

**FINANCIAL STATEMENTS**

**JOSHUA M. FREEMAN FOUNDATION**

**FOR THE YEARS ENDED  
DECEMBER 31, 2015 AND 2014**

# JOSHUA M. FREEMAN FOUNDATION

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# GELMAN, ROSENBERG

## & FREEDMAN

CERTIFIED PUBLIC ACCOUNTANTS



### INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Joshua M. Freeman Foundation  
Selbyville, Delaware

We have audited the accompanying financial statements of the Joshua M. Freeman Foundation (JMFF), which comprise the statements of financial position as of December 31, 2015 and 2014, and the related statements of activities and changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

#### Management's Responsibility for the Financial Statements

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

#### Auditor's Responsibility

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

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

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

#### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of JMFF as of December 31, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

May 17, 2016

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**JOSHUA M. FREEMAN FOUNDATION**  
**STATEMENTS OF FINANCIAL POSITION**  
**AS OF DECEMBER 31, 2015 AND 2014**

**ASSETS**

	<b>2015</b>	<b>2014</b>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 994,516	\$ 3,894,618
Investments, net of noncurrent portion	1,372,680	231,327
Accrued interest	4,867	-
Grants receivable	114,500	94,170
Prepaid expenses and other assets	12,185	6,587
Total current assets	2,498,748	4,226,702
<b>PROPERTY AND EQUIPMENT</b>		
Furniture and equipment	275,698	207,357
Signage	99,834	99,834
Vehicles	9,946	9,946
	385,478	317,137
Less: Accumulated depreciation and amortization	(245,064)	(164,548)
Net property and equipment	140,414	152,589
<b>NONCURRENT ASSETS</b>		
Investments, net of current portion	1,870,824	-
<b>TOTAL ASSETS</b>	<b>\$ 4,509,986</b>	<b>\$ 4,379,291</b>

**LIABILITIES AND NET ASSETS**

<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 68,215	\$ 48,309
Deferred income	22,747	26,470
Total current liabilities	90,962	74,779
<b>NET ASSETS</b>		
Unrestricted	1,295,622	1,184,575
Temporarily restricted	3,123,402	3,119,937
Total net assets	4,419,024	4,304,512
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 4,509,986</b>	<b>\$ 4,379,291</b>

**JOSHUA M. FREEMAN FOUNDATION**

**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS  
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

	<b>2015</b>		
	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Total</b>
<b>SUPPORT AND REVENUE</b>			
Operating revenue, net of cost of goods sold of \$74,739 in 2015 and \$58,214 in 2014	\$ 1,573,554	\$ -	\$ 1,573,554
Fundraising and sponsorships, net of cost of auction items of \$75,041 in 2015 and \$77,973 in 2014	1,058,811	-	1,058,811
Grants - Government, corporate foundations, other	16,500	299,000	315,500
Legacy grant - Carl M. Freeman Foundation, Inc.	-	-	-
Interest and investment income	105,228	5,523	110,751
Net assets released from donor restrictions	<u>301,058</u>	<u>(301,058)</u>	<u>-</u>
Total support and revenue	<u>3,055,151</u>	<u>3,465</u>	<u>3,058,616</u>
<b>EXPENSES</b>			
Program Services	2,365,804	-	2,365,804
Management and General	126,235	-	126,235
Fundraising	<u>452,065</u>	<u>-</u>	<u>452,065</u>
Total expenses	<u>2,944,104</u>	<u>-</u>	<u>2,944,104</u>
Changes in net assets	111,047	3,465	114,512
Net assets at beginning of year	<u>1,184,575</u>	<u>3,119,937</u>	<u>4,304,512</u>
<b>NET ASSETS AT END OF YEAR</b>	<b><u>\$ 1,295,622</u></b>	<b><u>\$ 3,123,402</u></b>	<b><u>\$ 4,419,024</u></b>

<b>2014</b>		
<b><u>Unrestricted</u></b>	<b><u>Temporarily Restricted</u></b>	<b><u>Total</u></b>
\$ 972,526	\$ -	\$ 972,526
862,111	-	862,111
31,300	215,750	247,050
300,000	1,500,000	1,800,000
33,726	-	33,726
<u>174,833</u>	<u>(174,833)</u>	<u>-</u>
<u>2,374,496</u>	<u>1,540,917</u>	<u>3,915,413</u>
1,832,019	-	1,832,019
132,105	-	132,105
<u>290,563</u>	<u>-</u>	<u>290,563</u>
<u>2,254,687</u>	<u>-</u>	<u>2,254,687</u>
119,809	1,540,917	1,660,726
<u>1,064,766</u>	<u>1,579,020</u>	<u>2,643,786</u>
<b><u>\$ 1,184,575</u></b>	<b><u>\$ 3,119,937</u></b>	<b><u>\$ 4,304,512</u></b>

See accompanying notes to financial statements.

**JOSHUA M. FREEMAN FOUNDATION**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Expenses</u>
Productions	\$ 1,531,590	\$ -	\$ -	\$ 1,531,590
Personnel	406,376	80,538	88,596	575,510
Events and activities	-	-	185,724	185,724
Design and print	36,162	-	9,777	45,939
Promotional costs	105,000	-	2,328	107,328
Professional fees	14,043	7,465	137,455	158,963
Insurance	40,787	890	455	42,132
Training and travel	26,775	10,859	1,904	39,538
Postage and delivery	1,953	567	2,398	4,918
Facility expenses	84,054	610	776	85,440
Bank, credit card and ticket processing fees	32,410	572	15,625	48,607
Accounting and audit	-	20,081	-	20,081
Depreciation and amortization	74,550	875	5,091	80,516
Telecommunications	8,143	975	1,072	10,190
Office expense	3,961	2,803	864	7,628
<b>TOTAL</b>	<b><u>\$ 2,365,804</u></b>	<b><u>\$ 126,235</u></b>	<b><u>\$ 452,065</u></b>	<b><u>\$ 2,944,104</u></b>

**JOSHUA M. FREEMAN FOUNDATION**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Expenses</u>
Productions	\$ 1,122,844	\$ -	\$ -	\$ 1,122,844
Personnel	346,097	75,338	93,112	514,547
Events and activities	-	-	142,461	142,461
Design and print	46,516	325	7,529	54,370
Promotional costs	88,916	780	15,755	105,451
Professional fees	12,722	12,175	5,100	29,997
Insurance	22,286	11,050	455	33,791
Training and travel	24,128	7,022	2,647	33,797
Postage and delivery	2,697	2,027	2,349	7,073
Facility expenses	82,186	528	979	83,693
Bank, credit card and ticket processing fees	19,053	269	11,349	30,671
Accounting and audit	-	17,759	-	17,759
Depreciation and amortization	54,791	1,906	3,158	59,855
Telecommunications	5,760	1,028	3,938	10,726
Office expense	4,023	1,898	1,731	7,652
<b>TOTAL</b>	<b><u>\$ 1,832,019</u></b>	<b><u>\$ 132,105</u></b>	<b><u>\$ 290,563</u></b>	<b><u>\$ 2,254,687</u></b>



**JOSHUA M. FREEMAN FOUNDATION**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

	<u>2015</u>	<u>2014</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Changes in net assets	\$ 114,512	\$ 1,660,726
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation and amortization	80,516	59,855
Stock donations	(33,107)	(32,575)
Unrealized gain on investments	(92,070)	(30,064)
Loss on disposal of furniture and equipment	-	1,493
(Increase) decrease in:		
Accrued interest	(4,867)	-
Grants receivable	(20,330)	35,910
Prepaid expenses and other assets	(5,598)	12,750
Increase (decrease) in:		
Accounts payable and accrued liabilities	19,906	(3,679)
Deferred income	<u>(3,723)</u>	<u>18,657</u>
Net cash provided by operating activities	<u>55,239</u>	<u>1,723,073</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of investments	(3,112,000)	-
Redemption of certificates of deposit	225,000	-
Purchase of furniture and equipment	<u>(68,341)</u>	<u>(111,535)</u>
Net cash used by investing activities	<u>(2,955,341)</u>	<u>(111,535)</u>
Net (decrease) increase in cash and cash equivalents	(2,900,102)	1,611,538
Cash and cash equivalents at beginning of year	<u>3,894,618</u>	<u>2,283,080</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b><u>\$ 994,516</u></b>	<b><u>\$ 3,894,618</u></b>

## JOSHUA M. FREEMAN FOUNDATION

### NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2015 AND 2014

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

##### Organization

Joshua M. Freeman Foundation (JMFF) is a not-for-profit organization, incorporated in the State of Delaware in 2007. Its mission is to partner to present memorable performances and provide inspired arts education for all. Its current principal activity is presenting a variety of performances at "The Freeman Stage at Bayside", an outdoor facility in Sussex County, Delaware, as well as other indoor performing arts venues throughout the county.

In December of 2015, the Joshua M. Freeman Foundation submitted an Application to the IRS to establish a not-for-profit Supporting Organization called the Friends of the Coastal Arts Pavilion at Freeman Park, Inc. The primary activity of the Supporting Organization will be the construction, maintenance, and ownership of a new larger performing arts venue near the location of the existing facility. The new facility will directly further the mission of JMFF and expand programming and accommodate larger audiences. IRS approval of the not-for-profit status of the Supporting Organization was received on February 16, 2016.

##### Basis of presentation

The accompanying financial statements are presented on the accrual basis of accounting, and in accordance with FASB ASC 958, *Not-for-Profit Entities*.

##### Cash and cash equivalents

JMFF considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents.

Bank deposit accounts are insured by the Federal Deposit Insurance Corporation ("FDIC") up to limit of \$250,000. At times during the year, JMFF maintains cash balances in excess of the FDIC insurance limits. Management believes the risk in these situations to be minimal.

##### Investments

Investments are recorded at their fair value. Unrealized and realized gains and losses are included in investment income in the Statements of Activities and Changes in Net Assets.

##### Property and equipment

Property and equipment acquisitions in excess of \$2,500 are capitalized and are stated at cost basis. Property and equipment are depreciated on a straight-line basis over the estimated useful lives of the related assets, generally three to five years. The cost of maintenance and repairs is recorded as expenses are incurred.

##### Income taxes

JMFF has been recognized as an exempt organization under Section 501(c)(3) of the Internal Revenue Code, effective as of March 7, 2007. Accordingly, no provision for income taxes has been made in the accompanying financial statements. JMFF is further classified as a public charity under Section 170(b)(1)(A)(vi), and is not a private foundation.

##### Uncertain tax positions

For the years ended December 31, 2015 and 2014, JMFF has documented its consideration of FASB ASC 740-10, *Income Taxes*, that provides guidance for reporting uncertainty in income taxes and has determined that no material uncertain tax positions qualify for either recognition or disclosure in the financial statements.

## JOSHUA M. FREEMAN FOUNDATION

### NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2015 AND 2014

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

##### Net asset classification

The net assets are reported in two self-balancing groups as follows:

- **Unrestricted net assets** include unrestricted revenue and contributions received without donor-imposed restrictions. These net assets are available for the operation of JMFF and include both internally designated and undesignated resources.
- **Temporarily restricted net assets** include revenue and contributions subject to donor-imposed stipulations that will be met by the actions of JMFF and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statements of Activities and Changes in Net Assets as net assets released from restrictions.

##### Revenue recognition

Operating revenue is recorded on an accrual basis and consists of ticket and concession sales from programs that are primarily offered at The Freeman Stage at Bayside. Fundraising and sponsorship revenue includes charitable contributions and other support; such revenue is recognized in the year it is received from the donor.

##### Contributions and grants revenue

Unrestricted and temporarily restricted contributions and grants are recorded as revenue in the year notification is received from the donor. Temporarily restricted contributions and grants are recognized as unrestricted support only to the extent of actual expenses incurred in compliance with the donor-imposed restrictions and satisfaction of time restrictions; such funds in excess of expenses incurred are shown as temporarily restricted net assets in the accompanying financial statements.

##### Use of estimates

The preparation of the 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 financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

##### Functional allocation of expenses

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

##### Reclassification

Certain amounts in the prior year's financial statements have been reclassified to conform to the current year's presentation.

##### Fair value measurement

JMFF adopted the provisions of FASB ASC 820, *Fair Value Measurement*. FASB ASC 820 defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs (assumptions that market participants would use in pricing assets and liabilities, including assumptions about risk) used to measure fair value, and enhances disclosure requirements for fair value measurements. JMFF accounts for a portion of its financial instruments at fair value or considers fair value in their measurement.

**JOSHUA M. FREEMAN FOUNDATION**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014**

**2. INVESTMENTS**

Investments consisted of the following at December 31, 2015 and 2014:

	<u>2015</u>		<u>2014</u>	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Stock	\$ 137,332	\$ 368,254	\$ 104,225	\$ 231,327
Certificates of deposit - current	1,005,000	1,004,424	-	-
Certificates of deposit - noncurrent	<u>1,882,000</u>	<u>1,870,826</u>	<u>-</u>	<u>-</u>
<b>TOTAL INVESTMENTS</b>	<b><u>\$ 3,024,332</u></b>	<b><u>\$ 3,243,504</u></b>	<b><u>\$ 104,225</u></b>	<b><u>\$ 231,327</u></b>

Included in interest and investment income are the following at December 31, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Interest and dividends	\$ 18,681	\$ 3,662
Unrealized gain on investments	<u>92,070</u>	<u>30,064</u>
<b>TOTAL INTEREST AND INVESTMENT INCOME</b>	<b><u>\$ 110,751</u></b>	<b><u>\$ 33,726</u></b>

**3. TEMPORARILY RESTRICTED NET ASSETS**

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

	<u>2015</u>	<u>2014</u>
Delaware Division of the Arts - Operating Grants	\$ 186,800	\$ 170,500
Delaware Division of the Arts - Education Resource Grants	12,200	14,750
Delaware Division of the Arts - Arts Stabilization	-	12,500
Sussex County Council - Transportation Grant	12,546	10,000
Mid Atlantic Arts Foundation	-	8,000
USDA - Facility Planning and Development Grant	15,000	-
State of Delaware - Facility Planning and Development Grant	6,332	19,187
Carl M. Freeman Foundation - Facility Planning and Development Grant	<u>2,890,524</u>	<u>2,885,000</u>
<b>TOTAL TEMPORARILY RESTRICTED NET ASSETS</b>	<b><u>\$ 3,123,402</u></b>	<b><u>\$ 3,119,937</u></b>

**4. NET ASSETS RELEASED FROM RESTRICTIONS**

The following temporarily restricted net assets were released from donor restrictions during the years ended December 31, 2015 and 2014 by incurring expenses which satisfied the restricted purposes specified by the donors:

	<u>2015</u>	<u>2014</u>
Delaware Division of the Arts - Operating Grants	\$ 170,500	\$ 141,070
Delaware Division of the Arts - Education Resource Grants	14,750	3,700
Delaware Division of the Arts - Arts Stabilization	12,500	5,913
Sussex County Council - Transportation Grant	7,454	-
Mid Atlantic Arts Foundation	8,000	-
State of Delaware - Facility Planning and Development Grant	<u>87,854</u>	<u>24,150</u>
<b>TOTAL NET ASSETS RELEASED FROM RESTRICTIONS</b>	<b><u>\$ 301,058</u></b>	<b><u>\$ 174,833</u></b>

## JOSHUA M. FREEMAN FOUNDATION

### NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2015 AND 2014

#### 5. CONCENTRATION OF REVENUE

JMFF has received a significant portion of its annual support from the Carl M. Freeman Foundation, Inc. (CMFF), a 501(c)(3) private foundation whose Trustees also serve as Directors of JMFF. During the year ended December 31, 2014, JMFF received \$1,800,000, from CMFF, representing 46% of its annual support and revenue in 2014. Of the \$1,800,000 support received during 2014, \$1,500,000, is restricted for facility planning and development.

#### 6. RELATED PARTY ACTIVITIES

Michelle Freeman, Chairman of the Board of JMFF, as well as majority owner and Chairman of Carl M. Freeman Associates, Inc. (CMFA), a for-profit corporation controlled by the Freeman family, contributed \$46,030 and \$47,433 to JMFF during 2015 and 2014, respectively. Included in these contributions were in-kind donations of \$23,795 and \$18,200 during 2015 and 2014, respectively, for items used for JMFF's fundraising events, as discussed further in Note 7.

In both 2015 and 2014, CMFA provided to JMFF, at no cost, a golf course for a fundraising event valued at \$7,500 each year. In addition, CMFA has a program to match its employee charitable donations up to \$1,000 per employee per year. As part of this program, CMFA donated \$135 and \$130 to JMFF during the years ended December 31, 2015 and 2014, respectively.

All JMFF employees are deemed to be co-employed by either JMFF and TriNet (a Professional Employer Organization) or CMFF and TriNet. JMFF shares in the cost with CMFF of those employees that provide services to both JMFF and CMFF. In addition, certain CMFA employees provide support services to JMFF. All personnel services are purchased by JMFF at cost.

During the years ended December 31, 2015 and 2014, JMFF incurred the following:

	<u>2015</u>	<u>2014</u>
Shared Personnel Services - CMFA	\$ 10,976	\$ 16,652
Shared Personnel Services - CMFF	\$ 376,168	\$ 344,624

Amounts due to CMFA and CMFF as of December 31, 2015 and 2014 are as follows and are included in accounts payable and accrued liabilities on the Statements of Financial Position:

	<u>2015</u>	<u>2014</u>
Due to CMFA: Shared Personnel Services	\$ 562	\$ 730
Due to CMFA: Miscellaneous Expenses	\$ 2	\$ 120
Due to CMFF: Miscellaneous Expenses	\$ 49	\$ -

#### 7. IN-KIND CONTRIBUTIONS

JMFF receives donations of auction items for its fundraising events as well as in-kind donations of advertising space and other goods and services. The values of such items are recorded as contributions at their actual sales price or retail value, respectively. Further, as discussed in Note 6, JMFF recorded a contribution from CMFA for use of its golf course at the estimated market value for use of this facility. The total value of these in-kind contributions has been recognized as income and expense in the accompanying financial statements during the years ended December 31, 2015 and 2014, totaling \$199,877 and \$184,517, respectively.

**JOSHUA M. FREEMAN FOUNDATION**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014**

**8. FAIR VALUE MEASUREMENT**

In accordance with FASB ASC 820, *Fair Value Measurement*, JMFF has categorized its financial instruments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

Investments recorded in the Statements of Financial Position are categorized based on the inputs to valuation techniques as follows:

**Level 1.** These are investments where values are based on unadjusted quoted prices for identical assets in an active market JMFF has the ability to access.

**Level 2.** These are investments where values are based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, or model-based valuation techniques that utilize inputs that are observable either directly or indirectly for substantially the full-term of the investments.

**Level 3.** These are investments where inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Following is a description of the valuation methodology used for investments measured at fair value. There have been no changes in the methodologies used at December 31, 2015 and 2014.

- *Common Stocks/Equities* - Valued at the closing price reported on the active market in which the individual securities are traded.
- *Certificates of Deposit* - Generally valued at original cost plus accrued interest, which approximates fair value.

The table below summarizes, by level within the fair value hierarchy, JMFF's investments as of December 31, 2015:

	<b>2015</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Asset Class:</b>				
Investments - Stocks	\$ 368,254	\$ -	\$ -	\$ 368,254
Investments - Certificates of Deposit	-	<u>2,875,250</u>	-	<u>2,875,250</u>
<b>TOTAL</b>	<b><u>\$ 368,254</u></b>	<b><u>\$ 2,875,250</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 3,243,504</u></b>

The table below summarizes, by level within the fair value hierarchy, JMFF's investments as of December 31, 2014:

	<b>2014</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Asset Class:</b>				
Investments - Stocks	<b><u>\$ 231,327</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 231,327</u></b>

**JOSHUA M. FREEMAN FOUNDATION**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014**

**9. COMMITMENTS**

In August 2009, JMFF entered into a lease agreement with CMFF for use of certain land, buildings and improvements in Sussex County, DE owned by CMFF. JMFF uses this real property for its programming at The Freeman Stage at Bayside. Under this agreement, all rent has been waived; however, JMFF is obligated to pay for all operating and necessary maintenance expenses, excluding real estate taxes, which are paid by CMFF. The agreement, originally scheduled to expire in August 2012, has been extended on the same terms through December 2019.

In May 2011, JMFF entered into a lease agreement with a subsidiary of CMFA (Sussex Sports Amenities, L.L.C.) for use of land adjacent to the property leased from CMFF as described above. Under this agreement, all rent has been waived; however, JMFF is obligated to pay for all operating and necessary maintenance expenses, excluding real estate taxes which are paid by Sussex Sports Amenities, L.L.C. The agreement expired in May 2014 and was extended to September 2017.

In May 2014, JMFF entered into lease agreements with another subsidiary of CMFA (CMF Bayside L.L.C.) for use of land located on Lake View Drive, adjacent to The Freeman Stage at Bayside and land located behind the post office. Under these agreements, all rent has been waived; however, JMFF is obligated to pay all operating and necessary maintenance expenses, excluding real estate taxes which are paid by CMF Bayside L.L.C. The leases are scheduled to expire in September 2017.

**10. SUBSEQUENT EVENTS**

In preparing these financial statements, JMFF has evaluated events and transactions for potential recognition or disclosure through May 17, 2016, the date the financial statements were issued.