

**COMMUNITY FOUNDATION
OF LORAIN COUNTY**

CONSOLIDATED FINANCIAL REPORT

DECEMBER 31, 2017 and 2016

COMMUNITY FOUNDATION OF LORAIN COUNTY

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Independent Auditors' Report

To the Board of Directors
Community Foundation of Lorain County
Elyria, Ohio

We have audited the accompanying consolidated financial statements of Community Foundation of Lorain County, which comprise the consolidated statements of financial position as of December 31, 2017 and 2016, and the related consolidated 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 consolidated 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 consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Community Foundation of Lorain County as of December 31, 2017 and 2016, 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.



Cleveland, Ohio
June 13, 2018

COMMUNITY FOUNDATION OF LORAIN COUNTY
 CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
<u>ASSETS</u>		
Cash and cash equivalents	\$ 111,432	\$ 82,557
Investments	136,335,369	121,669,227
Program related investments	92,667	100,000
Assets held in trust by others	105,658	93,062
Notes receivable	202,959	356,160
Contributions receivable	140,203	122,468
Prepaid expenses	34,012	26,573
Property and equipment - net	<u>789,015</u>	<u>820,921</u>
Total assets	<u>\$ 137,811,315</u>	<u>\$ 123,270,968</u>
 <u>LIABILITIES AND NET ASSETS</u>		
<u>LIABILITIES</u>		
Accounts payable and accrued expenses	\$ 7,825	\$ 25,490
Grants payable	605,093	1,182,461
Note payable	2,193	15,348
Split-interest agreements	47,582	46,263
Agency fund liability	<u>20,371,814</u>	<u>18,639,907</u>
Total liabilities	21,034,507	19,909,469
 <u>NET ASSETS</u>		
Unrestricted	114,537,616	101,288,013
Temporarily restricted	<u>2,239,192</u>	<u>2,073,486</u>
Total net assets	<u>116,776,808</u>	<u>103,361,499</u>
Total liabilities and net assets	<u>\$ 137,811,315</u>	<u>\$ 123,270,968</u>

The accompanying notes are an integral part of these financial statements.

COMMUNITY FOUNDATION OF LORAIN COUNTY

CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

Year Ended December 31, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
SUPPORT AND REVENUE			
Contributions	\$ 5,722,063		\$ 5,722,063
Less: amounts received for agency funds	<u>(135,810)</u>		<u>(135,810)</u>
Net contributions	5,586,253		5,586,253
Investment income - net of fees	16,572,376	\$ 189,421	16,761,797
Change in value of closely held stock	26,024		26,024
Less: investment earnings on agency funds	<u>(2,363,777)</u>		<u>(2,363,777)</u>
Net investment income	14,234,623	189,421	14,424,044
Other income	143,976		143,976
Net assets released from restrictions:			
Satisfaction of program restrictions	<u>23,715</u>	<u>(23,715)</u>	<u>-</u>
Total support and revenue	19,988,567	165,706	20,154,273
EXPENSES			
Program services	6,543,720		6,543,720
Less: grants paid from agency funds	<u>(766,329)</u>		<u>(766,329)</u>
Net program services	5,777,391		5,777,391
General and administrative	587,531		587,531
Fundraising and development	<u>374,042</u>		<u>374,042</u>
Total expenses	6,738,964		6,738,964
CHANGE IN NET ASSETS	13,249,603	165,706	13,415,309
NET ASSETS – BEGINNING OF YEAR	<u>101,288,013</u>	<u>2,073,486</u>	<u>103,361,499</u>
NET ASSETS – END OF YEAR	<u>\$114,537,616</u>	<u>\$ 2,239,192</u>	<u>\$116,776,808</u>

The accompanying notes are an integral part of these financial statements.

COMMUNITY FOUNDATION OF LORAIN COUNTY

CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

Year Ended December 31, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
SUPPORT AND REVENUE			
Contributions	\$ 4,048,357		\$ 4,048,357
Less: amounts received for agency funds	(276,154)		(276,154)
Net contributions	<u>3,772,203</u>		<u>3,772,203</u>
Investment income - net of fees	8,030,937	\$ 45,996	8,076,933
Change in value of real estate	2,879		2,879
Change in value of closely held stock	43,051		43,051
Less: investment earnings on agency funds	(1,115,211)		(1,115,211)
Net investment income	<u>6,961,656</u>	<u>45,996</u>	<u>7,007,652</u>
Other income	179,114		179,114
Net assets released from restrictions:			
Satisfaction of program restrictions	26,151	(26,151)	-
Total support and revenue	<u>10,939,124</u>	<u>19,845</u>	<u>10,958,969</u>
EXPENSES			
Program services	6,499,194		6,499,194
Less: grants paid from agency funds	(796,940)		(796,940)
Net program services	<u>5,702,254</u>		<u>5,702,254</u>
General and administrative	325,430		325,430
Fundraising and development	392,879		392,879
Total expenses	<u>6,420,563</u>		<u>6,420,563</u>
CHANGE IN NET ASSETS	4,518,561	19,845	4,538,406
NET ASSETS – BEGINNING OF YEAR	<u>96,769,452</u>	<u>2,053,641</u>	<u>98,823,093</u>
NET ASSETS – END OF YEAR	<u>\$ 101,288,013</u>	<u>\$ 2,073,486</u>	<u>\$ 103,361,499</u>

The accompanying notes are an integral part of these financial statements.

COMMUNITY FOUNDATION OF LORAIN COUNTY

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years Ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 13,415,309	\$ 4,538,406
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	31,906	32,297
Donated securities	(524,523)	(70,664)
Net realized and unrealized (gains) losses on:		
Investments	(15,270,537)	(6,797,862)
Closely held stock	(26,024)	(43,051)
Real estate	-	(2,879)
Split-interest agreements	10,140	6,496
Investment earnings on agency funds	2,363,777	1,115,211
Interest and dividends reinvested net of fees	(1,489,909)	(1,279,071)
Increase in assets held in trust by others	(12,596)	(3,801)
Changes in assets and liabilities:		
Contributions receivable	(17,735)	(34,340)
Prepaid expenses	(7,439)	(11,315)
Accounts payable and accrued expenses	(17,665)	13,752
Grants payable	(577,368)	223,037
Agency fund liability	(631,870)	(520,962)
Total adjustments	<u>(16,169,843)</u>	<u>(7,373,152)</u>
Net cash used in operating activities	(2,754,534)	(2,834,746)
CASH FLOWS FROM INVESTING ACTIVITIES		
Notes receivable	153,201	(43,491)
Proceeds from sale of investments	31,673,687	31,240,608
Purchase of investments	(29,028,836)	(28,365,277)
Program related investments	7,333	(38,700)
Purchases of property and equipment	-	(26,311)
Net cash provided by investing activities	<u>2,805,385</u>	<u>2,766,829</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Note payable	(13,155)	15,348
Payments for split-interest agreements	(8,821)	(8,820)
Net cash (used in) provided by financing activities	<u>(21,976)</u>	<u>6,528</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	28,875	(61,389)
CASH AND CASH EQUIVALENTS – BEGINNING OF YEAR	<u>82,557</u>	<u>143,946</u>
CASH AND CASH EQUIVALENTS – END OF YEAR	<u>\$ 111,432</u>	<u>\$ 82,557</u>

The accompanying notes are an integral part of these financial statements.

COMMUNITY FOUNDATION OF LORAIN COUNTY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies

- A. Description of the Community Foundation – The Community Foundation of Lorain County ("Community Foundation") is a public foundation established in 1980 with income from endowment funds contributed by individuals, families, businesses and nonprofit organizations. The Community Foundation is an open and inclusive anchor institution that works to improve the quality of life for those living and working in Lorain County, Ohio. It responds to the changing needs of the community by making grants to local nonprofit organizations and providing scholarships to benefit local students. The Community Foundation is committed to a culture of diversity, inclusion and equity to guide its values, actions, and impact in Lorain County.
- B. *Basis of Consolidation* – The consolidated financial statements include the Community Foundation, Charitable Properties of Lorain County, LLC, Forever Farmland of Lorain County, LLC and Forever Farmland of Huron County, LLC. Charitable Properties of Lorain County, LLC was formed as a single member nonprofit limited liability company to increase the Community Foundation's capacity to evaluate, accept and manage gifts of real property. Forever Farmland of Lorain County, LLC and Forever Farmland of Huron County, LLC were formed to provide opportunities to receive and manage agricultural gifts. All accounts and transactions between the organizations have been eliminated in the consolidated financial statements. "Community Foundation" refers to the consolidated organizations.
- C. *Cash and Cash Equivalents* – For the purposes of the consolidated statements of cash flows, the Community Foundation considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Temporarily uninvested cash in investment accounts is considered an investment rather than a cash equivalent.

At times during the year, the Community Foundation maintained funds on deposit at its banks in excess of FDIC insurance limits.

- D. *Investments* – Investments are recorded at fair value based on published market prices or net asset value. The difference between their cost and fair market value is recorded as an unrealized gain or loss in the consolidated statements of activities and changes in net assets. Specific-identification is used to identify securities sold.
- E. *Investment Spending Policy* – The annual spending policy is based on a 12-quarter moving average market value of net assets, with a floor of 4.0% and a ceiling of 5.5%, taking into account both preservation of principal, as well as investment and custodial cost and fees. Payments in excess of annual spending policy are allowable expenditures only with special approval of the Board of Directors of the Community Foundation ("Board"). The amount that is available to be spent, awarded and not distributed is included in grants payable and amount to \$605,093 and \$1,182,461 in 2017 and 2016, respectively.
- F. *Fair Value of Financial Instruments* – FASB ASC 820, *Fair Value Measurements*, applies to all financial instruments that are measured and reported on a fair value basis. As defined in FASB ASC 820, 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, the Community Foundation 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

COMMUNITY FOUNDATION OF LORAIN COUNTY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Note 1. Summary of Significant Accounting Policies (Continued)

F. *Fair Value of Financial Instruments* (Continued)

unobservable firm inputs. The Community Foundation utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Based on the examination of the inputs used in the valuation techniques, the Community Foundation 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: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Community Foundation has the ability to access.

Level 2: Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3: Inputs to the valuation methodology are unobservable and significant for the fair value measurements.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

- G. *Notes Receivable* – During 2016, the Community Foundation received a gift from an estate of a 29% ownership in a Limited Liability Partnership that held a note receivable for 52 lots available for sale. The value of this note receivable was \$157,227 and \$342,500 in 2017 and 2016, respectively. Included in notes receivable is an additional \$45,732 and \$13,660 in 2017 and 2016, respectively, of other accounts receivable.
- H. *Contributions Receivable* – The Community Foundation recognizes contributions when they are received. At year end, contributions that have been received may not have been deposited until after December 31. These amounts are recorded as receivables and amounted to \$140,203 and \$122,468 in 2017 and 2016, respectively. In management's opinion, contributions receivable as of December 31, 2017 and 2016 were collectible and no material uncollectible accounts existed.
- I. *Property and Equipment* – Property and equipment purchased by the Community Foundation are carried at cost. Donated property and equipment are recorded at estimated fair value at the date of donation. Expenditures which substantially increase the useful lives of existing assets are capitalized. Routine maintenance and repairs and capital expenditures of less than \$2,500 are expensed as incurred. The cost and related accumulated depreciation of property and equipment sold or otherwise disposed of are removed from the accounts and any gain or loss is reflected in the current year's activities.

COMMUNITY FOUNDATION OF LORAIN COUNTY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Note 1. Summary of Significant Accounting Policies (Continued)

I. *Property and Equipment (Continued)*

	<u>2017</u>	<u>2016</u>
Land	\$ 238,250	\$ 238,250
Building	628,448	628,448
Building improvements	14,395	14,395
Equipment	<u>188,737</u>	<u>188,737</u>
	1,069,830	1,069,830
Less: accumulated depreciation	<u>(280,815)</u>	<u>(248,909)</u>
	<u>\$ 789,015</u>	<u>\$ 820,921</u>

The Community Foundation provides for depreciation of property and equipment generally using straight-line methods of depreciation over the following estimated useful lives of the assets:

<u>Class</u>	<u>Years</u>
Building	39
Building improvements	10
Equipment	3-5

- J. *Grants Payable* – Grants are made to various not-for-profit institutions for various purposes and are to be paid the following year. At December 31, 2017 and 2016, outstanding grants payable were \$605,093 and \$1,182,41, respectively.
- K. *Vacation and Personal Leave Pay* – Vacation and personal leave compensation is expensed when paid. Accrual of these benefits as earned would not have a material effect on the consolidated financial statements.
- L. *Advertising and Marketing Costs* – The Community Foundation participates in various advertising and marketing programs. All costs related to marketing and advertising the Community Foundation's services are expensed in the period incurred. Advertising costs charged to operations were \$32,119 and \$37,687 in 2017 and 2016, respectively.
- M. *Functional Expense Allocations* – Expenses are charged to functional areas based on specific-identification when possible. Expenses that cannot be specifically identified to a function are allocated to the functional areas based on factors such as direct relationship of expense, time spent by employees and square footage of space used for various programs.
- N. *Classification of Net Assets* – Contributions are classified as unrestricted, temporarily restricted and permanently restricted based on donor specifications. Assets, liabilities, revenue and gains are presented under these classifications. Designations by the Board, while separately stated, are considered unrestricted.

Grants and contributions received with donor-imposed restrictions are recorded as unrestricted if the restrictions are expected to be met within the same period. This policy is also followed for investment income received with donor-imposed restrictions.

Unrestricted net assets consist of net assets not subject to donor-imposed restrictions or the passage of time. This category periodically includes net assets designated by the Board. The Community Foundation's Board has designated \$320,992 in 2016 as an operating reserve. The reserve was used in 2017 to pay off an internal loan for the 2010 purchase of the building and land.

COMMUNITY FOUNDATION OF LORAIN COUNTY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Note 1. Summary of Significant Accounting Policies (Continued)

N. *Classification of Net Assets* (Continued)

Temporarily restricted net assets consist of irrevocable charitable trusts, lead trusts and restricted contributions receivable. Temporarily restricted net assets result from either donor-imposed restrictions on the use of the funds or timing differences between the receipt of funds and the incurrence of the related expenses. The Community Foundation reports gifts of cash value and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statements of activities and changes in net assets as net assets released from restrictions.

The Board, on the advice of legal counsel, has determined that the Community Foundation's net assets do not meet the definitions of endowment under the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") because of the Community Foundation's right to exercise variance power over contributions. As a result of this ability, all contributions not classified as temporarily restricted are classified as unrestricted net assets for financial statement purposes.

O. *Variance Power* – Variance power is the unilateral power to redirect the use of contributions to an entity or individual other than the specified beneficiary, if the Community Foundation's Board determines that circumstances have changed as to render the express desires of the donor unnecessary, impractical, incapable of fulfillment or inconsistent with the charitable needs of the community. The Community Foundation may, at any time, redirect the application of all or part of a gift, grant, devise or bequest to such other charitable uses or purposes which, in the Community Foundation's judgment, will most effectively accomplish the general mission of the Community Foundation.

P. *Revenue Recognition* – Contributions and grants are recognized when awarded as unrestricted, temporarily restricted or permanently restricted in accordance with donor specifications. Conditional promises to give are recognized when the conditions upon which they were given are substantially met.

Q. *Agency Funds* – Financial accounting standards are established for transactions in which a community foundation accepts a contribution from a donor and agrees to transfer those assets, the return on investment of these assets or both to another entity that is specified by the donor. The Community Foundation refers to such funds as agency funds. These standards specifically require that if a nonprofit organization establishes an agency fund at a community foundation with its own funds and specifies itself as the beneficiary of that fund, the community foundation must account for the transfer of such assets as a liability.

The Community Foundation maintains variance power and legal ownership of the agency funds and, as such, continues to report the funds as cash and investments of the Community Foundation. However, in accordance with financial accounting standards, a liability has been established equivalent to the value of the assets. Both the liability and the assets are measured at fair value. The amount in the consolidated statements of financial position at December 31 amount to \$20,371,814 and \$18,639,907 in 2017 and 2016, respectively. Contributions and investment activities are reported in the consolidated statements of activities and changes in net assets at the gross amounts collected and earned during the period with the amounts received for agency funds reported as separate line items.

COMMUNITY FOUNDATION OF LORAIN COUNTY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Note 1. Summary of Significant Accounting Policies (Continued)

- R. *Donated Services* – The Community Foundation received donated services (general assistance, fundraising events, etc.) which do not meet the criteria for recognition under FASB ACS 958-605 or cannot be objectively measured. These donations, while not recognized in the consolidated financial statements, provide valuable resources to the Community Foundation.
- S. *Income Tax Status* – The Community Foundation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code ("Code") and operates as a public charity. The Community Foundation has also been classified as an entity that is not a private foundation within the meaning of Section 509(a) and, therefore, qualifies for deductible contributions as provided in Section 170(b)(1)(A)(vi). The Community Foundation is required to operate in conformity with the Code to maintain its tax exempt status.
- Charitable Properties of Lorain County, LLC, Forever Farmland of Lorain County, LLC and Forever Farmland of Huron County, LLC are separately organized as single member nonprofit limited liability companies solely owned by the Community Foundation.
- T. *Accounting for Uncertainty in Income Taxes* – The Community Foundation adopted the provisions of FASB ASC 740-10, *Accounting for Uncertainty in Income Taxes* which prescribes a recognition threshold and a measurement attribute for the financial statement recognition and measurement of tax positions taken or expected to be taken in a tax return. For those benefits to be recognized, a tax position must be more-likely-than-not to be sustained upon examination by taxing authorities. The amount recognized is measured as the amount of benefit that is greater than 50% likely of being realized upon ultimate settlement. The Community Foundation recognizes interest and penalties accrued related to unrecognized tax uncertainties in income tax expense, if any. The Community Foundation determined that there are no material uncertain tax positions.
- U. *Fair Value of Financial Instruments* – Financial instruments held by the Community Foundation include, among others, accounts and notes receivable and accounts payable. The carrying amounts reported in the consolidated statements of financial position for assets and liabilities qualifying as financial instruments are a reasonable estimate of fair value.
- V. *Use of Estimates* – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.
- W. *Subsequent Events* – The Community Foundation has evaluated subsequent events through June 13, 2018, which is the date the consolidated financial statements were available to be issued.

COMMUNITY FOUNDATION OF LORAIN COUNTY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Note 2. Investments

Following is a description of the valuation methodologies used for instruments measured at fair value, including the general classification of such instruments pursuant to the valuation hierarchy:

Cash and Cash Equivalents

The Community Foundation invests in cash and cash equivalents, short-term investments and other securities with quoted prices in active markets.

Mutual Funds

These funds are valued at net asset value as reported by the underlying fund.

Common Stock

These securities are valued at quoted market prices in active markets for identical assets.

Private Partnerships/Private Equity

The Community Foundation considers fair value to be an amount equal to the pro-rata interest in the net assets of each private partnership. Such values are generally net of management fees and performance incentive fees or allocations payable to fund managers or general partners per the operating agreements. Investments are valued at the net asset value per unit or percentage of ownership as reported by the funds.

The Chief Financial Officer ("CFO"), under the supervision of the Investment Committee, reviews the fair value measurement policies and procedures in consultation with the investment consultant. These policies and procedures are reassessed at least annually to determine if the current valuation techniques are still appropriate. At that time, the unobservable inputs used in the fair value measurements are evaluated and adjusted, as necessary, based on current market conditions and other third party information. The Investment Committee meets quarterly and reviews valuation reports prepared by both the CFO and investment consultant using these procedures.

Private equity investments include private equity, venture capital and special situations. Unfunded commitments related to private equity investments totaled \$2,211,181 at December 31, 2017.

Closely Held Shares in LLC

These investments were originally bequested to the Community Foundation. They are valued based on the net asset value of the Community Foundation's ownership interest in the partners' capital.

Real Property

The Community Foundation values its real property holdings based on appraised values using comparable sales.

COMMUNITY FOUNDATION OF LORAIN COUNTY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Note 2. Investments (Continued)

The following table presents the financial instruments carried at fair value, on a recurring basis, as of December 31, 2017. Certain investments that are measured at fair value using the NAV per share (or its equivalent) practical expedient have not been categorized in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the consolidated statements of financial position.

	Quoted Market Prices in Active Markets (Level 1)	Models With Significant Observable Market Parameters (Level 2)	Unobservable Inputs not Corroborated by Market Data (Level 3)	Total Carrying Value in the Consolidated Statement of Financial Position
Cash and cash equivalents	\$ 3,235,501			\$ 3,235,501
Equities:				
Domestic large cap	31,185,019			31,185,019
Domestic small/mid cap	8,822,798			8,822,798
International	25,957,760			25,957,760
Emerging	6,746,330			6,746,330
Master limited partnership		\$ 203,936		203,936
Fixed income	5,071,245	1,902,940		6,974,185
Alternative investments:				
Commodities	2,188,706			2,188,706
Private equity			\$ 288,819	288,819
Closely held shares in LLC			121,578	121,578
Real property			1,539,000	1,539,000
Total assets in the fair value hierarchy	<u>\$ 83,207,359</u>	<u>\$ 2,106,876</u>	<u>\$ 1,949,397</u>	87,263,632
Investments measured at NAV				<u>49,071,737</u>
Investment at fair value				<u>\$ 136,335,369</u>

COMMUNITY FOUNDATION OF LORAIN COUNTY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Note 2. Investments (Continued)

The following table presents the financial instruments carried at fair value, on a recurring basis, as of December 31, 2016:

	Quoted Market Prices in Active Markets (Level 1)	Models With Significant Observable Market Parameters (Level 2)	Unobservable Inputs not Corroborated by Market Data (Level 3)	Total Carrying Value in the Consolidated Statement of Financial Position
Cash and cash equivalents	\$ 3,306,154			\$ 3,306,154
Equities:				
Domestic large cap	27,319,776			27,319,776
Domestic small/mid cap	13,522,997			13,522,997
International	21,004,250			21,004,250
Emerging	5,761,468			5,761,468
Master limited partnership		\$ 240,364		240,364
Fixed income	4,090,322	1,854,706		5,945,028
Alternative investments:				
Commodities	2,212,259			2,212,259
Private equity				-
Closely held shares in LLC			\$ 95,554	95,554
Real property			1,539,000	1,539,000
Total assets in the fair value hierarchy	<u>\$ 77,217,226</u>	<u>\$ 2,095,070</u>	<u>\$ 1,634,554</u>	80,946,850
Investments measured at NAV				<u>40,722,377</u>
Investment at fair value				<u>\$ 121,669,227</u>

Investment income consists of the following:

	2017	2016
Interest and dividends	\$ 2,042,912	\$ 1,872,859
Net unrealized and realized gains	15,270,537	6,797,862
Change in value of closely held stock	26,024	43,051
Change in value of real estate	-	2,879
Gain on sale of investment property	8,011	-
Management fees	(559,663)	(593,788)
Total investment income	<u>16,787,821</u>	<u>8,122,863</u>
Less: earnings allocated to agency funds	<u>(2,363,777)</u>	<u>(1,115,211)</u>
Total net investment income	<u>\$ 14,424,044</u>	<u>\$ 7,007,652</u>

COMMUNITY FOUNDATION OF LORAIN COUNTY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Note 2. Investments (Continued)

The following table presents a rollforward of the amounts related to the unobservable inputs for those financial instruments classified within Level 3 of the fair value hierarchy:

	<u>2017</u>	<u>2016</u>
Beginning balance	\$ 1,634,554	\$ 1,591,503
Net realized and unrealized gain	26,024	43,051
Purchases	<u>288,819</u>	<u>-</u>
Ending balance	<u>\$ 1,949,397</u>	<u>\$ 1,634,554</u>

The Community Foundation is required to disclose the nature and risks of the investments recorded at net asset value. The following table summarizes the nature and risk of these investments as of December 31, 2017:

	Fair Value at December 31, 2017	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Cash and equivalents	\$ 357,883	\$ -	Monthly	30 days
Equities				
Global low volatility	7,734,546	-	Monthly	90 days
Frontier	3,105,348	-	Quarterly	90 days
Alternative investments:				
Multi strategy	4,664,562	-	Monthly	90 days
Credit sensitive	8,790,965	-	Monthly	90 days
Reinsurance	4,641,894	-	Monthly	90 days
Hedge fund of funds	2,080,953	-	Annually	75-100 days
Fixed income	<u>17,695,586</u>	<u>-</u>	Monthly	90 days
	<u>\$49,071,737</u>	<u>\$ -</u>		

COMMUNITY FOUNDATION OF LORAIN COUNTY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Note 2. Investments (Continued)

The following table summarizes the nature and risk of these investments as of December 31, 2016:

	Fair Value at December 31, 2016	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Alternative investments:				
Multi strategy	\$ 3,584,997	\$ -	Monthly	90 days
Credit sensitive	4,216,370	-	Monthly	90 days
Reinsurance	-	-		
Hedge fund of funds	17,420,389	-	Annually	75-100 days
Fixed income	<u>15,500,621</u>	<u>-</u>	Monthly	90 days
	<u>\$40,722,377</u>	<u>\$ -</u>		

The fixed income strategies include an investment in two limited partnerships with one focused on U.S. below investment grade fixed income and the second limited partnership focused on investment grade bonds in the international markets.

The hedge fund of funds category includes investment in a hedge fund of funds that is broadly defined to include long/short equity, distressed debt strategies and fixed income arbitrage.

Note 3. Assets Held in Trust by Others

The Community Foundation has received an unconditional promise to give in the form of an irrevocable charitable remainder trust. The Community Foundation is a 17.35% beneficiary of a remainder trust and will receive income from the trust through 2049. The assets are recorded at fair value, which is estimated to approximate the present value of the expected future distributions from the trust. The Community Foundation's portion of the fair market value of the trust was \$105,658 and \$93,062 in 2017 and 2016, respectively.

Note 4. Split-Interest Agreements

The Community Foundation is obligated under several annuity contracts, whereby the Community Foundation is trustee of trust assets and beneficiary of the net remainder. The trusts provide for quarterly or annual annuity payments at a fixed percentage of the initial gift. A discount rate of 2.6% and 1.8% was used to estimate the value of the obligations at December 31, 2017 and 2016, respectively.

The Community Foundation records the fair value of the future annuity payments and considers this liability to be classified as Level 3 (unobservable inputs that are not corroborated by market data) fair value measure as described in Note 1. The related gift annuity asset is included in investments and amounted to \$120,394 and \$105,619 in 2017 and 2016, respectively.

The change in value of the split-interest agreements relates to the amortization of the discount annuity due to the beneficiary. The following table presents the reconciliation of the beginning and ending balance of the gift annuity liability fair value measurements:

COMMUNITY FOUNDATION OF LORAIN COUNTY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Note 4. Split-Interest Agreements (Continued)

	Fair Value Measurements Using Significant Unobservable Inputs (Level 3)	
	<u>2017</u>	<u>2016</u>
Beginning balance	\$ 46,263	\$ 48,587
Additions/contributions	5,555	-
Payments	(8,821)	(8,820)
Net unrealized gains	<u>4,585</u>	<u>6,496</u>
Ending balance	<u>\$ 47,582</u>	<u>\$ 46,263</u>

Note 5. Leases

The Community Foundation maintains an operating lease for office equipment which expires October 2021. Rent expense was \$7,200 in 2017 and 2016.

During 2016, the Community Foundation executed a lease for a telephone system which requires monthly lease payments of \$1,096 beginning February 2016 through February 2018. Future minimum lease payments under this lease are \$1,096 in 2018.

The Community Foundation subleases office space in Norwalk, Ohio from an unrelated nonprofit organization for one year ending July 31, 2018, renewable on an annual basis. Monthly rent of \$150 includes utilities and access to office equipment. Under this operating lease, rent expense for 2017 and 2016 was \$1,800.

Note 6. Unrestricted Net Assets

The following table represents the purpose as originally restricted by the donor; however, the Community Foundation retained variance power:

	<u>2017</u>	<u>2016</u>
General purpose	\$ 14,681,029	\$ 12,650,087
Field of interest	29,704,828	26,522,427
Donor advised	30,907,396	28,032,954
Scholarship	12,137,318	9,741,034
Agency funds	12,491,354	10,728,699
Designated	12,983,741	11,780,411
Board designated for reserve	-	320,992
Administrative funds	<u>1,631,950</u>	<u>1,511,409</u>
	<u>\$ 114,537,616</u>	<u>\$ 101,288,013</u>

COMMUNITY FOUNDATION OF LORAIN COUNTY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Note 7. Retirement Plan

The Community Foundation offers a 401(k) defined contribution salary deferral plan covering eligible employees. The Community Foundation matches 100% of the employees' contributions up to 3% of salary and 50% of the employees' contributions on the next 2% of salary. The Community Foundation contributions to this plan amounted to \$29,962 and \$26,455 in 2017 and 2016, respectively.

Note 8. Temporarily Restricted Net Assets

Temporarily restricted net assets consist of the following:

	2017			
	Beginning Net Assets	Contributions and Investment Gain/Loss	Net Assets Released From Restrictions	Ending Net Assets
Various purpose restrictions	\$1,980,424	\$ 176,825	\$ (23,715)	\$2,133,534
Assets held in trust by others	<u>93,062</u>	<u>12,596</u>	<u> </u>	<u>105,658</u>
	<u>\$2,073,486</u>	<u>\$ 189,421</u>	<u>\$ (23,715)</u>	<u>\$2,239,192</u>

	2016			
	Beginning Net Assets	Contributions and Investment Gain/Loss	Net Assets Released From Restrictions	Ending Net Assets
Various purpose restrictions	\$1,964,380	\$ 42,195	\$ (26,151)	\$1,980,424
Assets held in trust by others	<u>89,261</u>	<u>3,801</u>	<u> </u>	<u>93,062</u>
	<u>\$2,053,641</u>	<u>\$ 45,996</u>	<u>\$ (26,151)</u>	<u>\$2,073,486</u>

Note 9. Conditional Grants

The Fund for Our Economic Future ("Fund") is a nonprofit tax exempt public charity which started as a pooled grant fund to dramatically improve the economic climate in Northeast Ohio by organizations with the potential to strengthen the region as a whole. More than \$100 million has been raised by over 100 foundations, corporations and individuals in the Northeast Ohio region. The Fund received tax exempt 501(c)(3) status and entered into its fourth three-year phase in 2013. All grant recipients of the Fund are nonprofit organizations and tax exempt under Section 501(c)(3) of the Code. Grants are awarded by the Fund based on extensive due diligence and approval by the members of the Board. The Board is comprised of representatives from member organizations contributing at least \$100,000 over a three-year period (phases).

COMMUNITY FOUNDATION OF LORAIN COUNTY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Note 9. Conditional Grants (Continued)

The Community Foundation made a conditional commitment to Phase V of the Fund beginning in 2016 for a total of \$150,000, \$100,000 of which was paid as of December 31, 2017. As the grant is conditional, no liability is recorded until actual grant disbursements are approved by the Board.

Note 10. Building Commitment

During 2010, the Community Foundation acquired a building for the purpose of housing the operations of the Community Foundation. The building is centrally located in Lorain County and provides opportunity for future expansion of the Community Foundation's mission with nine acres of land accompanying the acquisition. The acquisition was completed through part sale/part charitable contribution from the seller. The Community Foundation constructed an addition, as well as retrofitted the existing building with several energy-efficient upgrades. The purchase and construction were financed by the Community Foundation through a loan to itself from its fixed income investment assets. In 2015, ten acres of land adjacent to the Community Foundation's current property was acquired through part sale/part charitable contribution from the seller. The loan was refinanced in 2015 as a result of this transaction. Terms of the internal loan are 4% over 20 years to be repaid from operations to the fixed income investment assets on a quarterly basis. The balance of the loan was \$-0- and \$567,922 in 2017 and 2016, respectively, which has been eliminated in the consolidated financial statements. The loan was paid in full during 2017.

Note 11. Program Related Investments

The Community Foundation made a program related loan to Manufacturing Advocacy and Growth Network ("MAGNET"), a nonprofit organization, for its PRISM program to drive regional economic growth from small-to-mid-sized manufacturers. The Community Foundation's total commitment to MAGNET over a three year period is \$100,000. The final payment was made for \$38,700 in 2016. Repayment terms extend to six years, with 2% interest only for the first three years. During 2017, a principal payment of \$7,333 was received related to the first tranche. The balance of this asset is considered long-term. Five additional foundations simultaneously made program related loans of various amounts to MAGNET for the PRISM program, bringing the total commitments of support from all funders for the program to \$1,100,000.

Independent Auditors' Report on Supplementary Information

To the Board of Directors
Community Foundation of Lorain County
Elyria, Ohio

We have audited the consolidated financial statements of Community Foundation of Lorain County as of and for the years ended December 31, 2017 and 2016, and our report thereon dated June 13, 2018, which expressed an unmodified opinion on those consolidated financial statements, appears on page 1. Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position, results of operations, and cash flows of the individual companies, and it is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The consolidating information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the consolidating information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Maloney + Novotny LLC

Cleveland, Ohio
June 13, 2018

COMMUNITY FOUNDATION OF LORAIN COUNTY

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2017

	<u>Program Services</u>	<u>General and Administrative</u>	<u>Fundraising and Development</u>	<u>Total</u>
Grants awarded	\$ 6,037,896			\$ 6,037,896
Salaries and related expenses	366,502	\$ 425,076	\$ 226,985	1,018,563
Professional fees	32,163	37,303	19,920	89,386
Communications and events			69,253	69,253
Equipment rental and maintenance	21,321	24,729	13,205	59,255
Occupancy	19,792	22,955	12,258	55,005
Employee activities	18,623	21,600	11,534	51,757
Consultant and special project	14,604	17,806	563	32,973
Supplies, postage and printing	11,119	12,896	6,886	30,901
Insurance	4,668	5,414	2,891	12,973
Miscellaneous	3,924	4,551	2,430	10,905
Board development	818	948	506	2,272
Website development and maintenance	809	938	501	2,248
	<u>6,532,239</u>	<u>574,216</u>	<u>366,932</u>	<u>7,473,387</u>
Grants paid from agency funds	(766,329)			(766,329)
Depreciation and amortization	<u>11,481</u>	<u>13,315</u>	<u>7,110</u>	<u>31,906</u>
	<u>\$ 5,777,391</u>	<u>\$ 587,531</u>	<u>\$ 374,042</u>	<u>\$ 6,738,964</u>
	<u>85.73%</u>	<u>8.72%</u>	<u>5.55%</u>	<u>100.00%</u>

COMMUNITY FOUNDATION OF LORAIN COUNTY

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2016

	<u>Program Services</u>	<u>General and Administrative</u>	<u>Fundraising and Development</u>	<u>Total</u>
Grants awarded	\$ 5,887,898			\$ 5,887,898
Salaries and related expenses	413,060	\$ 243,618	\$ 239,762	896,440
Professional fees	27,683	16,327	16,068	60,078
Communications and events			72,599	72,599
Equipment rental and maintenance	22,499	13,270	13,060	48,829
Occupancy	23,677	13,964	13,743	51,384
Employee activities	16,520	9,743	9,589	35,852
Consultant and special project	59,520			59,520
Supplies, postage and printing	12,961	7,644	7,523	28,128
Insurance	6,670	3,934	3,872	14,476
Miscellaneous	9,706	5,724	5,635	21,065
Board development	2,514	1,483	1,459	5,456
Website development and maintenance	1,604	946	931	3,481
	<u>6,484,312</u>	<u>316,653</u>	<u>384,241</u>	<u>7,185,206</u>
Grants paid from agency funds	(796,940)			(796,940)
Depreciation and amortization	<u>14,882</u>	<u>8,777</u>	<u>8,638</u>	<u>32,297</u>
	<u>\$ 5,702,254</u>	<u>\$ 325,430</u>	<u>\$ 392,879</u>	<u>\$ 6,420,563</u>
	<u>88.81%</u>	<u>5.07%</u>	<u>6.12%</u>	<u>100.00%</u>

COMMUNITY FOUNDATION OF LORAIN COUNTY
CONSOLIDATING STATEMENT OF FINANCIAL POSITION

December 31, 2017

	Community Foundation of Lorain County	Charitable Properties of Lorain County, LLC	Forever Farmland of Lorain County, LLC	Forever Farmland of Huron County, LLC	Eliminations	Total
<u>ASSETS</u>						
Cash and cash equivalents	\$ 49,793	\$ 6,682	\$ 51,515	\$ 3,442		\$ 111,432
Investments	134,796,369		1,539,000			136,335,369
Program related investments	92,667					92,667
Assets held in trust by others	105,658					105,658
Accounts receivable - related parties	90,075				\$ (90,075)	-
Notes receivable	202,959					202,959
Contributions receivable	140,203					140,203
Prepaid expenses	34,012					34,012
Property and equipment - net	679,015	110,000				789,015
Total assets	<u>\$136,190,751</u>	<u>\$ 116,682</u>	<u>\$ 1,590,515</u>	<u>\$ 3,442</u>	<u>\$ (90,075)</u>	<u>\$137,811,315</u>
<u>LIABILITIES AND NET ASSETS</u>						
<u>LIABILITIES</u>						
Accounts payable and accrued expenses	\$ 7,825	\$ 85,075		\$ 5,000	\$ (90,075)	\$ 7,825
Grants payable	605,093					605,093
Note payable	2,193					2,193
Split-interest agreements	47,582					47,582
Agency fund liability	20,371,814					20,371,814
Total liabilities	21,034,507	85,075		5,000	(90,075)	21,034,507
<u>NET ASSETS</u>						
Unrestricted	112,917,052	31,607	\$ 1,590,515	(1,558)		114,537,616
Temporarily restricted	2,239,192					2,239,192
Total net assets	<u>115,156,244</u>	<u>31,607</u>	<u>1,590,515</u>	<u>(1,558)</u>		<u>116,776,808</u>
Total liabilities and net assets	<u>\$136,190,751</u>	<u>\$ 116,682</u>	<u>\$ 1,590,515</u>	<u>\$ 3,442</u>	<u>\$ (90,075)</u>	<u>\$137,811,315</u>

COMMUNITY FOUNDATION OF LORAIN COUNTY
CONSOLIDATING STATEMENT OF FINANCIAL POSITION

December 31, 2016

	Community Foundation of Lorain County	Charitable Properties of Lorain County, LLC	Forever Farmland of Lorain County, LLC	Forever Farmland of Huron County, LLC	Eliminations	Total
<u>ASSETS</u>						
Cash and cash equivalents	\$ 33,023	\$ 8,860	\$ 37,232	\$ 3,442		\$ 82,557
Investments	120,130,227		1,539,000			121,669,227
Program related investments	100,000					100,000
Assets held in trust by others	93,062					93,062
Accounts receivable - related parties	90,075				\$ (90,075)	-
Notes receivable	356,160					356,160
Contributions receivable	122,468					122,468
Prepaid expenses	26,573					26,573
Property and equipment - net	710,921	110,000				820,921
Total assets	<u>\$121,662,509</u>	<u>\$ 118,860</u>	<u>\$ 1,576,232</u>	<u>\$ 3,442</u>	<u>\$ (90,075)</u>	<u>\$123,270,968</u>
<u>LIABILITIES AND NET ASSETS</u>						
<u>LIABILITIES</u>						
Accounts payable and accrued expenses	\$ 24,665	\$ 85,075	\$ 825	\$ 5,000	\$ (90,075)	\$ 25,490
Grants payable	1,182,461					1,182,461
Note payable	15,348					15,348
Split-interest agreements	46,263					46,263
Agency fund liability	18,639,907					18,639,907
Total liabilities	19,908,644	85,075	825	5,000	(90,075)	19,909,469
<u>NET ASSETS</u>						
Unrestricted	99,680,379	33,785	1,575,407	(1,558)		101,288,013
Temporarily restricted	2,073,486					2,073,486
Total net assets	<u>101,753,865</u>	<u>33,785</u>	<u>1,575,407</u>	<u>(1,558)</u>		<u>103,361,499</u>
Total liabilities and net assets	<u>\$121,662,509</u>	<u>\$ 118,860</u>	<u>\$ 1,576,232</u>	<u>\$ 3,442</u>	<u>\$ (90,075)</u>	<u>\$123,270,968</u>

COMMUNITY FOUNDATION OF LORAIN COUNTY
CONSOLIDATING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

Year Ended December 31, 2017

	Unrestricted					Temporarily Restricted		
	Community Foundation of Lorain County	Charitable Properties of Lorain County, LLC	Forever Farmland of Lorain County, LLC	Forever Farmland of Huron County, LLC	Eliminations	Total Unrestricted	Community Foundation of Lorain County	Total
SUPPORT AND REVENUE								
Contributions	\$ 5,752,063				\$ (30,000)	\$ 5,722,063		\$ 5,722,063
Less: amounts received for agency funds	<u>(135,810)</u>					<u>(135,810)</u>		<u>(135,810)</u>
Net contributions	5,616,253				(30,000)	5,586,253		5,586,253
Investment income - net of fees	16,572,376					16,572,376	\$ 189,421	16,761,797
Change in value of closely held stock	26,024					26,024		26,024
Less: investment earnings on agency funds	<u>(2,363,777)</u>					<u>(2,363,777)</u>		<u>(2,363,777)</u>
Net investment income	14,234,623					14,234,623	189,421	14,424,044
Other income	88,986		\$ 54,990			143,976		143,976
Net assets released from restrictions:								
Satisfaction of program restrictions	<u>23,715</u>					<u>23,715</u>	<u>(23,715)</u>	<u>-</u>
Total support and revenue	19,963,577		54,990		(30,000)	19,988,567	165,706	20,154,273
EXPENSES								
Program services	6,543,720		30,000		(30,000)	6,543,720		6,543,720
Less: grants paid from agency funds	<u>(766,329)</u>					<u>(766,329)</u>		<u>(766,329)</u>
Net program services	5,777,391		30,000		(30,000)	5,777,391		5,777,391
General and administrative	575,471	\$ 2,178	9,882			587,531		587,531
Fundraising and development	<u>374,042</u>					<u>374,042</u>		<u>374,042</u>
Total expenses	<u>6,726,904</u>	<u>2,178</u>	<u>39,882</u>		<u>(30,000)</u>	<u>6,738,964</u>		<u>6,738,964</u>
CHANGE IN NET ASSETS	13,236,673	(2,178)	15,108		-	13,249,603	165,706	13,415,309
NET ASSETS – BEGINNING OF YEAR	<u>99,680,379</u>	<u>33,785</u>	<u>1,575,407</u>	<u>\$ (1,558)</u>		<u>101,288,013</u>	<u>2,073,486</u>	<u>103,361,499</u>
NET ASSETS – END OF YEAR	<u>\$ 112,917,052</u>	<u>\$ 31,607</u>	<u>\$ 1,590,515</u>	<u>\$ (1,558)</u>	<u>\$ -</u>	<u>\$ 114,537,616</u>	<u>\$ 2,239,192</u>	<u>\$ 116,776,808</u>

COMMUNITY FOUNDATION OF LORAIN COUNTY

CONSOLIDATING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

Year Ended December 31, 2016

	Unrestricted					Temporarily Restricted		
	Community Foundation of Lorain County	Charitable Properties of Lorain County, LLC	Forever Farmland of Lorain County, LLC	Forever Farmland of Huron County, LLC	Eliminations	Total Unrestricted	Community Foundation of Lorain County	Total
SUPPORT AND REVENUE								
Contributions	\$ 4,088,357				\$ (40,000)	\$ 4,048,357		\$ 4,048,357
Less: amounts received for agency funds	<u>(276,154)</u>					<u>(276,154)</u>		<u>(276,154)</u>
Net contributions	3,812,203				(40,000)	3,772,203		3,772,203
Investment income - net of fees	8,030,937					8,030,937	\$ 45,996	8,076,933
Change in value of real estate			\$ 2,879			2,879		2,879
Change in value of closely held stock	43,051					43,051		43,051
Less: investment earnings on agency funds	<u>(1,115,211)</u>					<u>(1,115,211)</u>		<u>(1,115,211)</u>
Net investment income	6,958,777		2,879			6,961,656	45,996	7,007,652
Other income	118,533		60,581			179,114		179,114
Net assets released from restrictions:								
Satisfaction of program restrictions	<u>26,151</u>					<u>26,151</u>	<u>(26,151)</u>	<u>-</u>
Total support and revenue	10,915,664		63,460		(40,000)	10,939,124	19,845	10,958,969
EXPENSES								
Program services	6,499,194		40,000		(40,000)	6,499,194		6,499,194
Less: grants paid from agency funds	<u>(796,940)</u>					<u>(796,940)</u>		<u>(796,940)</u>
Net program services	5,702,254		40,000		(40,000)	5,702,254		5,702,254
General and administrative	312,784	\$ 2,554	10,092			325,430		325,430
Fundraising and development	<u>392,879</u>					<u>392,879</u>		<u>392,879</u>
Total expenses	6,407,917	2,554	50,092		(40,000)	6,420,563		6,420,563
CHANGE IN NET ASSETS	4,507,747	(2,554)	13,368		-	4,518,561	19,845	4,538,406
NET ASSETS – BEGINNING OF YEAR	<u>95,172,632</u>	<u>36,339</u>	<u>1,562,039</u>	\$ <u>(1,558)</u>		<u>96,769,452</u>	<u>2,053,641</u>	<u>98,823,093</u>
NET ASSETS – END OF YEAR	<u>\$ 99,680,379</u>	<u>\$ 33,785</u>	<u>\$ 1,575,407</u>	<u>\$ (1,558)</u>	<u>\$ -</u>	<u>\$ 101,288,013</u>	<u>\$ 2,073,486</u>	<u>\$ 103,361,499</u>