MetLife Foundation

Financial Statements as of and for the Years Ended December 31, 2015 and 2014 And Independent Auditors’ Report

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of MetLife Foundation:

We have audited the accompanying financial statements of MetLife Foundation (the "Foundation"), 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 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.

Auditors' 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 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 Foundation'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 Foundation's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation 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.

Deloitte & Touche LLP

February 12, 2016

METLIFE FOUNDATION
STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2015 AND 2014

ASSETS	**NOTES**	**2015**	**2014**
Investments:			
Investments, at fair value:			
Equity investments	1	$ 168,735,597	$ 168,090,542
Short-term investments	1	-	16,697,762
Program-related investments, net of allowance	1	3,835,065	4,085,065
Total investments		172,570,662	188,873,369
Cash and cash equivalents	1	19,965,464	1,154,376
Due and accrued investment income		2,930	2,930
Amounts receivable for investments sold	1	3,743,275	5,629,607
TOTAL ASSETS		**$ 196,282,331**	**$ 195,660,282**

LIABILITIES AND NET ASSETS			
Cash overdraft	1	$ 1,269,850	$ 1,455,693
Accrued expenses and other payables		1,525	376,500
Federal excise tax payable		304,548	490,192
Total liabilities		1,575,923	2,322,385
Net assets – unrestricted		194,706,408	193,337,897
TOTAL LIABILITIES AND NET ASSETS		**$ 196,282,331**	**$ 195,660,282**

See notes to financial statements

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

REVENUE	**NOTES**	**2015**	**2014**
Investment income:			
Dividends and interest		$ 4,898,620	$ 4,109,505
Change in fair value of investments	1	(2,064,364)	13,512,871
Allowance for program-related investments	1	(750,000)	-
Contributions from MetLife	3	44,000,000	44,000,000
Contributed services	1,4	1,441,593	-
Total revenue		47,525,849	61,622,376
GRANTS AND EXPENSES			
Grants paid		42,573,607	41,068,034
General expenses	4	2,084,782	472,557
Expense of contributed services	1,4	1,441,593	-
Federal excise tax	5	57,356	353,063
Total grants and expenses		46,157,338	41,893,654
CHANGE IN NET ASSETS		1,368,511	19,728,722
Net assets – beginning of year		193,337,897	173,609,175
NET ASSETS – end of year		**$ 194,706,408**	**$ 193,337,897**

See notes to financial statements

METLIFE FOUNDATION
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

CASH FLOWS FROM OPERATING ACTIVITIES:	**2015**	**2014**
Change in net assets	$ 1,368,511	$ 19,728,722
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Change in fair value of investments	2,064,364	(13,512,871)
Change in allowance for program-related investments	750,000	-
Accretion of discount/amortization of premiums on investments	(20,947)	(15,828)
Change in due and accrued investment income	-	542
Change in cash overdraft	(185,843)	(1,392,819)
Change in accrued expenses and other payables	(374,975)	59,075
Change in federal excise tax payable	(185,644)	127,763
Net cash provided by operating activities	3,415,466	4,994,584
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of investments	101,344,373	71,843,276
Purchase of investments	(85,948,751)	(84,999,046)
Net cash provided by (used in) investing activities	15,395,622	(13,155,770)
NET CHANGE IN CASH AND CASH EQUIVALENTS	18,811,088	(8,161,186)
Cash and cash equivalents – beginning of year	1,154,376	9,315,562
CASH AND CASH EQUIVALENTS – end of year	**$ 19,965,464**	**$ 1,154,376**
Supplemental disclosures of cash flow information – Federal excise taxes paid	**$ 243,000**	**$ 225,300**

See notes to financial statements

METLIFE FOUNDATION
NOTES TO FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2015 AND 2014 AND FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

The MetLife Foundation (the "Foundation") was formed for the purpose of supporting various philanthropic organizations and activities, principally in the United States. During 2013, the Foundation began an initiative of devoting resources to advancing financial inclusion, helping to build a secure future for individuals and communities around the world.

1. ACCOUNTING POLICIES

Summary of Significant Accounting Policies

The Foundation's financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") which recognize income when earned and expenses when incurred.

Investments at Fair Value – The Foundation's equity investments are principally comprised of Exchange Traded Funds (ETFs). Short-term investments include investments with remaining maturities of one year or less, but greater than three months, at the time of acquisition. Related holdings gains and losses are reported in investment income. The Foundation is not exposed to any significant concentration of credit risk in its investment portfolio.

Program-Related Investments - Such investments are authorized by the Board of Directors and represent loans to or equity investments in qualified charitable organizations or investments for appropriate charitable purposes as set forth in the Internal Revenue Code and regulations thereunder, and are carried at outstanding indebtedness or cost. An allowance for possible losses is established when the Foundation does not expect repayment in full on any program-related loan and when such uncollectible amount can be reasonably estimated. At December 31, 2015 the Foundation recorded an allowance for possible losses on program-related investments of $750,000 in investments income on the statements of activities and changes in net assets. At December 31, 2014, this allowance was zero. In addition, the income generated by the program-related loans is generally dependent upon the financial ability of the borrowers to keep current on their obligations. For disclosure purposes, a reasonable estimate of fair value was not made since the difference between fair value and the outstanding indebtedness or cost would not be significant. Maturities of the loan investments range from 2021 through 2022.

Cash Equivalents and Cash Overdraft - Cash equivalents are highly liquid investments purchased with an original or remaining maturity of three months or less at the date of purchase and are carried at fair value. The Foundation generally invests funds required for cash disbursements in cash equivalents and transfers such funds to its operating bank account when checks are presented for payment. The cash overdrafts at December 31, 2015 and December 31, 2014 represent grant disbursements that cleared the operating bank account in 2016 and 2015, respectively.

Amounts Receivable for Investments Sold – Security transactions are recorded on the trade date. A receivable is recognized for securities sold but not yet settled as of December 31, 2015.

Contributions - All contributions received to date by the Foundation have been unrestricted and, therefore, all of its net assets are similarly unrestricted. All contributions received during 2015 and 2014 have been from MetLife, Inc. and subsidiaries ("MetLife").

Contributed Services – For the year ended December 31, 2015, contributed services from MetLife are recorded at the cost recognized by MetLife in providing those services and are included in revenue and grants and expenses in the statements of activities. See "-Adoption of New Accounting Pronouncements."

Grants - Such transactions are authorized by the Board of Directors. Conditional grants authorized for payment in future years are subject to further review and approval by the Foundation.

Use of Estimates - The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and changes therein and the disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates. Since the obligation to make payment of conditional multi-year grants and program-related loans is dependent upon each grantee/borrower's satisfaction of the applicable conditions, the amount of conditional multi-year grants and program-related loans reported as commitments is based upon the expected or estimated fulfillment of such conditions.

Adoption of New Accounting Pronouncements

Effective January 1, 2015, the Foundation prospectively adopted new guidance requiring a recipient not-for-profit ("NFP") entity to recognize all services received from personnel of an affiliate that directly benefit the NFP and for which the affiliate does not charge the NFP. Those services should be measured at the cost recognized by the affiliate for the personnel providing those services. However, if measuring a service received from personnel of an affiliate at cost will significantly overstate or understate the value of that service, the recipient NFP may elect to recognize that service at its fair value. The adoption resulted in an increase to revenues and a corresponding increase to general expenses in the amount of $1,441,593 for the year ended December 31, 2015.

Future Adoption of New Accounting Pronouncements

In January 2016, the Financial Accounting Standards Board ("FASB") issued new guidance (Accounting Standards Update ("ASU") 2016-01, *Financial Instruments-Overall: Recognition and Measurement of Financial Assets and Financial Liabilities*) on the recognition and measurement of financial instruments. The new guidance changes the current accounting guidance related to (1) the classification and measurement of certain equity investments, (2) the presentation of changes in the fair value of financial liabilities measured under the fair value option that are due to instrument-specific credit risk, and (3) certain disclosures associated with the fair value of financial instruments. The new guidance is effective for fiscal years beginning after December 15, 2018. Early adoption is permitted for the instrument-specific credit risk provision and a provision that eliminates the fair value disclosures for financial instruments not recognized at fair value. The Foundation is currently evaluating the impact of this guidance on its financial statements.

In May 2014, the FASB issued a comprehensive new revenue recognition standard (Accounting Standards Update ("ASU") 2014-09, *Revenue from Contracts with Customers (Topic 606)*), effective retrospectively for fiscal years beginning after December 15, 2016. In August 2015, the FASB amended the guidance to defer the effective date by one year, effective for fiscal years beginning after December 15, 2017. Earlier application is permitted only as of annual reporting periods beginning after December 15, 2016. The new guidance will supersede nearly all existing revenue recognition guidance under GAAP; however, it will not impact the accounting for insurance contracts, leases, financial instruments and guarantees. For those contracts that are impacted by the new guidance, the guidance will require an entity to recognize revenue upon the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled to, in exchange for those goods or services. The Foundation is currently evaluating the impact of this guidance on its financial statements.

2. FAIR VALUE MEASUREMENTS

The Foundation has elected to measure its equity investments, short-term investments and cash equivalents at fair value with related holdings gains and losses reported in investment income.

When developing estimated fair values, the Foundation considers three broad valuation techniques: (i) the market approach, (ii) the income approach, and (iii) the cost approach. The Foundation determines the most appropriate valuation technique to use, given what is being measured and the availability of sufficient inputs, giving priority to observable inputs. The Foundation categorizes its assets and liabilities measured at estimated fair value into a three-level hierarchy, based on the significant input with the lowest level in its valuation. The input levels are as follows:

Level 1 Unadjusted quoted prices in active markets for identical assets or liabilities. The Foundation defines active markets based on average trading volume for equity securities. The size of the bid/ask spread is used as an indicator of market activity for fixed maturity securities.

Level 2 Quoted prices in markets that are not active or inputs that are observable either directly or indirectly. These inputs can include quoted prices for similar assets or liabilities other than quoted prices in Level 1, quoted prices in markets that are not active, or other significant inputs that are observable or can be derived principally from or corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 Unobservable inputs that are supported by little or no market activity and are significant to the determination of estimated fair value of the assets or liabilities. Unobservable inputs reflect the reporting entity’s own assumptions about the assumptions that market participants would use in pricing the asset or liability.

Financial markets are susceptible to severe events evidenced by rapid depreciation in asset values accompanied by a reduction in asset liquidity. The Foundation’s ability to sell securities, or the price ultimately realized for these securities, depends upon the demand and liquidity in the market and increases the use of judgment in determining the estimated fair value of certain securities.

Considerable judgment is often required in interpreting market data to develop estimates of fair value, and the use of different assumptions or valuation methodologies may have a material effect on the estimated fair value amounts.

Recurring Fair Value Measurements

The assets and liabilities measured at estimated fair value on a recurring basis and their corresponding placement in the fair value hierarchy presented below.

	Level 1		Level 2		Level 3		Total Estimated Fair Value
December 31, 2015:							
Equity investments	$	168,720,597	$	-	$	15,000	$	168,735,597
Cash equivalents		9,499,969		9,997,432		-		19,497,401
Short-term investments		-		-		-		-
Total	$	178,220,566	$	9,997,432	$	15,000	$	188,232,998
December 31, 2014:								
Equity investments	$	67,214,766	$	100,860,776	$	15,000	$	168,090,542
Cash equivalents		399,998		199,993		-		599,991
Short-term investments		-		16,697,762		-		16,697,762
Total	$	67,614,764	$	117,758,531	$	15,000	$	185,388,295

The following describes the valuation methodologies used to measure assets and liabilities at fair value. The description includes the valuation techniques and key inputs for each category of assets or liabilities that are classified within Level 2 and Level 3 of the fair value hierarchy.

Equity Investments, Cash Equivalents and Short-term Investments

When available, the estimated fair value of these financial instruments is based on quoted prices in active markets that are readily and regularly obtainable. Generally, these are the most liquid of the Company's securities holdings and valuation of these securities does not involve management's judgment.

When quoted prices in active markets are not available, the determination of estimated fair value is based on market standard valuation methodologies, giving priority to observable inputs. The significant inputs to the market standard valuation methodologies for certain types of securities with reasonable levels of price transparency are inputs that are observable in the market or can be derived principally from, or corroborated by, observable market data. When observable inputs are not available, the market standard valuation methodologies rely on inputs that are significant to the estimated fair value that are not observable in the market or cannot be derived principally from, or corroborated by, observable market data. These unobservable inputs can be based in large part on management's judgment or estimation and cannot be supported by reference to market activity. Even though these inputs are unobservable, management believes they are consistent with what other market participants would use when pricing such securities and are considered appropriate given the circumstances.

All instruments have valuations using independent pricing sources, matrix pricing, discount cash flow methodologies or other similar techniques that use market observable and/or unobservable inputs.

Instrument	Level 2 Observable Inputs	Level 3 Unobservable Inputs
Equity Securities		
	Valuation Techniques: Principally the market approach. Key Input: • quoted prices in markets that are not considered active	Valuation Techniques: Principally the market and income approaches. Key Inputs: • credit ratings; issuance structures • quoted prices in markets that are not active for identical or similar securities that are less liquid and based on lower levels of trading activity than securities classified in Level 2 • independent non-binding broker quotations
Cash Equivalents and Short-term investments		
	Valuation Techniques: Principally the market approach. Key Inputs: • quoted prices in markets that are not active • benchmark U.S. Treasury yield or other yields • the spread off the U.S. Treasury yield curve for the identical security • issuer ratings and issuer spreads; broker-dealer quotes • comparable securities that are actively traded	• N/A

Transfers between Levels

Overall, transfers between levels occur when there are changes in the observability of inputs and market activity. Transfers into or out of any level are assumed to occur at the beginning of the period.

For assets measured at estimated fair value and still held at December 31, 2015, transfers between Levels 1 and 2 were $82 million. There were no transfers into or out of Level 3 during the year ended December 31, 2015. For assets measured at estimated fair value and still held at December 31, 2014, transfers between Levels 1 and 2 were $80 million.

The following tables summarize the change of all assets measured at estimated fair value on a recurring basis using significant unobservable inputs (Level 3). There were no unrealized or realized gains (losses) on Level 3 assets during the years ended December 31, 2015 and 2014.

	Balance, January 1	Investment Income (1)	Purchases	Sales	Balance, December 31
December 31, 2015:					
Equity investments	$ 15,000	$ -	$ -	$ -	$ 15,000

	Balance, January 1	Investment Income (1)	Purchases	Sales	Balance, December 31
December 31, 2014:					
Equity investments	$ 15,000	$ -	$ -	$ -	$ 15,000

(1) Amortization of premium/accretion of discount is included within investment income. Interest and dividend accruals, as well as cash interest coupons and dividends received, are excluded from the rollforward.

3. CONTRIBUTIONS

In 2015 and 2014, MetLife contributed cash of $44,000,000 to the Foundation.

4. RELATED PARTY TRANSACTIONS

The Foundation is supported by MetLife. MetLife also provides the Foundation with management and administrative services without charge. The Statements of Activities and Changes in Net Assets include revenue from contributed services and a corresponding cost of contributed services of $1,441,593 for the year ended December 31, 2015. See Note 1.

5. FEDERAL TAXES

The Foundation is exempt from Federal income taxes; however, as a private foundation, it is subject to Federal excise taxes on its net taxable investment income and realized capital gains. The rate for
current excise taxes was 2% in 2015 and 2014. The rate for deferred excise taxes was 2% in 2015 and 2014. There were no uncertain tax positions taken by the Foundation as of December 31, 2015.

6. COMMITMENTS

As of December 31, 2015, the Board of Directors had authorized grants and program-related investments for future years as follows:

	Conditional Grants	Program-Related Investments
2016	$12,975,662	$2,500,000
2017	11,686,119	-
2018	2,674,100	-
	$27,335,881	$2,500,000

These commitments are based on conditions that must be met and are therefore not included as a liability on the Statements of Financial Position.

As of December 31, 2015, none of the conditional grants required further review and approval by the Board of Directors prior to payment.

7. SUBSEQUENT EVENTS

The Foundation has evaluated all subsequent transactions and events after the statement of financial position date and through February 12, 2016, which is the date these financial statements were available to be issued. There are no transactions or events requiring disclosure.

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