

**COMMUNITY FOUNDATION
OF LORAIN COUNTY**

CONSOLIDATED FINANCIAL REPORT

DECEMBER 31, 2018 and 2017

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, 2018 and 2017, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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, 2018 and 2017, 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 12, 2019

COMMUNITY FOUNDATION OF LORAIN COUNTY
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
<u>ASSETS</u>		
Cash and cash equivalents	\$ 48,197	\$ 111,432
Investments	126,903,123	136,335,369
Program related investments	72,493	92,667
Assets held in trust by others	91,650	105,658
Notes receivable	568,842	202,959
Contributions receivable	74,083	140,203
Prepaid expenses	53,738	34,012
Property and equipment - net	<u>799,337</u>	<u>789,015</u>
Total assets	<u>\$ 128,611,463</u>	<u>\$ 137,811,315</u>
 <u>LIABILITIES AND NET ASSETS</u>		
<u>LIABILITIES</u>		
Accounts payable and accrued expenses	\$ 16,170	\$ 7,825
Grants payable	1,167,473	605,093
Note payable	-	2,193
Split-interest agreements	44,927	47,582
Agency fund liability	<u>18,308,736</u>	<u>20,371,814</u>
Total liabilities	19,537,306	21,034,507
 <u>NET ASSETS</u>		
Without donor restrictions	108,982,507	116,671,150
With donor restrictions	<u>91,650</u>	<u>105,658</u>
Total net assets	<u>109,074,157</u>	<u>116,776,808</u>
Total liabilities and net assets	<u>\$ 128,611,463</u>	<u>\$ 137,811,315</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, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Contributions	\$ 5,652,812		\$ 5,652,812
Less: amounts received for agency funds	<u>(130,437)</u>		<u>(130,437)</u>
Net contributions	5,522,375		5,522,375
Investment loss - net of fees	(8,392,412)	\$ (14,008)	(8,406,420)
Less: investment earnings on agency funds	<u>1,451,460</u>		<u>1,451,460</u>
Net investment loss	(6,940,952)	(14,008)	(6,954,960)
Other income	<u>164,333</u>		<u>164,333</u>
Total support and revenue	(1,254,244)	(14,008)	(1,268,252)
EXPENSES			
Program services	6,181,490		6,181,490
Less: grants paid from agency funds	<u>(742,055)</u>		<u>(742,055)</u>
Net program services	5,439,435		5,439,435
General and administrative	597,449		597,449
Fundraising and development	<u>397,515</u>		<u>397,515</u>
Total expenses	<u>6,434,399</u>		<u>6,434,399</u>
CHANGE IN NET ASSETS	(7,688,643)	(14,008)	(7,702,651)
NET ASSETS – BEGINNING OF YEAR	<u>116,671,150</u>	<u>105,658</u>	<u>116,776,808</u>
NET ASSETS – END OF YEAR	<u>\$108,982,507</u>	<u>\$ 91,650</u>	<u>\$109,074,157</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

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Contributions	\$ 5,722,063		\$ 5,722,063
Less: amounts received for agency funds	(135,810)		(135,810)
Net contributions	5,586,253		5,586,253
Investment income - net of fees	16,749,201	\$ 12,596	16,761,797
Change in value of closely held stock	26,024		26,024
Less: investment losses on agency funds	(2,363,777)		(2,363,777)
Net investment income	14,411,448	12,596	14,424,044
Other income	143,976		143,976
Total support and revenue	20,141,677	12,596	20,154,273
EXPENSES			
Program services	6,543,720		6,543,720
Less: grants paid from agency funds	(766,329)		(766,329)
Net program services	5,777,391		5,777,391
General and administrative	587,531		587,531
Fundraising and development	374,042		374,042
Total expenses	6,738,964		6,738,964
CHANGE IN NET ASSETS	13,402,713	12,596	13,415,309
NET ASSETS – BEGINNING OF YEAR AS RECLASSIFIED	103,268,437	93,062	103,361,499
NET ASSETS – END OF YEAR	<u>\$ 116,671,150</u>	<u>\$ 105,658</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 FUNCTIONAL EXPENSES

Year Ended December 31, 2018

	<u>Program Services</u>	<u>General and Administrative</u>	<u>Fundraising and Development</u>	<u>Total</u>
Grants awarded	\$ 5,525,626			\$ 5,525,626
Salaries and related expenses	354,171	\$ 407,639	\$ 222,117	983,927
Professional fees	25,331	29,156	15,887	70,374
Communications and events			82,815	82,815
Equipment rental and maintenance	38,792	44,648	24,329	107,769
Occupancy	30,097	34,641	18,875	83,613
Employee activities	20,702	23,827	12,983	57,512
Consultant and special project	154,066	19,898		173,964
Supplies, postage and printing	10,043	11,559	6,298	27,900
Insurance	5,054	5,816	3,169	14,039
Miscellaneous	3,126	3,598	1,960	8,684
Board development	1,945	2,238	1,220	5,403
Website development and maintenance	778	895	488	2,161
	<u>6,169,731</u>	<u>583,915</u>	<u>390,141</u>	<u>7,143,787</u>
Grants paid from agency funds	(742,055)			(742,055)
Depreciation	<u>11,759</u>	<u>13,534</u>	<u>7,374</u>	<u>32,667</u>
	<u>\$ 5,439,435</u>	<u>\$ 597,449</u>	<u>\$ 397,515</u>	<u>\$ 6,434,399</u>
	<u>84.54%</u>	<u>9.28%</u>	<u>6.18%</u>	<u>100.00%</u>

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

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	<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>

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, 2018 and 2017

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (7,702,651)	\$ 13,415,309
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	32,667	31,906
Donated securities	(757,652)	(524,523)
Net realized and unrealized losses (gains) on:		
Investments	10,224,053	(15,270,537)
Closely held stock	-	(26,024)
Split-interest agreements	429	10,140
Investment (losses) earnings on agency funds	(1,451,460)	2,363,777
Interest and dividends reinvested net of fees	(1,836,812)	(1,489,909)
Decrease (increase) in assets held in trust by others	14,008	(12,596)
Changes in assets and liabilities:		
Contributions receivable	66,120	(17,735)
Prepaid expenses	(19,726)	(7,439)
Accounts payable and accrued expenses	8,345	(17,665)
Grants payable	562,380	(577,368)
Agency fund liability	(611,618)	(631,870)
Total adjustments	<u>6,230,734</u>	<u>(16,169,843)</u>
Net cash used in operating activities	(1,471,917)	(2,754,534)
CASH FLOWS FROM INVESTING ACTIVITIES		
Notes receivable	42,837	153,201
Proceeds from sale of investments	24,992,450	31,673,687
Purchase of investments	(23,592,069)	(29,028,836)
Program related investments	20,174	7,333
Purchases of property and equipment	(42,989)	-
Net cash provided by investing activities	<u>1,420,403</u>	<u>2,805,385</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Note payable	(2,193)	(13,155)
Payments for split-interest agreements	(9,528)	(8,821)
Net cash used in financing activities	<u>(11,721)</u>	<u>(21,976)</u>
(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(63,235)	28,875
CASH AND CASH EQUIVALENTS – BEGINNING OF YEAR	<u>111,432</u>	<u>82,557</u>
CASH AND CASH EQUIVALENTS – END OF YEAR	<u>\$ 48,197</u>	<u>\$ 111,432</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 3.5% and a ceiling of 5.0%, 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 \$1,167,473 and \$605,093 in 2018 and 2017, respectively.

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* – 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 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 in 2018 and 2017. On December 31, 2018, the Community Foundation's investment in a privately held company was transferred to an ESOP and the investment transferred to a seller financed note receivable that will be paid monthly for the next five years. The value of this note receivable is \$408,720. Included in notes receivable is an additional \$2,895 and \$45,732 in 2018 and 2017, 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 \$74,083 and \$140,203 in 2018 and 2017, respectively. In management's opinion, contributions receivable as of December 31, 2018 and 2017 were collectible and no material uncollectible accounts existed.

COMMUNITY FOUNDATION OF LORAIN COUNTY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Note 1. Summary of Significant Accounting Policies (Continued)

- 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.

	<u>2018</u>	<u>2017</u>
Land	\$ 238,250	\$ 238,250
Building	628,448	628,448
Building improvements	57,384	14,395
Equipment	<u>188,737</u>	<u>188,737</u>
	1,112,819	1,069,830
Less: accumulated depreciation	<u>(313,482)</u>	<u>(280,815)</u>
	<u>\$ 799,337</u>	<u>\$ 789,015</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. *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.
- K. *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 \$33,009 and \$32,119 in 2018 and 2017, respectively.
- L. *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.

COMMUNITY FOUNDATION OF LORAIN COUNTY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Note 1. Summary of Significant Accounting Policies (Continued)

- M. *Classification of Net Assets* – Contributions are classified as without donor restrictions and with donor restrictions based on donor specifications. Net assets without donor restrictions consist of net assets not subject to donor-imposed restrictions or the passage of time. This category includes net assets designated by the Board.

Net assets with donor restrictions can consist of items such as irrevocable charitable trusts, lead trusts and restricted contributions receivable. Net assets with donor restrictions 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, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities and changes in net assets as net assets released from restrictions.

Grants and contributions received with donor-imposed restrictions are recorded as without donor restrictions if the restrictions are met within the same period. This policy is also followed for investment income received with donor-imposed 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 donor restricted are classified as without donor restrictions for financial statement purposes.

- N. *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.
- O. *Revenue Recognition* – Contributions and grants are recognized when awarded as without donor restrictions or with donor restrictions in accordance with donor specifications. Conditional promises to give are recognized when the conditions upon which they were given are substantially met.
- P. *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.

COMMUNITY FOUNDATION OF LORAIN COUNTY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Note 1. Summary of Significant Accounting Policies (Continued)

P. *Agency Funds* (Continued)

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 \$18,308,736 and \$20,371,814 in 2018 and 2017, 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.

Q. *Donated Services* – The Community Foundation received donated services (general assistance, fundraising events, etc.) which do not meet the criteria for recognition under FASB ASC 958-605 or cannot be objectively measured. These donations, while not recognized in the consolidated financial statements, provide valuable resources to the Community Foundation.

R. *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.

S. *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.

T. *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.

COMMUNITY FOUNDATION OF LORAIN COUNTY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Note 1. Summary of Significant Accounting Policies (Continued)

- U. *Change in Accounting Principle* – On August 18, 2016, FASB issued Accounting Standards Update ("ASU") 2016-14, *Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources and the lack of consistency in the type of information provided about expenses and investment return. The Community Foundation has implemented ASU 2016-14 and adjusted the presentation in these consolidated financial statements accordingly. The ASU has been applied retrospectively to all periods presented.
- V. *Use of Estimates* – The preparation of consolidated 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 consolidated 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 12, 2019, which is the date the consolidated financial statements were available to be issued.
- X. *Reclassifications* – Certain prior year balances have been reclassified to conform with current year presentation. In addition, as of January 1, 2017 certain net assets with donor restrictions were reclassified to net assets without donor restrictions to accurately reflect the Community Foundation's right to exercise variance power over contributions.

Note 2. Liquidity and Availability

The Community Foundation considers investment income without donor restrictions, contributions without donor restrictions and contributions with donor restrictions for use in current programs which are ongoing, major and central to its annual operations to be available to meet cash needs for general expenditures. General expenditures include administrative and general expenses, fundraising expenses and grant commitments expected to be paid in the subsequent year. Annual operations are defined as activities occurring during the Community Foundation's fiscal year.

The Community Foundation manages its cash available to meet general expenditures following three guiding principles:

- Operating within a prudent range of financial soundness and stability,
- Maintaining adequate liquid assets and
- Maintaining sufficient reserves to provide reasonable assurance that long-term grant commitments that support mission fulfillment will continue to be met, ensuring the sustainability of the Community Foundation.

COMMUNITY FOUNDATION OF LORAIN COUNTY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Note 2. Liquidity and Availability (Continued)

The Community Foundation's Grants Committee (the "Committee") meets semi-annually to review and approve grant requests. Due to this timing, the Community Foundation strives to maintain financial assets available to meet general expenditures at a level that represents 100% of annual expenses for administrative, general and fundraising expenses plus an amount that represents the next expected payment for semi-annual grant commitments approved by the Committee, which typically represents approximately 50% of the expected annual grant cash needs.

The table below presents financial assets available for general expenditures within one year at December 31, 2018:

Cash and cash equivalents	\$ 48,197
Investments	76,402,627
Contributions receivable	<u>74,083</u>
Financial assets available to meet general expenditures within one year	<u>\$76,524,907</u>

Note 3. 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.

Equities/Fixed Income

These securities, which include mutual and exchange traded funds, are valued at quoted market prices in active markets for identical assets.

Alternative Investments

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 by the funds either at the net asset value per unit or percentage of ownership of the fund.

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.

COMMUNITY FOUNDATION OF LORAIN COUNTY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Note 3. Investments (Continued)

Alternative Investments (Continued)

Private equity investments include private equity, venture capital, private credit and special situations. Unfunded commitments related to private equity investments totaled \$5,442,935 at December 31, 2018.

Real Property

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

The following table presents the financial instruments carried at fair value, on a recurring basis, as of December 31, 2018. 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	\$ 5,345,532			\$ 5,345,532
Equities:				
Domestic	32,789,815			32,789,815
International	23,312,170			23,312,170
Emerging/frontier	6,622,611			6,622,611
Fixed income	8,332,499			8,332,499
Real property			\$ 1,539,000	1,539,000
Total assets in the fair value hierarchy	<u>\$ 76,402,627</u>	<u>\$ -</u>	<u>\$ 1,539,000</u>	77,941,627
Investments measured at NAV				<u>48,961,496</u>
Investment at fair value				<u>\$126,903,123</u>

COMMUNITY FOUNDATION OF LORAIN COUNTY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Note 3. Investments (Continued)

The following table presents the financial instruments carried at fair value, on a recurring basis, as of December 31, 2017:

	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	40,007,817			40,007,817
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
Real property			\$ 1,539,000	1,539,000
Total assets in the fair value hierarchy	<u>\$ 81,018,653</u>	<u>\$ 2,106,876</u>	<u>\$ 1,539,000</u>	84,664,529
Investments measured at NAV				<u>51,670,840</u>
Investment at fair value				<u>\$ 136,335,369</u>

Investment (loss) income consists of the following:

	<u>2018</u>	<u>2017</u>
Interest and dividends	\$ 2,454,470	\$ 2,042,912
Net unrealized and realized (losses) gains	(10,224,053)	15,270,537
Change in value of closely held stock	-	26,024
(Loss) gain on sale of investment property	(20,882)	8,011
Management fees	<u>(615,955)</u>	<u>(559,663)</u>
Total investment (loss) income	(8,406,420)	16,787,821
Less: earnings allocated to agency funds	<u>1,451,460</u>	<u>(2,363,777)</u>
Total net investment (loss) income	<u>\$ (6,954,960)</u>	<u>\$ 14,424,044</u>

COMMUNITY FOUNDATION OF LORAIN COUNTY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Note 3. 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>2018</u>	<u>2017</u>
Beginning balance	\$ 1,539,000	\$ 1,539,000
Net realized and unrealized gain	-	-
Purchases	<u>-</u>	<u>-</u>
Ending balance	<u>\$ 1,539,000</u>	<u>\$ 1,539,000</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, 2018:

	Fair Value at December 31, 2018	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Equities:				
International	\$ 6,879,831	\$ -	Monthly	90 days
Emerging and frontier	3,168,052	-	Quarterly	90 days
Alternative investments:				
Multi strategy	11,401,169	-	Monthly	90 days
Credit sensitive and reinsurance	10,860,483	-	Monthly	90 days
Private equity	818,650	5,442,935	-	-
Fixed income	<u>15,833,311</u>	<u>-</u>	Monthly	90 days
	<u>\$48,961,496</u>	<u>\$ 5,442,935</u>		

COMMUNITY FOUNDATION OF LORAIN COUNTY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Note 3. Investments (Continued)

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:				
International	7,734,546	-	Monthly	90 days
Emerging and frontier	3,105,348	-	Quarterly	90 days
Alternative investments:				
Multi strategy	6,853,268	-	Monthly	90 days
Credit sensitive and reinsurance	13,432,859	-	Monthly	90 days
Hedge fund of funds	2,080,953	-	Annually	75-100 days
Private equity	410,397	-	-	-
Fixed income	<u>17,695,586</u>	<u>-</u>	Monthly	90 days
	<u>\$51,670,840</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 4. 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 \$91,650 and \$105,658 in 2018 and 2017, respectively.

Note 5. 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% was used to estimate the value of the obligations at December 31, 2018 and 2017.

COMMUNITY FOUNDATION OF LORAIN COUNTY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Note 5. Split-Interest Agreements (Continued)

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 \$103,937 and \$120,394 in 2018 and 2017, 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:

	Fair Value Measurements Using Significant Unobservable Inputs (Level 3)	
	2018	2017
Beginning balance	\$47,582	\$46,263
Additions/contributions	-	5,555
Payments	(9,528)	(8,821)
Net unrealized gains	6,873	4,585
Ending balance	\$44,927	\$47,582

Note 6. Leases

The Community Foundation maintains an operating lease for office equipment which expires October 2021. Rent expense was \$7,660 and \$7,200 in 2018 and 2017, respectively.

The Community Foundation maintains an operating lease for floor mats which expires July 2021. Weekly rental was \$291 in 2018.

The Community Foundation subleases office space in Norwalk, Ohio from an unrelated nonprofit organization which expires August 31, 2021. Monthly rent of \$215 includes utilities and access to office equipment. Under this operating lease, rent expense for 2018 and 2017 was \$2,060 and \$1,800, respectively.

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 \$28,991 and \$29,962 in 2018 and 2017, respectively.

COMMUNITY FOUNDATION OF LORAIN COUNTY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Note 8. Net Assets Without Donor Restrictions

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

	<u>2018</u>	<u>2017</u>
General purpose	\$ 14,133,032	\$ 14,681,029
Field of interest	28,683,692	29,704,828
Donor advised	26,751,093	30,907,396
Scholarship	12,424,361	12,137,318
Agency funds	11,572,594	12,491,354
Designated	14,003,966	15,117,275
Administrative funds	<u>1,413,769</u>	<u>1,631,950</u>
	<u>\$108,982,507</u>	<u>\$116,671,150</u>

Note 9. Net Assets With Donor Restrictions

Net assets with donor restrictions consist of the following:

	<u>2018</u>	<u>2017</u>
<u>Not subject to spending policy and appropriation:</u>		
Beneficial interest in charitable perpetual trusts	<u>\$ 91,650</u>	<u>\$ 105,658</u>

Note 10. 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).

The Community Foundation made a conditional commitment to Phase V of the Fund beginning in 2016 for a total of \$150,000, all of which was paid as of December 31, 2018.

COMMUNITY FOUNDATION OF LORAIN COUNTY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

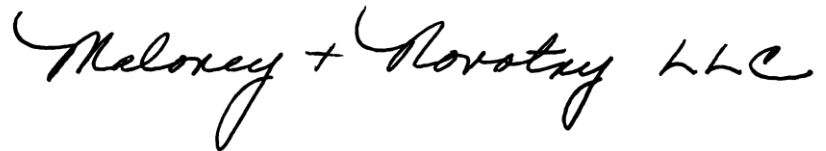
Note 11. Program Related Investments

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. 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. During 2018, a principal payment of \$22,631 was received. 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, 2018 and 2017, and our report thereon dated June 12, 2019, 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.



Cleveland, Ohio
June 12, 2019

COMMUNITY FOUNDATION OF LORAIN COUNTY
CONSOLIDATING STATEMENT OF FINANCIAL POSITION

December 31, 2018

	<u>Community Foundation of Lorain County</u>	<u>Charitable Properties of Lorain County, LLC</u>	<u>Forever Farmland of Lorain County, LLC</u>	<u>Forever Farmland of Huron County, LLC</u>	<u>Eliminations</u>	<u>Total</u>
<u>ASSETS</u>						
Cash and cash equivalents	\$ 2,069	\$ 419	\$ 45,709			\$ 48,197
Investments	125,364,123		1,539,000			126,903,123
Program related investments	72,493					72,493
Assets held in trust by others	91,650					91,650
Accounts receivable - related parties	86,633				\$ (86,633)	-
Notes receivable	568,842					568,842
Contributions receivable	74,083					74,083
Prepaid expenses	53,738					53,738
Property and equipment - net	689,337	110,000				799,337
Total assets	<u>\$127,002,968</u>	<u>\$ 110,419</u>	<u>\$ 1,584,709</u>	<u>\$ -</u>	<u>\$ (86,633)</u>	<u>\$128,611,463</u>
<u>LIABILITIES AND NET ASSETS</u>						
<u>LIABILITIES</u>						
Accounts payable and accrued expenses	\$ 16,035	\$ 85,075	\$ 135	\$ 1,558	\$ (86,633)	\$ 16,170
Grants payable	1,167,473					1,167,473
Split-interest agreements	44,927					44,927
Agency fund liability	18,308,736					18,308,736
Total liabilities	<u>19,537,171</u>	<u>85,075</u>	<u>135</u>	<u>1,558</u>	<u>(86,633)</u>	<u>19,537,306</u>
<u>NET ASSETS</u>						
Without donor restrictions	107,374,147	25,344	1,584,574	(1,558)		108,982,507
With donor restrictions	91,650					91,650
Total net assets	<u>107,465,797</u>	<u>25,344</u>	<u>1,584,574</u>	<u>(1,558)</u>		<u>109,074,157</u>
Total liabilities and net assets	<u>\$127,002,968</u>	<u>\$ 110,419</u>	<u>\$ 1,584,709</u>	<u>\$ -</u>	<u>\$ (86,633)</u>	<u>\$128,611,463</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>						
Without donor restrictions	115,050,586	31,607	\$ 1,590,515	(1,558)		116,671,150
With donor restrictions	105,658					105,658
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 ACTIVITIES AND CHANGES IN NET ASSETS

Year Ended December 31, 2018

	Without Donor Restrictions					Total Without Donor Restrictions	With Donor Restrictions	Total
	Community Foundation of Lorain County	Charitable Properties of Lorain County, LLC	Forever Farmland of Lorain County, LLC	Forever Farmland of Huron County, LLC	Eliminations		Community Foundation of Lorain County	
SUPPORT AND REVENUE								
Contributions	\$ 5,665,062	\$ 219,968			\$ (232,218)	\$ 5,652,812		\$ 5,652,812
Less: amounts received for agency funds	(130,437)					(130,437)		(130,437)
Net contributions	5,534,625	219,968			(232,218)	5,522,375		5,522,375
Investment loss - net of fees	(8,392,412)					(8,392,412)	\$ (14,008)	(8,406,420)
Less: investment earnings on agency funds	1,451,460					1,451,460		1,451,460
Net investment loss	(6,940,952)					(6,940,952)	(14,008)	(6,954,960)
Other income	109,343		\$ 54,990			164,333		164,333
Total support and revenue	(1,296,984)	219,968	54,990		(232,218)	(1,254,244)	(14,008)	(1,268,252)
EXPENSES								
Program services	6,157,477	226,231	30,000		(232,218)	6,181,490		6,181,490
Less: grants paid from agency funds	(742,055)					(742,055)		(742,055)
Net program services	5,415,422	226,231	30,000		(232,218)	5,439,435		5,439,435
General and administrative	566,518		30,931			597,449		597,449
Fundraising and development	397,515					397,515		397,515
Total expenses	6,379,455	226,231	60,931		(232,218)	6,434,399		6,434,399
CHANGE IN NET ASSETS	(7,676,439)	(6,263)	(5,941)		-	(7,688,643)	(14,008)	(7,702,651)
NET ASSETS – BEGINNING OF YEAR	115,050,586	31,607	1,590,515	\$ (1,558)		116,671,150	105,658	116,776,808
NET ASSETS – END OF YEAR	\$ 107,374,147	\$ 25,344	\$ 1,584,574	\$ (1,558)	\$ -	\$ 108,982,507	\$ 91,650	\$ 109,074,157

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

Year Ended December 31, 2017

	Without Donor Restrictions					With Donor Restrictions		
	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 Without Donor Restrictions	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	16,749,201					16,749,201	\$ 12,596	16,761,797
Change in value of closely held stock	26,024					26,024		26,024
Less: investment losses on agency funds	<u>(2,363,777)</u>					<u>(2,363,777)</u>		<u>(2,363,777)</u>
Net investment income	14,411,448					14,411,448	12,596	14,424,044
Other income	<u>88,986</u>		\$ 54,990			<u>143,976</u>		<u>143,976</u>
Total support and revenue	20,116,687		54,990		(30,000)	20,141,677	12,596	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	13,389,783	(2,178)	15,108		-	13,402,713	12,596	13,415,309
NET ASSETS – BEGINNING OF YEAR AS RECLASSIFIED	<u>101,660,803</u>	<u>33,785</u>	<u>1,575,407</u>	<u>\$ (1,558)</u>		<u>103,268,437</u>	<u>93,062</u>	<u>103,361,499</u>
NET ASSETS – END OF YEAR	<u>\$ 115,050,586</u>	<u>\$ 31,607</u>	<u>\$ 1,590,515</u>	<u>\$ (1,558)</u>	<u>\$ -</u>	<u>\$ 116,671,150</u>	<u>\$ 105,658</u>	<u>\$ 116,776,808</u>