OMAHA COMMUNITY FOUNDATION

Combined Financial Statements

December 31, 2013 and 2012

(With Independent Auditors' Report Thereon)

KPMG LLP
Suite 300
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233 South 13th Street
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Independent Auditors' Report

The Board of Directors
Omaha Community Foundation:

We have audited the accompanying combined financial statements of the Omaha Community Foundation and its supporting foundations (collectively, the Foundation), which comprise the combined statements of financial position as of December 31, 2013 and 2012, and the related combined statements of activities and cash flows for the years then ended, and the related notes to the combined financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these combined financial statements based on our audits. We did not audit the 2013 financial statements of Dixon Family Foundation, a supporting foundation, which financial statements constitute 3% and 1% of combined assets and combined revenues and gains, respectively. We also did not audit the 2013 or 2012 financial statements of Partnership 4 Kids, Inc. and All Our Kids, Inc. Foundation, a supporting foundation, which financial statements constitute 1% of combined assets and 1% and 2% of combined revenues and gains in 2013 and 2012, respectively. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for Dixon Family Foundation for 2013 and Partnership 4 Kids, Inc. and All Our Kids, Inc. Foundation for 2013 and 2012 is based solely on the reports of the other auditors. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free of material misstatement.

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

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

Opinion

In our opinion, based on our audits and the reports of the other auditors, the combined financial statements referred to above present fairly, in all material respects, the combined financial position of the Omaha Community Foundation and its supporting foundations as of December 31, 2013 and 2012, and the changes in their net assets and their cash flows for the years then ended, in accordance with U.S. generally accepted accounting principles.

KPMG LLP

Omaha, Nebraska
June 11, 2014

OMAHA COMMUNITY FOUNDATION

Combined Statements of Financial Position

December 31, 2013 and 2012

Assets		**2013**	**2012**
Cash and cash equivalents	$	99,637,267	40,764,368
Accrued interest receivable		2,730,799	3,062,436
Pledges receivable		870,529	1,280,000
Beneficial interest in charitable lead annuity trust		139,580,956	—
Other receivables and accounts receivable		2,207,852	1,468,570
Other assets		668,531	291,425
Notes receivable		697,071	11,735,531
Investments, at fair value		687,473,465	593,788,309
Investment in real estate		2,101,104	2,599,104
Fixed assets:			
Building and improvements, land, furniture, and fixtures		2,874,249	2,834,565
Less accumulated depreciation		(1,303,314)	(1,206,219)
Fixed assets, net		1,570,935	1,628,346
Total assets	$	937,538,509	656,618,089
Liabilities and Net Assets			
Liabilities:			
Grants payable	$	81,319,403	55,084,307
Accounts payable and accrued liabilities		2,382,903	1,533,448
Annuities payable		2,024,230	1,526,395
Funds held for others		40,703,508	28,560,070
Total liabilities		126,430,044	86,704,220
Net assets:			
Unrestricted		605,663,284	511,781,637
Temporarily restricted		188,391,840	41,178,891
Permanently restricted		17,053,341	16,953,341
Total net assets		811,108,465	569,913,869
Total liabilities and net assets	$	937,538,509	656,618,089

See accompanying notes to combined financial statements.

OMAHA COMMUNITY FOUNDATION

Combined Statement of Activities

Year ended December 31, 2013

	Unrestricted	Temporarily restricted	Permanently restricted	Total
Revenues and gains:				
Contributions	$ 100,604,757	145,501,843	100,000	246,206,600
Interest and dividends	15,647,026	1,401,200	—	17,048,226
Other income	4,664,913	15	—	4,664,928
Rental income	9,369,039	—	—	9,369,039
Net unrealized and realized gains on investments	67,396,533	6,900,328	—	74,296,861
Net assets released from restrictions	6,590,437	(6,590,437)		—
Total revenues and gains	204,272,705	147,212,949	100,000	351,585,654
Grants, expenses, and losses:				
Grants	93,239,633	—	—	93,239,633
Administrative expenses	5,672,183	—	—	5,672,183
Life insurance expense	430,241	—	—	430,241
Annuity interest expense	808,644	—	—	808,644
Property operating costs	8,694,925	—	—	8,694,925
Depreciation	123,568	—	—	123,568
Other expenses	1,421,864	—	—	1,421,864
Total grants, expenses, and losses	110,391,058	—	—	110,391,058
Increase in net assets	93,881,647	147,212,949	100,000	241,194,596
Net assets at beginning of year	511,781,637	41,178,891	16,953,341	569,913,869
Net assets at end of year	$ 605,663,284	188,391,840	17,053,341	811,108,465

See accompanying notes to combined financial statements.

OMAHA COMMUNITY FOUNDATION

Combined Statement of Activities

Year ended December 31, 2012

	Unrestricted	Temporarily restricted	Permanently restricted	Total
Revenues and gains:				
Contributions	$ 61,441,473	2,277,389	1,023,224	64,742,086
Interest and dividends	16,610,456	1,366,110	—	17,976,566
Other income	3,083,856	(46,315)	—	3,037,541
Rental income	7,889,758	—	—	7,889,758
Net unrealized and realized gains on investments	43,150,687	4,501,881	—	47,652,568
Net assets released from restrictions	4,326,819	(4,326,819)	—	—
Total revenues and gains	136,503,049	3,772,246	1,023,224	141,298,519
Grants, expenses, and losses:				
Grants	76,646,496	—	—	76,646,496
Administrative expenses	5,575,703	—	—	5,575,703
Life insurance expense	282,273	—	—	282,273
Annuity interest expense	113,944	—	—	113,944
Property operating costs	7,420,069	—	—	7,420,069
Depreciation	86,503	—	—	86,503
Other expenses	398,520	—	—	398,520
Total grants, expenses, and losses	90,523,508	—	—	90,523,508
Increase in net assets	45,979,541	3,772,246	1,023,224	50,775,011
Net assets at beginning of year	465,802,096	37,406,645	15,930,117	519,138,858
Net assets at end of year	$ 511,781,637	41,178,891	16,953,341	569,913,869

See accompanying notes to combined financial statements.

OMAHA COMMUNITY FOUNDATION

Combined Statements of Cash Flows

Years ended December 31, 2013 and 2012

	2013	2012
Cash flows from operating activities:		
Increase in net assets	$ 241,194,596	50,775,011
Adjustments to reconcile increase in net assets to net cash used in operating activities:		
Depreciation	123,568	86,503
Net unrealized and realized gains on investments	(74,296,861)	(47,652,568)
Contributions restricted for long-term investment	(5,455,873)	(3,300,613)
Stock contribution	(80,379,620)	(81,311,714)
Beneficial interest in charitable lead annuity trust	(140,145,970)	—
Payment received on beneficial interest in charitable lead annuity trust	565,014	—
Loss on disposal of fixed assets	(4,520)	—
Property donated as grant	6,885,638	28,637,934
Changes in assets/liabilities:		
Accrued interest receivable	331,637	(168,912)
Pledges receivable	409,471	(235,000)
Other receivables and accounts receivable	(739,282)	(1,285,054)
Other assets	(377,106)	8,049
Grants payable	26,235,096	692,690
Accounts payable and accrued liabilities	849,455	(4,672,648)
Accrued grants for construction	—	(148,590)
Annuities payable	497,835	(217,618)
Beneficiaries payable	—	(3,748,398)
Funds held for others	12,143,438	7,156,228
Net cash used in operating activities	(12,163,484)	(55,384,700)
Cash flows from investing activities:		
Capital expenditures	(6,947,275)	(18,204,075)
Purchases of property	—	(104,321)
Purchases of investments	(107,472,277)	(110,332,784)
Sales of investments	168,961,602	159,302,819
Repayments of notes receivable	11,038,460	10,022,565
Net cash provided by investing activities	65,580,510	40,684,204
Cash flows from financing activity:		
Proceeds from contributions restricted for long-term investment	5,455,873	3,300,613
Net increase (decrease) in cash and cash equivalents	58,872,899	(11,399,883)
Cash and cash equivalents at beginning of year	40,764,368	52,164,251
Cash and cash equivalents at end of year	$ 99,637,267	40,764,368
Supplemental disclosures of noncash investing and financing activities:		
Stock contribution	$ 80,379,620	81,311,714
Property donated as grant	6,885,638	28,637,934
Distribution of stock from charitable lead trust	—	4,357,072

See accompanying notes to combined financial statements.

(1) Organization

The Omaha Community Foundation (the Foundation) was incorporated on March 22, 1982 under the laws of the State of Nebraska as a nonprofit corporation. The mission of the Foundation is to enhance the quality of life of the citizens of the greater Omaha community by identifying and addressing current and anticipated community needs and raising, managing, and distributing funds for charitable purposes in the areas of civic, cultural, health, education, and social services. Revenues and gains are primarily derived from donations and investment income.

The combined financial statements include the accounts of the Foundation and its affiliated supporting foundations. The supporting foundations are tax-exempt organizations whose sole purpose is to further the mission of the Foundation. All significant intercompany transactions have been eliminated. The supporting foundations and the dates established are as follows:

Supporting foundation	Date established
Suzanne and Walter Scott Foundation	August 27, 1990
Partnership 4 Kids, Inc. and All Our Kids, Inc. Foundation (The Partnership For Our Kids)	December 28, 1992
Mammel Family Foundation	December 31, 1994
Dixon Family Foundation	December 31, 1995
The David Scott Foundation	December 31, 1995
Amy L. Scott Family Foundation	December 31, 1995
Parker Family Foundation	December 31, 1995
Southwest Iowa Foundation	June 18, 1996
Amis Foundation	July 25, 1996
The McGowan Family Foundation	August 22, 1996
The Enrichment Foundation	October 25, 1996
The Nelson Family Foundation	December 16, 1997
William & Ruth Scott Family Foundation	November 17, 1998
The Faith Charitable Trust	December 22, 1999
Maginn Family Foundation	December 15, 2000
Carmen and John Gottschalk Foundation	June 24, 2004
William and Barbara Fitzgerald Family Foundation	October 20, 2005
Building Healthy Futures	April 6, 2012

The accompanying combined financial statements have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles.

(2) Summary of Significant Accounting Policies

(a) Cash and Cash Equivalents

Cash and cash equivalents include certain investments in highly liquid instruments with original maturity of three months or less when purchased, excluding those amounts held as part of the investment portfolio.

(b) Use of Estimates

The preparation of combined financial statements in conformity with U.S. generally accepted accounting principles 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 combined financial statements, and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

(c) Investments

Investments, including equity and debt securities, are reported at fair value. Investments in securities traded on a national securities exchange are valued at the latest quoted market prices. Investments in certain closely held stock and real estate are estimated based on independent appraisals and information provided by the respective companies. Certain investments in funds that do not have readily determinable fair values including partnerships, certain closely held stock, and certain mutual funds are estimated using net asset value per share or its equivalent as a practical expedient to fair value.

Realized gains and losses on sales of investments are recognized in the combined statements of activities as specific investments are sold. Interest income is recognized as earned. Dividend income is recognized on the ex-dividend date. All realized and unrealized gains and losses and income arising from investments are recognized in the combined statements of activities as increases or decreases to unrestricted net assets unless their use is restricted by donor stipulation or law.

(d) Fixed Assets

Fixed assets are stated at cost. Depreciation is computed by using the straight-line method over an estimated useful life of five years for furniture and fixtures, 15 years for building improvements and 39 years for building.

Gifts of long-lived assets such as land, buildings, or furniture and fixtures are reported as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed into service.

During 2013 and 2012, a supporting foundation paid for certain property improvements of $6,885,638 and $28,637,934, respectively, which were donated to the University of Nebraska. The donated amounts are reflected in grants expense in the accompanying combined statements of activities.

(e) Funds Held for Others

Funds held for others represent funds held in a fiduciary capacity. Contributors are able to deposit funds and subsequently direct discretionary disbursements to charitable organizations as they wish. The Foundation receives a percentage of the interest income from these contributions. The

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transactions of these funds are not reflected in the combined statements of activities as the Foundation is acting as an agent for these funds.

(f) Basis of Presentation

Resources are reported for accounting purposes into separate classes of net assets based on the existence or absence of donor-imposed restrictions. In the accompanying combined financial statements, net assets that have similar characteristics have been combined into similar categories.

Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets, and the changes therein, are classified as follows:

- Unrestricted net assets account for resources that have not been designated by donors or grantors for other purposes.
- Temporarily restricted net assets consist of contributions that are donor-designated or grantor-designated for specific projects/purposes of the Foundation. Distributions are made from this portion of net assets for those specified purposes.
- Permanently restricted net assets represent the principal amount of gifts accepted with the donors' stipulation that the principal be maintained in perpetuity. Net assets are expended according to donor/fund agreements that allow either only the income to be expended or the board of directors to set a spending policy (currently 4.5%). The assumption is that, at a 4.5% spending rate over the years, with gains/losses and interest included, the fund will remain in perpetuity.

(g) Donor-Restricted Gifts

Donor-restricted gifts, including gifts to Donor Advised Funds and other types of funds of the Foundation, are classified as permanently or temporarily restricted funds.

Endowment funds may be reported as permanently or temporarily restricted funds, depending on the nature of the donor-imposed restriction. The standards for classification of the endowment funds of the Foundation and for spending from those funds are set forth in note 10.

When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the combined statements of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met within the same year as received are reported as unrestricted contributions in the accompanying combined financial statements.

(h) Income Taxes

The Foundation and supporting foundations have been recognized by the Internal Revenue Service as not-for-profit organizations as described in Section 501(c)(3) of the Internal Revenue Code and, accordingly, are exempt from federal income tax under Section 501(a) of the Internal Revenue Code.

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The Foundation accounts for uncertainties in accounting for income taxes using the guidance included in Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 740, *Income Taxes*. The Foundation recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. At December 31, 2013 and 2012, the Foundation had no uncertain tax positions.

(i) Contributed Services

Contributions of services are recognized if the services received (1) create or enhance nonfinancial assets or (2) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. In 2013 and 2012, there were no contributed services recognized.

(j) Fair Value of Financial Instruments

The Foundation applies the provisions included in ASC Topic 820, *Fair Value Measurements*, for fair value measurements of financial assets and financial liabilities and for fair value measurements of nonfinancial items that are recognized or disclosed at fair value in the combined financial statements on a recurring and nonrecurring basis. 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 market participants at the measurement date.

The Foundation's valuation methodologies may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. While management believes the Foundation's valuation methodologies are appropriate and consistent with 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.

The carrying value of all financial instruments approximates estimated fair value. Cash and cash equivalents, accrued interest receivable, pledges receivable, and accounts payable approximate fair value due to their short-term nature. Investments and investment in real estate are stated at fair value. Funds held for others are based on the fair value of investments held. The carrying value of beneficial interest in charitable lead annuity trust, notes receivable, annuities payable, and grants payable approximates fair value since the interest rates closely reflect current market rates.

(k) Reclassifications

Certain balances have been reclassified to conform to the current year presentation.

(l) Change in Reporting Entity

As of July 1, 2013, Building Healthy Futures was added as a support organization of the Foundation. The resulting change in reporting entity was retrospectively applied to the combined financial statements of the Foundation for all periods presented. As a result of the change, total assets of the Foundation increased $2,242,158, total liabilities increased $11,916, and total net assets increased $2,230,242, as of December 31, 2012. Additionally, total revenues and gains increased $3,681,477 and total grants, expenses and losses increased $1,451,235 for the year ending December 31, 2012. The change in reporting entity had no effect on amounts reported as of January 1, 2012.

(m) Beneficial Interest in Charitable Lead Annuity Trust

The Foundation is the irrevocable beneficiary of a charitable lead annuity trust and receives annual distributions from the trust, which is administered by a trustee. The beneficial interest in the charitable lead annuity trust is recorded at fair value which is determined as the present value of the estimated future distributions to be received by the Foundation. The beneficial interest is classified under temporarily restricted net assets and is adjusted annually through the combined statement of activities to reflect estimated fair value at year-end.

(3) Investments

The cost and fair value of investments at December 31, 2013 and 2012 are as follows:

	2013		2012	
	Cost	**Fair value**	**Cost**	**Fair value**
Certificate of deposit	$ 320,500	320,500	320,500	320,500
U.S. Treasury securities	4,042,979	4,039,580	3,301,861	3,389,693
U.S. agency securities	16,227,514	16,015,458	19,483,830	19,560,619
Corporate bonds	190,664,740	193,505,930	195,952,893	205,742,830
Common stock	198,728,639	285,345,656	171,831,829	205,648,581
Preferred stock	820,231	90,036	918,031	191,447
Closely held stock	6,085,503	17,160,503	6,394,805	12,675,575
Mutual funds	125,943,429	152,533,953	117,240,843	128,558,844
Partnerships	4,188,003	14,705,762	5,702,408	15,156,299
Other	154,730	188,456	86,808	112,554
Foreign equities	2,858,650	3,567,631	2,203,159	2,431,367
Investment in real estate	2,101,104	2,101,104	2,996,104	2,599,104
Total	$ 552,136,022	689,574,569	526,433,071	596,387,413

The change in the unrealized gains and losses recognized during the years ended December 31, 2013 and 2012 was $67,484,205 and $39,021,997, respectively. The realized gains and losses recognized during the years ended December 31, 2013 and 2012 was $6,812,656 and $8,630,571, respectively.

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The estimated value of certain alternative investments and nonmarketable securities, such as partnerships, and closely held stock was provided by the respective companies and independent appraisals. For these alternative investments, the Foundation used the net asset value reported by the underlying fund to estimate the fair value of the investment. Below is a summary of investments accounted for at net asset value:

	2013 Fair value	2012 Fair value	Redemption frequency (if currently eligible)	Redemption notice period
Equity funds (a)	$ 10,549,009	10,542,398	Monthly – quarterly	30 – 60 days
Multistrategy funds (b)	521,496	519,167	Monthly – quarterly	30 – 60 days
Private equity/venture capital funds (c)*	21,480,920	17,193,704	(c)	(c)
Real estate funds (d)	902,053	1,200,656	N/A	N/A
Hedge funds (e)	—	—	Quarterly	45 days
Other	66,802	64,540		
	$ 33,520,280	29,520,465		

* One of the private equity funds invests in start-up projects. The fair value of the investment has been estimated using the net asset value of supporting foundation's ownership interest in the partners' capital as a practical expedient to fair value. The private equity fund includes a restriction on the transfer of ownership. The supporting foundation's total commitment is $1.5 million to be paid over a ten year period.

(a) This category includes investments in funds that invest in both U.S. and international common stocks. The fair values of the investments in this category have been estimated using the net asset value per share of the investments.

(b) The category includes investments in funds that invest in a mix of equities and fixed income. The fair values of the investments in this category have been estimated using the net asset value per share of the investment.

(c) This category includes venture capital/private equity funds that invest primarily in private companies at various stages of development and maturity. The fair values of the investment in this category have been estimated using the net asset value of the Foundation's ownership interest in partners' capital. Of these investments, an investment valued at $17.1 million and $12.5 million at December 31, 2013 and 2012, respectively, can be redeemed annually in March, up to 100,000 units of ownership. The remaining investments in this category can never be redeemed with the fund. Distributions from each fund will be received as the underlying investments of the funds are liquidated. It is estimated that the underlying assets of the fund will be liquidated over the next four to six years.

(d) This category includes real estate funds that invest primarily in stable, high-quality multifamily real estate properties. The fair values of the investments in this category have been estimated using the net asset value of the Foundation's ownership interest in partners' capital. These investments can never be redeemed with the fund. Distributions from each fund will be received as the underlying investments of the funds are liquidated. It is estimated that the underlying assets of the fund will be liquidated over the next three to five years.

Due to the nature of the investments held by the funds, changes in market conditions and the economic environment may significantly impact the net asset value of the funds and, consequently, the fair value of the Foundation’s interests in the funds. Although a secondary market exists for these investments, it is not active and individual transactions are typically not observable. When transactions do occur in this limited secondary market, they may occur at discounts to the reported net asset value. It is, therefore, reasonably possible that if the Foundation were to sell these investments in the secondary market, a buyer may require a discount to the reported net asset value, and the discount could be significant.

(4) Fair Value Measurements

ASC Topic 820 defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements.

- Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date.
- A three-level hierarchy is established for fair value measurements based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date.

Inputs refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. To increase consistency and comparability in fair value measurements and related disclosures, the fair value hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Foundation has the ability to access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

Assets measured at fair value at December 31, 2013 on a recurring basis are summarized below:

Description		December 31, 2013	Quoted assets in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Cash and cash equivalents	$	99,637,267	99,637,267	—	—
Certificates of deposit		320,500	320,500	—	—
U.S. Treasury securities		4,039,580	—	4,039,580	—
U.S. agency securities		16,015,458	—	16,015,458	—
Corporate bonds		193,505,930	—	193,505,930	—
Common stocks		285,345,656	161,445,656	123,900,000	—
Preferred stock		90,036	90,036	—	—
Closely held stock		17,160,503	—	17,086,510	73,993
Mutual funds		152,533,953	150,831,925	1,702,028	—
Partnerships		14,705,762	—	8,846,981	5,858,781
Other		188,456	188,456	—	—
Foreign equities		3,567,631	3,567,631	—	—
Beneficial interest in charitable lead annuity trust		139,580,956	—	—	139,580,956
Investment in real estate		2,101,104	—	2,101,104	—
Total	$	928,792,792	416,081,471	367,197,591	145,513,730

Assets measured at fair value at December 31, 2012 on a recurring basis are summarized below:

Description		December 31, 2012	Quoted assets in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Cash and cash equivalents	$	40,764,368	40,764,368	—	—
Certificates of deposit		320,500	320,500	—	—
U.S. Treasury securities		3,389,693	—	3,389,693	—
U.S. agency securities		19,560,619	—	19,560,619	—
Corporate bonds		205,742,830	—	205,742,830	—
Common stocks		205,648,581	102,988,581	102,660,000	—
Preferred stock		191,447	191,447	—	—
Closely held stock		12,675,575	—	12,490,750	184,825
Mutual funds		128,558,844	126,864,025	1,694,819	—
Partnerships		15,156,299	—	8,847,579	6,308,720
Other		112,554	112,554	—	—
Foreign equities		2,431,367	2,431,367	—	—
Investment in real estate		2,599,104	—	2,599,104	—
Total	$	637,151,781	273,672,842	356,985,394	6,493,545

Certain investments classified in Levels 2 and 3 consist of shares or units in investment funds as opposed to direct interests in the funds' underlying holdings, which may be marketable. Because the net asset value reported by each fund is a practical expedient to estimate the fair value of the Foundation's interest therein, its classification in Level 2 or 3 is based on the Foundation's ability to redeem its interest at or near the date of the combined statement of financial position. If the interest can be redeemed in the near term, the investment is classified in Level 2. The classification of investments in the fair value hierarchy is not necessarily an indication of the risks, liquidity, or degree of difficulty in estimating the fair value of each investment's underlying assets and liabilities.

During 2013, there was a transfer from Level 3 to Level 1 due to an investment becoming listed on a stock exchange thereby enabling the investment to be valued using quoted prices in an active market.

During 2012 there were no transfers between levels. The following table presents the Foundation's activity for assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the year ended December 31, 2013:

		Partnerships	Closely held stock	Beneficial interest in CLAT	Total
Beginning balance	$	6,308,720	184,825	—	6,493,545
Unrealized gains		222,463	8,098	—	230,561*
Purchases		332,720	59,759	—	392,479
Beneficial interest recorded		—	—	140,145,970	140,145,970
Payment received		—	—	(565,014)	(565,014)
Sales		(733,383)	(178,689)	—	(912,072)
Transfers in and out, net		(271,739)	—	—	(271,739)
Ending balance	$	5,858,781	73,993	139,580,956	145,513,730

* Included in net unrealized and realized gains (losses) on combined statement of activities.

The following table presents the Foundation's activity for assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the year ended December 31, 2012:

		Partnerships	Closely held stock	Total
Beginning balance	$	5,343,759	1,532,712	6,876,471
Unrealized gains		799,626	(123,399)	676,227*
Purchases		716,642	1,099,344	1,815,986
Sales		(551,307)	(2,323,832)	(2,875,139)
Transfers in and out, net		—	—	—
Ending balance	$	6,308,720	184,825	6,493,545

* Included in net unrealized and realized gains (losses) on combined statement of activities.

(5) Pledges Receivable

Pledges receivable are recognized at their fair value at the time of the gift. Unconditional pledges receivable at December 31, 2013 and 2012 are expected to be received in the following periods:

		2013	2012
One year or less	$	870,529	1,280,000
One to two years		—	—
		870,529	1,280,000
Less discount to present value		—	—
	$	870,529	1,280,000

(6) Beneficial Interest in Charitable Lead Annuity Trust

The Foundation is the lead beneficiary of a charitable lead annuity trust (the Trust). The terms of the trust provide that the Foundation will receive a fixed amount, $9,977,170, each year, over a 20-year period with any remaining trust assets to be paid to the remainder beneficiaries of the trust. The trust assets are to be held by an independent third-party trustee. The Foundation's interest in the trust was recorded at fair value under contributions on the combined statement of activities. The contribution revenue recorded at the time of donation was $140,145,970 utilizing an applicable federal interest rate of 2.2% and a discount rate of 3.63%.

(7) Annuities Payable

The Foundation receives funds to establish gift annuities. The annuity agreements provide that the Foundation will pay the annuitants a payment each year for the rest of his or her life. The recorded payable at December 31, 2013 and 2012 of $2,024,230 and $1,526,395, respectively, represents the estimated actuarial value of these future payments valued at rates ranging from 2% to 12%. The excess of the fair value of investments over this payable is included in net assets. At December 31, 2013 and 2012, the fair value of investments of these annuities totaled approximately $2,926,817 and $2,817,960, respectively.

(8) Grants Payable

Grants are considered liabilities of the Foundation when approved by the board of directors and when grant agreements are executed with grantees. Although grants will not be paid until certain conditions are met, they are considered unconditional promises to give because the probability that the conditions will not be met is remote. Future payments of approved grants and scholarships at December 31, 2013 and 2012 are expected to be paid as follows (discounted at rates ranging from 0.04% to 4.5%):

	2013	2012
In less than one year	$ 27,465,117	19,407,843
In one to five years	53,988,200	35,717,337
	81,453,317	55,125,180
Discount	(133,914)	(40,873)
Total grants payable	$ 81,319,403	55,084,307

(9) Net Assets

Sources of net assets released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of events were as follows:

	2013	2012
Arts, culture, and humanities	$ 125,899	123,682
Civic and municipalities	235,831	256,824
Environment and animals	39,913	25,967
Health	276,421	269,961
Human services	3,618,833	608,266
Education and scholarships	590,608	1,678,244
Administrative expenses	227,822	60,570
Time restrictions	1,206,629	1,060,891
Religious purposes	196,974	156,803
Youth	71,507	85,611
Total	$ 6,590,437	4,326,819

The composition of unrestricted net assets is as follows:

	2013	2012
Omaha Community Foundation	$ 70,966,042	61,449,050
Supporting foundations	534,697,242	450,332,587
	$ 605,663,284	511,781,637

Restricted net assets are available for the following purposes as of December 31, 2013:

	Permanently restricted	Temporarily restricted
Arts, culture, and humanities	$ —	155,474
Donor-advised	12,166,341	145,466,434
Human services	4,286,000	26,756,433
Education and scholarships	601,000	13,164,419
Health	—	42,614
Youth	—	68,776
Environmental and animals	—	1,039,750
Religious purposes	—	785,061
Time restrictions	—	912,879
	$ 17,053,341	188,391,840

(Continued)

		Permanently restricted	Temporarily restricted
Omaha Community Foundation	$	16,953,341	181,509,005
Supporting foundations		100,000	6,882,835
	$	17,053,341	188,391,840

Restricted net assets were available for the following purposes as of December 31, 2012:

		Permanently restricted	Temporarily restricted
Arts, culture, and humanities	$	—	134,636
Donor-advised		12,166,341	5,281,032
Human services		4,186,000	21,162,619
Education and scholarships		601,000	11,317,359
Health		—	37,253
Youth		—	231,574
Environmental and animals		—	1,100,877
Religious purposes		—	699,242
Time restrictions		—	1,214,299
	$	16,953,341	41,178,891

		Permanently restricted	Temporarily restricted
Omaha Community Foundation	$	16,853,341	34,496,206
Supporting foundations		100,000	6,682,685
	$	16,953,341	41,178,891

(10) Endowment

The Foundation holds approximately 180 individual donor-restricted endowment funds (Endowments) for support of its programs and operations. Net assets and the changes therein associated with endowments are classified and reported as permanently or temporarily restricted funds, based on the nature of donor-imposed restrictions.

The Nebraska Uniform Prudent Management of Institutional Funds Act (NUPMIFA) was enacted April 4, 2007. NUPMIFA imposes requirements on the management, investment, and spending of donor-restricted endowment funds. The Foundation applies the guidance included in ASC Topic 958, *Not-for-Profit Entities* (FASB Staff Position FAS 117-1, *Endowments of Not-for-profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institution Funds Act, and Enhanced Disclosures for All Endowment Funds*). The guidance requires the amount classified as permanently restricted shall be the amount of the donor-restricted endowment fund (a) that must be retained permanently in accordance with explicit donor stipulations or (b) that in the absence of such stipulations, the organization's governing board determines how they must be retained (preserved) permanently consistent with relevant law. The disclosure below also includes the activities of a supporting organization. At December 31, 2013 and 2012, $100,000 of the permanent endowment balance, $5,898,229 and $5,260,574, respectively, of the temporarily restricted endowment balance and $16,201 and $178,744, respectively, of the unrestricted board designated endowment balance relates to this supporting organization.

The Board of Directors of the Foundation has interpreted NUPMIFA as not requiring the preservation of any specific amount of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation only classifies as permanently restricted assets the amounts in the Endowments, which are subject to permanent, specific, donor-imposed restrictions on appropriation (spending) of the fund.

The Foundation classifies the remaining amounts in the Endowments as temporarily restricted net assets until those amounts are appropriated for expenditure. In authorizing appropriations from the temporarily restricted Endowments, NUPMIFA requires the Foundation to focus on the purposes of the fund, giving priority to the donor's intent that the fund be maintained permanently. In addition, and in accordance with NUPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

(1) the duration and preservation of the endowment fund;

(2) the purposes of the Foundation and the donor-restricted endowment fund;

(3) general economic conditions;

(4) the possible effect of inflation or deflation;

(5) the expected total return from income and the appreciation of investments;

(6) other resources of the Foundation; and

(7) the investment policy of the Foundation.

Endowment net asset composition by type of fund

	December 31, 2013			
	Unrestricted	**Temporarily restricted**	**Permanently restricted**	**Total**
Board-designated endowment funds	$ 16,201	—	—	16,201
Donor-restricted endowment funds	—	187,407,234	17,053,341	204,460,575
Total endowment funds	$ 16,201	187,407,234	17,053,341	204,476,776

Endowment net asset composition by type of fund

	December 31, 2012			
	Unrestricted	Temporarily restricted	Permanently restricted	Total
Board-designated endowment funds	$ 178,744	—	—	178,744
Donor-restricted endowment funds	—	39,756,781	16,953,341	56,710,122
Total endowment funds	$ 178,744	39,756,781	16,953,341	56,888,866

Changes in endowment net assets

	Year ended December 31, 2013			
	Unrestricted	Temporarily restricted	Permanently restricted	Total
Endowment net assets, beginning of year	$ 178,744	39,756,781	16,953,341	56,888,866
Other income	—	15	—	15
Investment return:				
Investment income	—	1,402,622	—	1,402,622
Net apppreciation (realized and unrealized)	—	6,900,157	—	6,900,157
Total investment return	—	8,302,779	—	8,302,779
Appropriation of endowment assets for expenditure	(162,543)	(5,155,986)	—	(5,318,529)
Contributions	—	144,503,645	100,000	144,603,645
Endowment net assets, end of year	$ 16,201	187,407,234	17,053,341	204,476,776

Changes in endowment net assets

		Year ended December 31, 2012		
	Unrestricted	**Temporarily restricted**	**Permanently restricted**	**Total**
Endowment net assets, beginning of year	$ (258,240)	36,284,410	15,930,117	51,956,287
Other losses	—	(46,315)	—	(46,315)
Investment return:				
Investment income	—	1,372,009	—	1,372,009
Net appreciation (realized and unrealized)	436,984	4,496,755	—	4,933,739
Total investment return	436,984	5,868,764	—	6,305,748
Appropriation of endowment assets for expenditure	—	(3,253,597)	—	(3,253,597)
Contributions	—	903,519	1,023,224	1,926,743
Endowment net assets, end of year	$ 178,744	39,756,781	16,953,341	56,888,866

(a) Return Objectives and Risk Parameters

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity or for a donor-specified period. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of the S&P 500 index while assuming a moderate level of investment risk. The Foundation expects its endowment funds to provide an average rate of return of approximately 5% annually.

(b) Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

(c) Spending Policy and How the Investment Objectives Relate to Spending Policy

Absent any donor restrictions, the Foundation appropriates for distribution each year 4.5% of its endowment fund's fair value through the calendar year-end that precedes the fiscal year in which the distribution is planned. In establishing its annual budget, the Foundation considers the operations of the Foundation as well as expected investment returns.

(11) Administrative Expenses

The Foundation’s administrative expenses for the years ended December 31, 2013 and 2012 are as follows:

		2013	2012
Omaha Community Foundation operating expenses	$	2,281,680	2,187,585
Omaha by design expenses		306,101	250,161
		2,587,781	2,437,746
Supporting foundations		3,084,402	3,137,957
	$	5,672,183	5,575,703

(12) Commitments

A supporting foundation leases certain property and then subleases the property under noncancelable operating leases, which expire at various dates. The supporting foundation expects the existing leases to be renewed under similar terms as they expire. Rental income related to these leases was $7,150,914 and $6,791,915 in 2013 and 2012, respectively.

As of December 31, 2013, minimum rental commitments to be received under noncancelable operating leases are as follows:

Year ending December 31:		
2014	$	9,378,394
2015		7,570,497
2016		6,203,947
2017		3,195,824
2018		724,427
Thereafter		540,994
Total minimum lease payments	$	27,614,083

(13) Notes Receivable

In 2009, a supporting foundation loaned $800,000 to a nonprofit organization. The note requires monthly interest at a rate of 3% in addition to monthly principal payments. All unpaid principal is due on December 1, 2016. At December 31, 2013 and 2012, the balance due under this note was $697,071 and $735,531, respectively.

In 2008, a supporting foundation received a donation of a $21 million note receivable from a related party. The note requires quarterly interest payments at 5%. At December 31, 2012, the balance due under this note was $11,000,000. During the year ended December 31, 2013, the remainder of the balance due under this note was received in full.

(14) Subsequent Events

The Foundation has evaluated subsequent events from the date of the combined statement of financial position through June 11, 2014, the date at which the combined financial statements were available to be issued, and determined there are no other items to disclose.