transfer from the operating fund to the capital fund for the acquisition of furniture, equipment, leasehold improvements and capitalized software are treated as non-operating and reported as capital fund activities. In addition, investment returns not allocated for operations, board approved distributions from the long-term investment, and postretirement changes other than net periodic benefit cost are treated as non-operating and reported as long-term investment and special purpose fund activities.

Reclassifications

Certain reclassifications have been made to the prior year financial statements to conform to the current year's presentation. Net assets and change in net assets are unchanged due to these reclassifications.

Accounting for Uncertainty in Income Taxes

The Center recognizes the effect of income tax positions only if those positions are more likely than not to be sustained. Management has determined that the Center had no uncertain tax positions that would require financial statement recognition or disclosure. The Center is no longer subject to examination by the applicable jurisdictions for periods prior to December 31, 2013.

Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is April 20, 2017.

3. Concentration of Credit Risk

The Center maintains cash in bank accounts which at times may exceed federally insured limits. This potentially subjects the Center to a concentration of credit risk. The Center has not experienced any losses in such accounts. Concentrations of credit risk with respect to receivables are generally diversified. The Center invests its assets in a variety of public and private securities such as common stocks, fixed income securities, and hedge funds. The investible assets are broadly diversified both globally and within underlying sectors and strategies. The Center routinely assesses the diversification and financial strength of its cash and investment portfolio with the assistance of an independent investment consultant.

4. Investments

Investments at December 31 are as follows:

	2016		
	Level 1	Investments Valued Using NAV*	Total
Cash equivalents	$ 10,795,902	$ -	$ 10,795,902
Multi-strategy equity fund	-	10,435,639	10,435,639
Multi-strategy bond fund	-	3,899,234	3,899,234
	$ 10,795,902	$ 14,334,873	$ 25,130,775

	2015		
	Level 1	Investments Valued Using NAV*	Total
Cash equivalents	$ 11,790,891	$ -	$ 11,790,891
Multi-strategy equity fund	-	10,938,171	10,938,171
Multi-strategy bond fund	-	4,218,916	4,218,916
	$ 11,790,891	$ 15,157,087	$ 26,947,978

(*) As discussed in Note 2, investments that are measured using the practical expedient are not classified within the fair value hierarchy.

The board has approved an annual spending rate of up to 4.5% of the average market value of the investments managed by the investment manager at the end of the three preceding years. The actual spending rate for the years ended December 31, 2016 and 2015 was 3.27% and 3.48%.

4. Investments *(continued)*

The composition of investment return as reported in the statements of activities for the fiscal years ended December 31, was as follows:

	2016	2015
Interest and dividends	$ 384,989	$ 503,062
Unrealized and realized gains (loss)	739,234	(432,290)
Total return on investments	1,124,223	70,772
Investment return appropriated under spending policy including temporarily restricted amount of $26,036 and $30,129 in 2016 and 2015, respectively	500,000	500,000
Net appreciation (depreciation) on donor-restricted endowment	122,408	(156,022)
Investment return reported as nonoperating	$ 501,815	$ (273,206)

Information regarding alternative investments valued at NAV using the practical expedient at December 31, 2016 is as follows:

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Equity Funds				
Multi-strategy equity fund - see "a" below	$10,435,639	$ -	N/A	6 business days
Bond Funds				
Multi-strategy bond fund - see "b" below	3,899,234	-	N/A	6 business days
	$14,334,873	$ -		

a. The multi-strategy equity fund invests directly or indirectly in a portfolio of common stocks and securities convertible into common stocks of U.S. companies. Additionally, the multi-strategy equity fund seeks to diversify its portfolio by allocating assets to common stocks and other equity securities of foreign companies in both developed and emerging markets.

b. The multi-strategy bond fund invests directly or indirectly in dollar-denominated investment grade bonds and other fixed income securities in an attempt to outperform the broad U.S. bond market. The multi-strategy bond fund seeks to diversify its portfolio by allocating assets to other fixed income securities and strategies, including but not limited to global bonds, inflation indexed bonds, high yield bonds, emerging markets debt and opportunistic fixed income strategies.

The underlying securities in the funds are primarily marketable. The funds are not subject to any redemption or lockup restrictions. These two funds can be redeemed monthly with six business days’ notice. There are no commitments.

5. Accounts and Grants Receivables

Accounts and grants receivables consist of the following at December 31:

	2016	2015
Grants receivable, due to be collected as follows:		
Due within one year	$ 2,694,950	$ 2,313,084
Due within two to five years	179,886	1,178,723
Other receivables	783,566	930,328
Allowance for doubtful accounts	(50,000)	(50,000)
	$ 3,608,402	$ 4,372,135

6. Property and Equipment

Property and equipment at December 31 consist of the following:

	2016	2015
Computer hardware	$ 4,736,221	$ 4,676,465
Furniture and equipment	3,663,470	3,621,008
Leasehold improvements	5,884,483	5,859,756
Capitalized software	8,271,146	7,697,218
	22,555,320	21,854,447
Less accumulated depreciation and amortization	(11,040,011)	(8,685,857)
	$11,515,309	$13,168,590

7. Retirement Benefits

The Center has a noncontributory, defined contribution group annuity pension plan, which provides for the option of voluntary employee contributions and covers all employees who meet minimum age and service requirements. Pension costs are funded when accrued, and benefits vest on contribution to the plan. Total cost of the plan for the years ended December 31, 2016 and 2015 amounted to approximately $1,073,000 and $1,160,000.

The Center has adopted a retirement plan under the Internal Revenue Code Sections 457(b) and 457(f) for its senior executives which allows the employees to make contributions to such plans. The Center does not accrue a liability for the vested amounts due under the 457(b) and 457(f) plans.

8. Postretirement Healthcare Benefits

The Center sponsors an unfunded postretirement healthcare plan that covers former employees who met certain eligibility requirements. The Center chose to enroll eligible retirees into a Medicare Advantage Plan. The Center's postretirement healthcare benefits program has been terminated with respect to individuals whose Center employment terminated on or after November 1, 2009, except for individuals who elected to participate in, and retire under, the Center's Voluntary Early Retirement Program (VERP), and who satisfy the VERP's requirements for retiree health benefits. These individuals remain eligible for health benefits after retirement from the Center, in accordance with and subject to the Center's retiree health program terms, even if their employment terminated after October 31, 2009.

The Center records annual amounts relating to the plan based on calculations that incorporate various actuarial and other assumptions including discount rates, mortality, assumed rates of return, and healthcare cost trend rates. The Center reviews its assumptions on an annual basis and makes modifications to the assumptions based on current rates and trends when it is appropriate to do so. The effect of modifications to these assumptions is recorded as a charge to unrestricted net assets and amortized to net periodic cost over future periods using the corridor method. The Center believes that the assumptions utilized in recording its obligation under its plan are reasonable based on its experience and market conditions.

The Center recognizes the funded status of its defined benefit postretirement plan on a net basis as an asset or liability and recognizes changes in that funded status in the year in which the changes occur through a charge to unrestricted net assets to the extent those changes are not included in net periodic benefit cost. The funded status is reported on the statements of financial position as the difference between the fair value of plan assets and the benefit obligation.

8. Postretirement Healthcare Benefits *(continued)*

Information with respect to this plan as of and for the years ended December 31 is as follows:

	2016	2015
Change in benefit obligation		
Benefit obligation at beginning of year	$ 2,145,965	$ 2,132,234
Interest cost	75,421	81,144
Actuarial (gain) loss	(206,456)	68,192
Benefits paid	(101,626)	(135,605)
Benefit Obligation at End of Year	1,913,304	2,145,965
Change in plan assets		
Employer contributions	101,626	135,605
Benefits paid	(101,626)	(135,605)
Fair value of plan assets at end of year	-	-
Funded Status at End of Year	$ 1,913,304	$ 2,145,965

Other changes in plan assets and benefit obligation recognized in changes in unrestricted net assets are as follows:

	2016	2015
Net periodic cost		
Interest cost	$ 75,421	$ 81,144
Amortization of net (gain)/ loss	10,234	21,972
	85,655	103,116
Net actuarial (gain) loss	$ (206,456)	68,192
Amortization of actuarial gain/(loss)	(10,234)	(21,972)
	(216,690)	46,220
Total Recognized in Net Periodic Postretirement Benefit Cost and Unrestricted Net Assets	$ (131,035)	$ 149,336

The estimated service cost, interest cost, expected return on assets, and prior service and experience loss that will be amortized from unrestricted net assets into net periodic benefit cost over the next fiscal year are as follows:

Unrecognized net actuarial loss	$ 443,676
Amortization of net loss	12,829
	$ 456,505

8. Postretirement Healthcare Benefits *(continued)*

	2016	2015
Weighted average assumptions as of the measurement date		
Discount rate - benefit obligation	3.91%	4.11%
Discount rate - net periodic benefit cost	4.11%	3.75%
Assumed healthcare cost trend rates		
Healthcare cost trend rate assumed for next year	7.00%	8.00%
Rate to which the cost trend rate is assumed to decline (the ultimate trend rate)	5.00%	5.00%
Year that the rate reaches the ultimate trend	2019	2019

Assumed healthcare cost trend rates have a significant effect on the amounts reported for the healthcare plan. A one-percentage-point change in assumed healthcare cost trend rates would have the following effects:

	2016	
	1% point increase	1% point decrease
Effect in total of service and interest cost components	$ 10,332	$ (8,662)
Effect on accumulated postretirement benefit obligation	271,781	(227,515)

Projected payments to retired participants over the next 10 years, which reflect expected future service, are as follows:

2017	$ 95,437
2018	97,096
2019	91,611
2020	92,769
2021	95,271
2022-2026	513,590
	$ 985,774

9. Loan Payable

In June 2015, the Center obtained a loan in the form of a program related investment (Loan) from The David and Lucile Packard Foundation in the amount of $2,500,000. The purpose of the Loan is to fund costs related to the Center's relocation, redesign and build-out of its New York City headquarters. The loan has an interest rate of 1% per annum and matures on May 15, 2020. The principal payment amounts along with all interest accrued on the loan are due as follows for year ending December 31:

2017	$ 155,554
2018	555,554
2019	555,554
2020	279,715
	$ 1,546,377

10. Lease Commitments

The Center occupies office facilities in New York City, Washington, D.C., Cleveland, San Francisco, and Atlanta under various lease agreements that expire at various dates through 2030. The Center subleases part of its Washington, D.C. and Atlanta facilities.

Future minimum annual rental payments under the lease agreements and sublease income at December 31, 2016 are payable/receivable as follows:

	Rental Payments	Sublease Income
2017	$ 2,166,262	$ 24,500
2018	2,184,909	12,000
2019	2,159,315	11,000
2020	1,789,459	-
2021	1,930,843	-
Thereafter	17,127,508	-
	$ 27,358,296	$ 47,500

10. Lease Commitments *(continued)*

In connection with the existing New York City lease, the Center maintained a letter of credit in the amount of $542,122, as of December 31, 2016 and 2015. In 2015, the Center also had a lease at another New York City location which ended on July 31, 2015 for which it maintained a letter of credit in the amount of $300,000 as of December 31, 2015 and until the letter of credit expired on April 1, 2016. There were no amounts outstanding under these letters of credit during the years or at December 31, 2016 and 2015. Rent expense was approximately $2,112,000 and $3,591,000 in 2016 and 2015.

Certain leases include scheduled rent increases that have been recognized on a straight-line basis over the term of the lease. The accumulated difference between rent expense and cash payments is included as deferred rent in the accompanying 2016 balance sheet. The Center received an incentive payment of $2,807,418 for leasehold improvements as part of its New York City lease which it is recognizing as a reduction of rental expense over the term of the lease. The unamortized balance of the incentive payment is also included as deferred rent in the accompanying 2016 balance sheet.

11. Net Assets

Board-Designated Amounts for Long-Term Investments

The board-designated amount for long-term investment was established by the board of trustees as a means to enhance the sustainability of the Center. It is an unrestricted fund with net assets of $11,629,417 and $12,792,097 at December 31, 2016 and 2015. In 2015, the board authorized the use of $1.5 million from long-term investment for restructuring costs including a reduction in force. The restructuring costs included severance payments, employee benefit costs, outplacement services and legal fees.

As of December 31, 2015, $117,931 of the $1.5 million from long-term investment was used for restructuring costs as designated by the board. As of December 31, 2016, the remaining $1,382,069 of the $1.5 million from long-term investment was used for restructuring costs as designated by the board.

11. Net Assets *(continued)*

Temporarily Restricted Net Assets

Temporarily restricted net assets were available for the following purposes or for future periods at December 31:

	2016	2015
Data collection and publications	$ 20,414	$ 135,481
Library/learning centers and other public services	1,094,125	372,175
Research and other programs	1,915,943	1,361,633
FC 2020 Investment Plan	500,000	2,300,000
Future periods	1,068,000	1,575,800
Public education	936,567	890,928
General purpose endowment	813,371	754,282
	$ 6,348,420	$ 7,390,299

During fiscal 2016 and 2015, net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by the occurrence of other events specified by the donors as follows:

	2016	2015
Operating activities		
Data collection and publications	$ 56,051	$ 288,588
Library/learning centers and other public services	1,211,256	1,240,683
Research and other programs	2,097,984	2,078,705
FC 2020 Investment Plan	2,400,000	2,169,886
Future periods	1,424,302	1,077,133
Public education	19,718	22,863
	7,209,311	6,877,858
Non-Operating		
Capital purpose	308,165	5,978,681
	$ 7,517,476	$ 12,856,539

12. Endowment

General

The Center has three permanently restricted endowments: general endowment, library acquisition endowment, and public education endowment.

The general purposes endowment was established in 1996. The income from this endowment is unrestricted and used for general purposes in accordance with the Center's spending policy. Income earned beyond the spending policy limit is classified as temporarily restricted. This fund's permanently restricted net assets totaled $1,000,000 at December 31, 2016 and 2015.

The library acquisitions endowment fund was created to provide support for acquisitions for the Center's New York library. Income from the library acquisitions endowment is temporarily restricted. This fund's permanently restricted net assets totaled $250,000 at December 31, 2016 and 2015.

The public education fund was created to provide support for the Center's public education programs. Income from the public education endowment is temporarily restricted. This fund's permanently restricted net assets totaled $464,000 at December 31, 2016 and 2015.

Interpretation of Relevant Law

The Board of Trustees of the Center has interpreted NYPMIFA as requiring the preservation of the 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, Center classified as permanently restricted net assets (a) the original value of the gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations of investment returns 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 as permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by Center in a manner consistent with the standard of prudence prescribed by NYPMIFA.

Return Objectives, Strategies Employed and Spending Policy

The objective of the Center's endowment is to maintain the principal endowment funds at the original amount designated by the donor. The investment policy to achieve this objective is to invest in a balanced portfolio. Interest earned in relation to the endowment funds is reported as temporarily restricted income. Temporarily restricted funds are reduced by the spending allocation reported as transferred to the current operating budget.

12. Endowment *(continued)*

The primary objective of the Center's investment policy is to produce optimal long-range total return on its funds without assuming inappropriate risk and commensurate with applicable legal requirements and sound investment principles.

The absolute performance objective of the Center's investment portfolio is an average total annual real return (net of inflation) of 4.5%. The intent of this objective is to preserve over time the principal value of assets as measured in real, inflation-adjusted terms.

The Center's investments consist of expendable and endowed funds. The spending policy for the Center's portfolio established by the Board of Trustees permits 4.5% of the average market value of the portfolio over the prior three years to be withdrawn from the accounts, with the understanding that this spending rate plus inflation will not normally exceed total return from investment.

The composition of the Center's board-designated and donor-restricted endowment by net asset class and reconciliation of the beginning and ending balances at December 31 are as follows:

	2016			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Balance at December 31, 2015	$12,792,097	$ 1,917,019	$ 1,714,000	$16,423,116
Interest and dividends	194,458	26,036	-	220,494
Net appreciation in fair value of investments	616,826	122,408	-	739,234
Distributions	(473,964)	(26,036)	-	(500,000)
Board approved distribution	(1,500,000)	-	-	(1,500,000)
Balance at December 31, 2016	$11,629,417	$ 2,039,427	$ 1,714,000	$15,382,844

	2015			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Balance at December 31, 2014	$13,313,711	$ 2,073,041	$ 1,714,000	$17,100,752
Interest and dividends	224,525	30,129	-	254,654
Net depreciation in fair value of investments	(276,268)	(156,022)	-	(432,290)
Distributions	(469,871)	(30,129)	-	(500,000)
Balance at December 31, 2015	$12,792,097	$ 1,917,019	$ 1,714,000	$16,423,116

12. Endowment *(continued)*

Funds with Deficiencies

Due to unfavorable market fluctuations, from time to time the fair value of assets associated with individual donor-restricted endowment funds may decline below historic dollar value of the donor's original permanently restricted contribution. The Center is not aware of any funds with deficiencies as of December 31, 2016 and 2015.

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