

**AVANGRID FOUNDATION, INC.**

**FINANCIAL STATEMENTS**  
**DECEMBER 31, 2016**  
**AND FOR THE YEAR THEN ENDED**

**AVANGRID FOUNDATION, INC.**

**DECEMBER 31, 2016**

**C O N T E N T S**

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### INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Avangrid Foundation, Inc.

We have audited the accompanying financial statements of Avangrid Foundation, Inc., which comprise the statement of assets, liabilities, and net assets - cash basis as of December 31, 2016, and the related statement of revenues, expenses, and changes in net assets - cash basis 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 the cash basis of accounting described in Note 1; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for 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 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 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 partnership'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 partnership'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.

**INDEPENDENT AUDITOR'S REPORT**  
**(Continued)**

*Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and net assets arising from cash transactions of Avangrid Foundation, Inc. as of December 31, 2016, and its revenue collected and expenses paid during the year then ended in accordance with the cash basis of accounting described in Note 1.

*Basis of Accounting*

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

*Davidson, Fox & Company, LLP*

Binghamton, New York  
August 23, 2017

**AVANGRID FOUNDATION, INC.**

**STATEMENT OF ASSETS, LIABILITIES, AND NET ASSETS - CASH BASIS  
DECEMBER 31, 2016**

<b>ASSETS</b>	
<b>CURRENT ASSETS</b>	
Cash and cash equivalents	\$ 4,206,219
Other investments	<u>1,120,023</u>
<b>TOTAL CURRENT ASSETS</b>	<u><b>5,326,242</b></u>
<b>PROPERTY</b>	
Land	1,321,687
Buildings and improvements	<u>2,569,693</u>
	3,891,380
Less: accumulated depreciation	<u>959,452</u>
<b>TOTAL PROPERTY, net</b>	<u><b>2,931,928</b></u>
<b>TOTAL ASSETS</b>	<b>\$ <u><u>8,258,170</u></u></b>
<b>LIABILITIES AND NET ASSETS</b>	
<b>NET ASSETS</b>	
Unrestricted	\$ <u>8,258,170</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ <u><u>8,258,170</u></u></b>

See accompanying notes to financial statements

**AVANGRID FOUNDATION, INC.**

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS -  
CASH BASIS  
YEAR ENDED DECEMBER 31, 2016**

**REVENUES**

Rental income	\$ 403,913
Contributions	3,534,838
Interest and dividend income	97,064
Gain on sale of property	<u>205,564</u>
<b>TOTAL REVENUES</b>	<u><b>4,241,379</b></u>

**EXPENSES**

Grants and contributions	
Sustainable energy	504,274
Biodiversity and environment	441,500
Art and culture	495,444
Cooperation and solidarity	<u>1,582,305</u>
Total grants and contributions	<u><b>3,023,523</b></u>
Rental and administrative expenses	
Depreciation	64,487
Excise taxes	617
Miscellaneous expense	74
Professional fees	2,125
Property taxes	45,081
Repairs and maintenance	50,832
Travel	17,495
Utilities	<u>29,577</u>
Total rental and administrative expenses	<u><b>210,288</b></u>
<b>TOTAL EXPENSES</b>	<u><b>3,233,811</b></u>
<b>INCREASE IN NET ASSETS</b>	<b>1,007,568</b>
<b>NET ASSETS, beginning</b>	<u><b>7,250,602</b></u>
<b>NET ASSETS, ending</b>	<u><u><b>\$ 8,258,170</b></u></u>

See accompanying notes to financial statements

**AVANGRID FOUNDATION, INC.**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Nature of Activities

The Foundation receives funding from the various subsidiaries of Avangrid, Inc.. In addition, the Foundation earns investment income from rental properties and marketable securities. After paying various expenses related to the rental activities, the Foundation distributes monies to charitable organizations at the discretion of the Board of Directors.

Basis of Accounting

The financial statements have been prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. Under that basis, certain revenues and the related assets are recognized when received rather than when earned, and certain expenses are recognized when paid rather than when the obligation is incurred. An exception has been made for the provision of depreciation of buildings and improvements. The financial statements do not present financial position and results of operations as they would appear had generally accepted accounting principles been applied in their preparation.

Use of Estimates

The preparation of financial statements on the cash basis of accounting requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Marketable Securities

Investments in marketable equity securities are reported at cost in the statement of assets, liabilities, and net assets – cash basis. Realized gains and losses, along with interest and dividends, are included in the statement of revenues, expenses, and changes in net assets – cash basis.

The Organization’s investments in marketable securities are maintained in an investment management account with Fidelity Investments. See Note 3 for fair value measurements of investments.

Property and Depreciation

Property additions and improvements are stated at cost; donated property is stated at fair market value at the date of receipt as determined by an outside appraisal. Expenditures for additions, renewals and betterments are capitalized; expenditures for maintenance and repairs are charged to expenses as they are paid. Depreciation is computed on the straight-line method over the following estimated useful lives:

	<u>Years</u>
Buildings and improvements	20 - 40

**AVANGRID FOUNDATION, INC.**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Tax Status

The organization is a private foundation as defined under the Internal Revenue Code of 1986 Section 501(c)(3) and is subject to an annual excise tax on net investment income, including net realized gains. The actual excise tax on 2016 net investment income was \$5,167.

The Internal Revenue Code requires that certain minimum distributions be made in accordance with a specified formula. As of December 31, 2016, the Foundation had approximately \$2,590,000 in excess distributions, which may be used to satisfy future distribution requirements.

Events Occurring After Reporting Date

The Foundation has evaluated events and transactions that occurred between December 31, 2016 and August 23, 2017, which is the date the financial statements were available to be issued, for possible disclosure in the financial statements. No significant events have been noted to have occurred within this time period.

NOTE 2 - CONCENTRATION OF CREDIT RISK

The Foundation maintains its cash and cash equivalents with a bank and a credit union. Bank checking accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to a maximum of \$250,000 per account holder. All credit union accounts are insured by the National Credit Union Share Insurance Fund (NCUSIF) up to a maximum of \$250,000 per account holder. As of December 31, 2016, the Foundation had \$4,896,202 in uninsured funds.

NOTE 3 – MARKETABLE SECURITIES AND FAIR VALUE MEASUREMENTS

Cost and fair value of investments at December 31, 2016 are summarized as follows:

	<u>Cost</u>	<u>Fair Value</u>
Mutual funds		
Domestic equities	\$ <u>1,120,023</u>	\$ <u>1,118,039</u>

The fair values of mutual funds are based on quoted market prices. The unit price for these investments held by Avangrid Foundation, Inc. are revalued and published on an actively traded market at least daily.

Investment securities are subject to various risks, including credit, interest rate and overall market risk. Due to these risks associated with investment securities, the amount that Avangrid Foundation, Inc. will ultimately realize could differ materially from the estimated value in the near term.



**AVANGRID FOUNDATION, INC.**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

**NOTE 4 - LEASES**

The Foundation leases building space to another entity under an operating lease with an expiration date of October 2021. The future minimum lease payments to be received under this lease are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2017	\$ 232,685
2018	239,666
2019	246,856
2020	254,251
2021	217,105
Thereafter	<u>-</u>
<b>Total</b>	<b>\$ <u>1,190,563</u></b>

Under the terms of this lease, certain costs associated with the property are the responsibility of the Foundation.

**NOTE 5 - COMMITMENTS**

The Foundation has pledged, at the direction of its Board of Directors, the following grants which were unpaid at December 31, 2016:

<u>Organization</u>	Year Pledge <u>Made</u>	Original <u>Amount</u>	<u>Remaining pledges expected to be paid in:</u>		<u>Total Remaining</u>
			<u>2017</u>	<u>2018 and Later</u>	
Binghamton University	2015	\$ 100,000	\$ 33,000	\$ -	\$ 33,000
Eastman School of Music	2015	400,000	60,000	180,000	240,000
Maine Fnd. for Comm. Colleges	2014	250,000	50,000	50,000	100,000
Maine General Hospital	2014	100,000	20,000	20,000	40,000
Portland Museum of Art	2015	30,000	10,000	-	10,000
Yale-New Haven Hospital	2016	250,000	50,000	150,000	200,000
CT Council for Philanthropy	2016	150,000	50,000	50,000	100,000
Friends for the Maine State Museum	2016	100,000	50,000	-	50,000
Monroe Comm. College Single Stop	2016	250,000	<u>50,000</u>	<u>150,000</u>	<u>200,000</u>
			<b>\$ <u>373,000</u></b>	<b>\$ <u>600,000</u></b>	<b>\$ <u>973,000</u></b>

**NOTE 6 - DONATED SERVICES**

Board members provide time and services to the Foundation without compensation. No amounts have been included in the accompanying financial statements since no objective basis is available to measure the value of such services.