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Senator George J. Mitchell Scholarship Research Institute

Audited Financial Statements

Year Ended December 31, 2015 With Comparative Information for the Year Ended December 31, 2014 With Independent Auditors' Report

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Senator George J. Mitchell Scholarship Research Institute

We have audited the accompanying financial statements of Senator George J. Mitchell Scholarship Research Institute, which comprise the statement of financial position as of December 31, 2015, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Board of Directors
Senator George J. Mitchell Scholarship Research Institute

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Senator George J. Mitchell Scholarship Research Institute as of December 31, 2015, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited Senator George J. Mitchell Scholarship Research Institute's 2014 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 3, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2014 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Baker Newman + Noyes LLC

Portland, Maine
June 22, 2016

SENATOR GEORGE J. MITCHELL
SCHOLARSHIP RESEARCH INSTITUTE

STATEMENTS OF FINANCIAL POSITION

December 31, 2015 and 2014

	2015	2014
ASSETS		
Investments (note 3)	$30,838,542	$29,905,883
Cash and cash equivalents (note 2)	2,696,512	2,234,212
Assets held for others (note 5)	113,313	113,542
Contributions receivable, net (note 4)	2,118,798	1,440,193
Accounts receivable	26,785	12,392
Prepaid expenses	10,337	4,187
Property and equipment	36,542	43,186
Total assets	$35,840,829	$33,753,595
LIABILITIES AND NET ASSETS		
Accounts payable and accrued expenses	$ 76,871	$ 80,865
Grants payable (note 6)	2,618,070	2,348,309
Loans payable	1,528	7,519
Assets held for others (note 5)	113,313	113,542
Deferred grant revenue	228,041	364,915
Total liabilities	3,037,823	2,915,150
Net assets:		
Unrestricted net deficit	(796,271)	(739,715)
Temporarily restricted net assets (note 7)	5,921,316	7,599,260
Permanently restricted net assets (note 7)	27,677,961	23,978,900
Total net assets	32,803,006	30,838,445
Total liabilities and net assets	$35,840,829	$33,753,595

See accompanying notes.

SENATOR GEORGE J. MITCHELL
SCHOLARSHIP RESEARCH INSTITUTE

STATEMENTS OF ACTIVITIES

Year Ended December 31, 2015 With Comparative
Information for the Year Ended December 31, 2014

	Unre-stricted	Tempo-rarily Restricted	Perma-nently Restricted	2015	2014
Revenue:					
Contributions	$ 353,627	$ 40,500	$ 200,000	$ 594,127	$ 258,823
Grant revenue	48,873	159,000	–	207,873	180,691
Special events	252,593	–	–	252,593	258,278
Less special events costs	(52,357)	–	–	(52,357)	(76,204)
Campaign	12,926	131,833	3,499,061	3,643,820	2,325,949
Interest and dividend income (note 3)	1,033	516,573	–	517,606	575,554
Net realized and unrealized (losses) gains on investments (note 3)	(52,000)	(1,022,942)	–	(1,074,942)	515,722
Other revenue	9,322	–	–	9,322	35,125
Net assets released from restrictions used for operations	1,298,597	(1,298,597)	–	–	–
Total revenue, gains and other support	1,872,614	(1,473,633)	3,699,061	4,098,042	4,073,938
Expenses:					
Grants and program initiatives	1,034,790	–	–	1,034,790	923,549
Administrative and general:					
Program service expenses	698,035	–	–	698,035	676,195
Management and general	101,275	–	–	101,275	100,908
Fundraising	81,971	–	–	81,971	79,802
Campaign	13,099	–	–	13,099	352,667
	1,929,170	–	–	1,929,170	2,133,121
Investment management fees	–	204,311	–	204,311	90,721
Total expenses	1,929,170	204,311	–	2,133,481	2,223,842
Change in net assets	(56,556)	(1,677,944)	3,699,061	1,964,561	1,850,096
Net assets at beginning of year	(739,715)	7,599,260	23,978,900	30,838,445	28,988,349
Net assets at end of year	$ (796,271)	$ 5,921,316	$27,677,961	$32,803,006	$30,838,445

See accompanying notes.

SENATOR GEORGE J. MITCHELL
SCHOLARSHIP RESEARCH INSTITUTE

STATEMENTS OF CASH FLOWS

Year Ended December 31, 2015 With Comparative
Information for the Year Ended December 31, 2014

	2015	2014
Cash flow from operating activities:		
Change in net assets	$ 1,964,561	$ 1,850,096
Adjustments to reconcile change in net assets to net cash (used) provided by operating activities:		
Depreciation	9,481	5,746
Net recognized investment losses (gains)	1,074,942	(515,722)
Restricted contributions	(3,877,394)	(1,702,604)
Provision for uncollectible contributions	–	67,750
Decrease (increase) in contributions receivable	58,275	(8,603)
Increase in accounts receivable	(14,393)	(1,514)
Decrease in grants receivable	–	298,000
(Increase) decrease in prepaid expenses	(6,150)	2,020
(Decrease) increase in accounts payable and accrued expenses	(3,994)	13,049
Increase in grants payable	269,761	250,069
Decrease in deferred grant revenue	(136,874)	(53,085)
Net cash (used) provided by operating activities	(661,785)	205,202
Cash flows from investing activities:		
Purchases of investments	(19,040,770)	(56,115,638)
Sales of investments	17,033,169	55,345,129
Purchase of property and equipment	(2,837)	(38,075)
Net cash used by investing activities	(2,010,438)	(808,584)
Cash flows from financing activities:		
Proceeds from restricted contributions	3,140,514	1,071,567
Payments on loan payable	(5,991)	(5,796)
Net cash provided by financing activities	3,134,523	1,065,771
Net increase in cash and cash equivalents	462,300	462,389
Cash and cash equivalents at beginning of year	2,234,212	1,771,823
Cash and cash equivalents at end of year	$ 2,696,512	$ 2,234,212

Supplemental disclosures:
Permanently restricted contributions receivable increased by $736,880 and $251,037 in 2015 and 2014, respectively.
Contributions received in 2014 include a donation of land valued at $380,000. The land donation is included in investments at year end.

See accompanying notes.

1. Description of Organization

The Senator George J. Mitchell Scholarship Research Institute (Mitchell Institute) strives to give Maine youth a fair chance to reach as far and as high as their individual talents and willingness allow by making an annual four-year scholarship award to a graduating senior from each of Maine's public high schools. Mitchell Institute is also committed to discerning, through qualitative and quantitative research, ways to advance the higher education aspirations of Maine students with the goal of developing and supporting programs that will remove obstacles to achieving a college degree.

2. Summary of Significant Accounting Policies

Cash and Cash Equivalents

Cash and cash equivalents includes all unrestricted highly liquid investments with an initial maturity of three months or less, except for those cash equivalents that are held as part of the investment portfolio. Significant amounts of cash equivalents are held in money market funds which exceed FDIC insurance coverage limits. Mitchell Institute invests in money market funds held by a local bank. The risk with respect to cash equivalents is minimized by Mitchell Institute's policy of investing in financial instruments with short-term maturities issued by highly rated financial institutions. All cash amounts are held by depository institutions and are fully covered by FDIC insurance.

Significant amounts of cash on hand at December 31, 2015 and 2014 are for scholarship payments disbursed in early 2016 and 2015, respectively.

Investments

Investments are stated at fair value. Gains and losses on investments are computed on the specific identification basis. Investment income and realized and unrealized gains/losses are included in unrestricted revenue unless restricted by donor or law. In addition, investment returns from permanently and temporarily restricted net assets are classified as temporarily restricted until appropriated for expenditures.

Investments, in general, are exposed to various risks, such as interest rate, credit, liquidity and overall market volatility. As such, it is reasonably possible that changes in the values of investments will occur in the near term and that such changes could materially affect the amounts reported in the statements of financial position and activities.

2. Summary of Significant Accounting Policies (Continued)

Contributions Receivable

Contributions receivable represent unconditional promises to give by donors and have been recorded at net realizable value. Contributions receivable are due from individuals, corporations and foundations. Contributions which are expected to be collected after one year have been discounted at .32% and are reflected in the financial statements at their net present value. The amortization of the discount is credited to contribution income. An allowance for uncollectible contributions receivable is provided as necessary by management based on a review of the underlying pledges. Management has recorded an allowance of $170,065 for the years ended December 31, 2015 and 2014. Amounts are charged off when deemed uncollectible.

Property and Equipment

Property and equipment is stated at cost less accumulated depreciation. Mitchell Institute's policy is to capitalize expenditures over $3,000. Depreciation is provided by the straight-line method in a manner which is intended to amortize the costs of the assets over their estimated useful life.

Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are those assets whose use by Mitchell Institute has been limited by donors to a specific time period or purpose. Permanently restricted net assets have been restricted by donors to be maintained by Mitchell Institute in perpetuity.

Donor-Restricted Gifts

Unconditional promises to give cash and other assets are reported at fair value at the date the promise is received. The gifts are reported as either temporarily or permanently restricted support if they are received with donor stipulations that limit the use of the donated assets. 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 statement of activities as net assets released from restrictions used for operations. Mitchell Institute also follows this reporting practice for donor-restricted gifts whose restrictions are met in the same reporting period that the promise or asset is received.

Grant Revenue

Grant revenue is recognized in the period the related expenditures are incurred in connection with carrying out the terms of the grant agreement.

Grants Payable

Scholarship awards are recorded when the initial four-year award is made. The present value of the estimated future payments to the recipients is recorded as a liability using a discount rate of .32% and .12% for the years ended December 31, 2015 and 2014, respectively.

2. Summary of Significant Accounting Policies (Continued)

Functional Expenses

Expenses are allocated to both programs and support services. Salaries, wages and overhead expenses are allocated based on estimates of time spent by the members of the staff. All other expenses are charged to each program based on direct expenditures incurred.

Income Taxes

Mitchell Institute is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, there is no provision for income taxes within the financial statements.

Tax-exempt organizations could be required to record an obligation for income taxes as the result of a tax position they have historically taken on various tax exposure items including unrelated business income or tax status. Under guidance issued by the Financial Accounting Standards Board, assets and liabilities are established for uncertain tax positions taken or positions expected to be taken in income tax returns when such positions are judged to not meet the "more-likely-than-not" threshold, based upon the technical merits of the position. Estimated interest and penalties, if applicable, related to uncertain tax positions are included as a component of income tax expense.

Mitchell Institute has evaluated the position taken on its filed tax returns. Mitchell Institute has not taken, nor does it expect to take any uncertain tax positions in any income tax return. The tax years from 2012 through 2015 are open to Internal Revenue Service or state examination.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires Mitchell Institute's management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates. The most significant area which is affected by the use of estimates is the recognition and collectibility of contributions receivable.

New Accounting Pronouncement

In May 2015, the Financial Accounting Standards Board issued ASU 2015-07, *Disclosures for Investments in Certain Entities That Calculate Net Asset Value Per Share (or its Equivalent).* This pronouncement removes the requirement to categorize within the fair value hierarchy all investments for which fair value is measured using the net asset value per share practical expedient, as well as certain related disclosure requirements. Mitchell Institute has elected to implement ASU 2015-07 in its 2015 financial statements, which is allowed under the pronouncement. The adoption of this pronouncement did not materially affect the financial statements.

2. Summary of Significant Accounting Policies (Continued)

In February 2016, the Financial Accounting Standards Board issued ASU No. 2016-02 *Leases* (Topic 842) (ASU 2016-02). Under ASU 2016-02, at the commencement of a long-term lease, lessees will recognize a liability equivalent to the discounted payments due under the lease agreement, as well as an offsetting right-of-use asset. ASU 2016-02 is effective for Mitchell Institute on January 1, 2020, with early adoption permitted. Lessees (for capital and operating leases) must apply a modified retrospective transition approach for leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements. The modified retrospective approach would not require any transition accounting for leases that expired before the earliest comparative period presented. Lessees may not apply a full retrospective transition approach. Mitchell Institute is currently evaluating the impact of the pending adoption of ASU 2016-02 on the financial statements.

Subsequent Events

Events occurring after the balance sheet date are evaluated by management to determine whether such events should be recognized or disclosed in the financial statements. Management has evaluated subsequent events through June 22, 2016 which is the date the financial statements were available to be issued.

Reclassifications

Certain 2014 amounts have been reclassified to conform with the 2015 presentation.

3. Investments

Investments consist of the following at December 31:

	2015	2014
Cash and cash equivalents	$ 265,205	$ 169,995
Mutual funds and ETFs	9,703,024	9,835,340
Common trust funds	18,556,170	17,634,053
Pooled investment fund	1,986,143	1,886,495
Land held for sale	328,000	380,000
	$30,838,542	$29,905,883

3. Investments (Continued)

Total interest and investment (loss) income consist of the following at December 31:

	2015	2014
Interest and dividend income	$ 517,606	$ 575,554
Realized (loss) gain on investments	(431,818)	312,704
Unrealized (loss) gain on investments	(643,124)	203,018
Investment (loss) income	$(557,336)	$1,091,276

GAAP provides guidance on classifying the net assets associated with donor-restricted endowment funds held by organizations that are subject to an enacted version of the *Uniform Prudent Management of Institutional Funds Act* (UPMIFA), which serves as a model act for states to modernize their laws governing donor-restricted endowment funds. UPMIFA was adopted by the State of Maine in 2009. Mitchell Institute makes the following disclosures related to this guidance and adoption of UPMIFA:

Investment Policies

Mitchell Institute has adopted investment and spending policies for its investments that attempt to provide a stream of funding to support programs of Mitchell Institute while seeking to maintain the purchasing power of the assets. Mitchell Institute's spending and investment policies work together to achieve this objective. Under the investment policy, as approved by the Board, the assets are invested in a manner that is intended to produce results that exceed the spending policy plus the rate of inflation while assuming a moderate level of investment risk. Actual returns in any given year may vary from this amount. To satisfy its long-term objectives, Mitchell Institute 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). Mitchell Institute targets a diversified asset allocation that places an emphasis on achieving its long-term return objectives within prudent risk constraints.

Spending Policy for Appropriation of Assets for Expenditures

The spending policy calculates the amount of money distributed annually from Mitchell Institute's funds for scholarships and program support. Each year, the Board determines a percentage that may be withdrawn and used for scholarships or other such purposes up to a maximum of 5% of the investments. In the event that the Board determines that 5% is insufficient in any year, it may vote to exceed the maximum 5% in that year only, but not to exceed 7%. In establishing this policy, Mitchell Institute considered the long-term expected return on its investments. Over the long term, Mitchell Institute's objective is to maintain the purchasing power of its investments as well as provide growth through new gifts and investment return. Mitchell Institute has determined that this policy is in accordance with UPMIFA as adopted by the State of Maine.

3. Investments (Continued)

Changes in Endowment Net Assets

Mitchell Institute had the following endowment-related activities including scholarship activities in endowment assets at December 31:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
2015				
Endowment net assets, January 1, 2015	$ –	$ 7,251,886	$23,978,900	$31,230,786
Investment return:				
Interest and dividend income	–	516,573	–	516,573
Net depreciation (realized and unrealized)	–	(1,022,942)	–	(1,022,942)
Total investment return	–	(506,369)	–	(506,369)
Investment fees	–	(204,311)	–	(204,311)
Contributions and grants	–	–	3,699,061	3,699,061
Appropriation for expenditure	–	(996,000)	–	(996,000)
Endowment net assets, December 31, 2015	$ –	$ 5,545,206	$27,677,961	$33,223,167
2014				
Endowment net assets, January 1, 2014	$ –	$ 7,126,748	$22,521,931	$29,648,679
Investment return:				
Interest and dividend income	–	574,887	–	574,887
Net appreciation (realized and unrealized)	–	515,722	–	515,722
Total investment return	–	1,090,609	–	1,090,609
Investment fees	–	(90,721)	–	(90,721)
Contributions and grants	–	–	1,456,969	1,456,969
Appropriation for expenditure	–	(874,750)	–	(874,750)
Endowment net assets, December 31, 2014	$ –	$ 7,251,886	$23,978,900	$31,230,786

3. Investments (Continued)

Fair Value Measurements

As defined in GAAP, fair value is 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. In determining fair value, Mitchell Institute uses various methods including market, income and cost approaches. Based on these approaches, Mitchell Institute utilizes certain assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and/or the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable inputs. Mitchell Institute utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Based on the observability of the inputs used in the valuation techniques, Mitchell Institute is required to provide the following information according to the fair value hierarchy. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values. Financial assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

Level 1 – Valuations for assets traded in active exchange markets, such as the New York Stock Exchange. Level 1 includes cash and cash equivalents as well as mutual funds and exchange traded funds, which are traded by dealers or brokers in active markets. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.

Level 2 – Valuations for assets traded in less active dealer or broker markets. Valuations are obtained from third party pricing services and other sources for identical or similar assets.

Level 3 – Valuations for assets that are derived from other valuation methodologies, including option pricing models, discounted cash flow models and similar techniques, and not based on market exchange, dealer, or broker traded transactions. Level 3 valuations incorporate certain assumptions and projections in determining the fair value assigned to such assets or liabilities. Level 3 includes land held for sale.

In determining the appropriate levels, Mitchell Institute performs a detailed analysis of the assets and liabilities that are reported at fair value.

3. Investments (Continued)

The following table provides information on the assets carried at fair value as of December 31:

	Total	Level 1	Level 2	Level 3
2015				
Cash and cash equivalents	$ 265,205	$ 265,205	$ –	$ –
Mutual funds:				
Fixed income	51,733	51,733	–	–
Equity	391,908	391,908	–	–
Multialternative	52,075	52,075	–	–
ETFs:				
International	3,099,952	3,099,952	–	–
Fixed income	3,107,001	3,107,001	–	–
REIT index securities	623,160	623,160	–	–
Equity	1,874,164	1,874,164	–	–
Commodity	503,031	503,031	–	–
Land held for sale	328,000	–	–	328,000
	10,296,229	$9,968,229	$ –	$328,000
Common trust funds	18,556,170			
Pooled investment	1,986,143			
Total funds valued based upon NAV	20,542,313			
Assets at fair value	$30,838,542			
2014				
Cash and cash equivalents	$ 169,995	$ 169,995	$ –	$ –
Mutual funds:				
Fixed income	74,632	74,632	–	–
Equity	409,517	409,517	–	–
Multialternative	52,521	52,521	–	–
ETFs:				
International	2,651,067	2,651,067	–	–
Fixed income	2,821,627	2,821,627	–	–
REIT index securities	618,683	618,683	–	–
Equity	2,603,609	2,603,609	–	–
Commodity	603,684	603,684	–	–
Land held for sale	380,000	–	–	380,000
	10,385,335	$10,005,335	$ –	$380,000
Common trust funds	17,634,053			
Pooled investment	1,886,495			
Total funds valued based upon NAV	19,520,548			
Assets at fair value	$29,905,883			

3. Investments (Continued)

There are no changes in the methods used to determine fair values in 2015 or 2014.

As of December 31, 2015, the common trust funds and pooled investment fund include Wellington Trust Company (WTC) investments and a Wellington Hedge Management (WHM) investment. The WTC investments have no redemption restrictions or commitments to purchase. The WHM investment permits redemptions on the first day of each calendar quarter at a price equal to the NAV included on the immediately preceding valuation date. These redemptions require 45 days written notice and are subject to an initial one year lockup period. There are no commitments to purchase additional units. The significant investment strategies of the common trust funds and pooled investment fund which are carried at fair value based on the NAV of the underlying securities are as follows:

WTC-CTF Intermediate Bond – The objective of the Intermediate Bond Portfolio is to provide long-term total return in excess of the Barclays Capital Intermediate Government/Credit Bond Index. The portfolio typically invests in high quality U.S. fixed income securities. For the year ended December 31, 2014, the portfolio was categorized as a level 2 asset within the fair value hierarchy.

WTC-CTF Small Cap 2000 – The objective of the Small Cap 2000 Portfolio is to provide returns consistently above those of the Russell 2000 Index. The portfolio primarily invests in common stock of small-cap companies. For the year ended December 31, 2014, the portfolio was categorized as a level 2 asset within the fair value hierarchy.

WTC-CTF Enduring Assets – The objective of the Enduring Assets Portfolio is to provide attractive risk-adjusted returns by investing primarily in companies with long-lived physical assets that possess an advantaged competitive position and that exhibit low levels of earnings volatility. For the year ended December 31, 2014, the portfolio was categorized as a level 2 asset within the fair value hierarchy.

WTC-CTF Global Bond – The objective of the Global Bond Portfolio is to generate excess returns over the Citigroup World Government Bond Index denominated in the base currency. The portfolio seeks to generate consistent returns through the combination of lowly correlated investment strategies. The portfolio includes, but is not limited to, securities included in the Index. For the year ended December 31, 2014, the portfolio was categorized as a level 2 asset within the fair value hierarchy.

WTC-CTF Global Opportunities – The objective of the Global Opportunities Portfolio is to provide long-term total return in excess of the MSCI All Country World Index. The portfolio invests in common stock, depository receipts and real estate securities of companies worldwide. For the year ended December 31, 2014, the portfolio was categorized as a level 2 asset within the fair value hierarchy.

WTC-CTF Opportunistic Equity – The Opportunistic Equity Portfolio utilizes an unconstrained, nonbenchmark oriented investment approach. The MSCI All Country World Index is used as the primary reference benchmark. The portfolio seeks to make timely allocations to niche areas of capital markets. For the year ended December 31, 2014, the portfolio was categorized as a level 2 asset within the fair value hierarchy.

3. Investments (Continued)

WHM Archipelago Holdings, Ltd – Archipelago Holdings, Inc. is an actively managed company that seeks to achieve capital appreciation through investing in certain private investment funds that have been sponsored by, or may in the future be sponsored by, the company's investment manager or its affiliates. The portfolio is a collection of long/short equity hedge funds with a net long bias. For the year ended December 31, 2014, the portfolio was categorized as a level 3 asset within the fair value hierarchy.

During the year ended December 31, 2014, the Mitchell Institute transitioned investment management services. For the year ended December 31, 2015, the investment management services were fully transitioned.

Land held for sale was received through an unrestricted campaign contribution. Fair value was determined through an independent appraisal and the current listed sales price. Proceeds from the sale of the land will be reinvested.

The change in the value of the level 3 investment is due to the following:

Balance at December 31, 2014	$380,000
Unrealized loss on investment	(52,000)
Balance at December 31, 2015	$328,000

Total losses from the asset with level 3 valuation inputs are recorded as part of the net realized and unrealized (losses) gains on investments in the statements of activities.

4. Contributions Receivable

Contributions receivable are due to be received as follows:

2016	$ 467,164
2017	816,434
2018	777,680
2019	60,000
2020	50,000
Thereafter	150,000
	2,321,278
Less allowance for uncollectible contributions receivable	(170,065)
Less discount to reflect contributions receivable at present value	(32,415)
Total contributions receivable	$2,118,798

4. Contributions Receivable (Continued)

During the year ended December 31, 2014, a grant commitment of $2,000,000 was received from a private foundation for the purpose of increasing Mitchell Institute's endowment fund. The grant commitment was contingent upon Mitchell Institute obtaining charitable contributions as specified in the grant agreement. The conditions of the grant commitment were achieved in 2015 and the full $2,000,000 was recognized as campaign revenue. At December 31, 2015, $1,000,000 of the pledge is included in contributions receivable.

5. Assets Held for Others

At December 31, 2015 and 2014, Mitchell Institute was holding $113,313 and $113,542, respectively, on behalf of another entity. Under an agreement with this entity, Mitchell Institute acts as an administrator for this scholarship fund.

6. Grants Payable

Each year Mitchell Institute awards a scholarship to a graduating senior from every public high school in Maine who will be attending a two-year or four-year post secondary degree program. The scholarship award is paid over the period of the degree program and has been recorded as grants payable.

Future anticipated cash to be used for grants payable, for which all of the conditions have been met, are summarized as follows:

2016	$1,122,061
2017	716,500
2018	523,000
2019	278,000
	2,639,561
Less unamortized discount to reflect grants payable at present value	(21,491)
Total grants payable	$2,618,070

7. Net Assets

Temporarily restricted net assets are available for the following purposes at December 31:

	2015	2014
Scholarships and scholar programs	$5,792,458	$7,401,998
Operating in future years	128,858	197,262
	$5,921,316	$7,599,260

Permanently restricted net assets consist of the following at December 31:

	2015	2014
Senator George J. Mitchell Scholarship Fund	$ 1,543,207	$ 1,543,207
Scholarship Endowment Fund	25,382,997	21,654,287
Institutional Endowment Fund	950,000	950,000
	27,876,204	24,147,494
Allowance for uncollectible contributions receivable	(166,500)	(165,000)
Present value discount on contributions receivable	(31,743)	(3,594)
	$27,677,961	$23,978,900

8. Operating Lease

Effective January 1, 2015, Mitchell Institute entered into an operating lease for office space. The lease has a ten-year term ending December 31, 2024, with monthly rent of $4,170 through December 31, 2019. The monthly rent increases annually on the anniversary date with the maximum monthly rent of $4,834 in year ten of the lease. Rent expense for the years ended December 31, 2015 and 2014 was $66,072 and $41,879, respectively.

The following are the noncancellable annual lease payments as of December 31, 2015:

2016	$ 50,040
2017	50,040
2018	50,040
2019	50,040
2020	51,541
Thereafter	222,097