

**THE COMMUNITY FOUNDATION
FOR CRAWFORD COUNTY**

**Report for the Year Ended
December 31, 2016**

**THE COMMUNITY FOUNDATION
FOR CRAWFORD COUNTY**

December 31, 2016

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INDEPENDENT AUDITORS' REPORT

Board of Trustees
The Community Foundation for Crawford County

Report on the Financial Statements

We have audited the accompanying financial statements of The Community Foundation for Crawford County (a nonprofit organization), which comprise the statement of financial position as of December 31, 2016, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Community Foundation for Crawford County as of December 31, 2016, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Knueven, Schroeder & Co.

Findlay, Ohio
September 29, 2017

THE COMMUNITY FOUNDATION FOR CRAWFORD COUNTY
Statement of Financial Position
December 31, 2016

ASSETS

	2016
Cash and cash equivalents	\$ 419,870
Certificates of deposit	201,110
Investments at fair value	13,958,441
Pledge receivable	10,000
Deferred grants	190,000
Property and equipment, net	<u>317,164</u>
TOTAL ASSETS	<u>\$ 15,096,585</u>

LIABILITIES AND NET ASSETS

LIABILITIES

Grants payable	\$ 247,731
Fiscal agent payable	499,418
Deferred pledges	<u>10,000</u>
TOTAL LIABILITIES	<u>757,149</u>

NET ASSETS

Unrestricted	8,496,838
Temporarily restricted	<u>5,842,598</u>
TOTAL NET ASSETS	<u>14,339,436</u>

TOTAL LIABILITIES AND NET ASSETS	<u>\$ 15,096,585</u>
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See Independent Auditors' Report and Notes to Financial Statements.

THE COMMUNITY FOUNDATION FOR CRAWFORD COUNTY
Statement of Activities & Changes in Net Assets
For the Year Ended December 31, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUES AND OTHER SUPPORT			
Contributions	\$ 48,554	\$ 761,366	\$ 809,920
Administrative fee income	54,725	(49,674)	5,051
Dividend income	266,378	176,882	443,260
Interest income	672	401	1,073
Realized gains (losses)	(66,493)	(41,616)	(108,109)
Unrealized gains (losses)	561,793	403,306	965,099
Interfund gifts	(25,200)	27,375	2,175
Miscellaneous	976	-	976
Net assets released from restrictions	208,669	(208,669)	-
TOTAL REVENUES AND OTHER SUPPORT	<u>1,050,074</u>	<u>1,069,371</u>	<u>2,119,445</u>
 GRANTS AND EXPENSES			
Fundraising expense	1,504	-	1,504
Continuing education	881	-	881
Depreciation	13,227	-	13,227
Dues and licenses	3,121	-	3,121
Grants	534,799	-	534,799
Insurance	6,101	-	6,101
Investment custodial fees	34,914	22,822	57,736
Office, meeting and annual report expenses	4,823	-	4,823
Payroll taxes	6,982	-	6,982
Postage and printing	1,025	-	1,025
Professional fees	21,477	-	21,477
Repairs and security	1,686	-	1,686
Salaries	91,269	-	91,269
Software and computer support	11,551	-	11,551
Telephone and utilities	4,458	-	4,458
TOTAL GRANTS AND EXPENSES	<u>737,818</u>	<u>22,822</u>	<u>760,640</u>
 CHANGE IN NET ASSETS	 312,256	 1,046,549	 1,358,805
 NET ASSETS BEGINNING OF YEAR	 <u>8,184,582</u>	 <u>4,796,049</u>	 <u>12,980,631</u>
 NET ASSETS END OF THE YEAR	 <u>\$ 8,496,838</u>	 <u>\$ 5,842,598</u>	 <u>\$14,339,436</u>

See Independent Auditors' Report and Notes to Financial Statements.

THE COMMUNITY FOUNDATION FOR CRAWFORD COUNTY
Statement of Cash Flows
For the Year Ended December 31, 2016

	2016
CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ 1,358,805
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	13,227
Net appreciation on investments	(856,990)
Changes in assets and liabilities	
Pledge receivable	5,000
Deferred grants	60,000
Grants payable	(39,984)
Fiscal agent payable	5,693
Deferred pledges	<u>(5,000)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>540,751</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from disposition of securities	1,017,383
Purchase of securities	<u>(1,261,878)</u>
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>(244,495)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	296,256
CASH AND CASH EQUIVALENTS BEGINNING OF YEAR	<u>123,614</u>
END OF YEAR	<u>\$ 419,870</u>

See Independent Auditors' Report and Notes to Financial Statements.

THE COMMUNITY FOUNDATION FOR CRAWFORD COUNTY

Notes to Financial Statements

December 31, 2016

A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization: The Community Foundation for Crawford County (the "Foundation") is a not-for-profit Ohio Corporation. The Foundation is responsible for charitable funds and the income generated by the funds of many donors. The Foundation is committed to promoting the well being of mankind and to serving the general charitable, educational and scientific needs of the inhabitants of the Crawford County, Ohio area through charitable grants at the discretion of the Board of Trustees.

Basis of Accounting: The financial statements of the Foundation have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America.

Use of Estimates: The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Cash Flows: For purposes of the statements of cash flows, the Foundation considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Investments: Investments are valued at fair value as determined using quoted closing values from recognized exchanges. Unrealized gains and losses for the year are included in the statement of activities and changes in net assets. Investment income, gains and losses are recognized as unrestricted or restricted based upon the existence or absence of donor-imposed restrictions. Purchases and sales of securities are recorded on the trade date.

Grants: Grants are recorded as expenses when they are approved by the Board of Trustees for payment and grant conditions are satisfied.

Tax Status: The Foundation is exempt from Federal income taxes as a not-for-profit organization under Section 501(c)(3) of the Internal Revenue Code and has been classified as an entity that is not a private foundation within the meaning of Section 509(a).

Accounting principles generally accepted in the United States of America require management of the organization to evaluate tax positions taken by the organization and recognize a tax liability if the organization has taken an uncertain tax position that more than likely would not be sustained upon examination by the Internal Revenue Service. Management has evaluated income tax positions it has taken and has concluded there are not uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements at December 31, 2016. The Organization's returns are subject to examination by the Internal Revenue Service, generally for three years after the date the return is filed.

THE COMMUNITY FOUNDATION FOR CRAWFORD COUNTY
Notes to Financial Statements
December 31, 2016

A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial Statement Presentation: The Foundation reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets based on the existence or absence of donor-imposed restrictions.

Contributions: Contributions, which include unconditional promises to give, are recognized as revenues in the period the contribution is received or the promise is made. Contributions are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

Agent Liabilities: Agent liabilities are funds received by the Foundation as an agent where the donor specifically designates itself as the beneficiary of the funds they established for their own benefit. These amounts are not considered contributions and, therefore, are recorded as a Fiscal Agent Payable included in liabilities.

Property and Equipment: Expenditures for additions and improvements over \$500 are capitalized and expenditures for maintenance and repairs are charged to expense as incurred. Additions and improvements to property and equipment are recorded at the original purchase cost or at fair value for donated assets. Depreciation is computed using the straight-line method over the estimated useful lives of the assets.

Administrative Fees: Administrative fees are charged to and expensed from the funds to support the operations of the Foundation. Administrative fees from all funds are reflected as revenue on the Statement of Activities. The administrative fees from agent liabilities are not included as expenses on the Statement of Activities because they are included in the change in agent liabilities.

B - CERTIFICATES OF DEPOSIT

Certificates of deposit consist of the following:

<u>Name</u>	<u>Maturity</u>	<u>Interest Rate</u>	<u>Amount</u>
First Federal Community Bank	4/20/17	0.25%	\$ 100,000
United Bank	1/27/17	0.35%	1,110
Peoples Savings & Loan	11/14/17	0.75%	<u>100,000</u>
Total			<u>\$ 201,110</u>

THE COMMUNITY FOUNDATION FOR CRAWFORD COUNTY

Notes to Financial Statements

December 31, 2016

C - INVESTMENTS

The Fair Value Measurements Topic of the FASB Accounting Standards Codification establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Foundation has the ability to access at the measurement date.

Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for the asset or liability.

The following investments as of December 31, 2016 in debt and equity securities are recorded at fair value on a recurring basis.

Available for sale at December 31, 2016	Level 1	Level 3	Fair Value
Mutual funds - Bond	\$ 2,261,438	\$ -	\$ 2,261,438
Mutual funds - Large & Small Equity	9,272,387	-	9,272,387
Mutual funds - Real Estate	893,902	-	893,902
Mutual funds - Energy & Natural Resources	608,875	-	608,875
Mutual funds - Commodities	558,769	-	558,769
Stocks & Equities	253,675	-	253,675
Cash & money market funds	<u>109,395</u>	<u>-</u>	<u>109,395</u>
Total	<u>\$ 13,958,441</u>	<u>\$ -</u>	<u>\$ 13,958,441</u>

Fair values for Level 1 investments are based on quoted market prices in active markets for identical assets.

D - FISCAL AGENT PAYABLE

Fiscal agent payables represent funds placed on deposit with the Foundation by other organizations that designate themselves as the beneficiary. The Foundation accounts for these transfers as a liability in accordance with applicable accounting standards. Income is added to these funds in accordance with the Foundation's investment allocation policies. Contributions, income, fees and distributions are reflected as adjustments to the liability account and are not reflected in the Statement of Activities.

THE COMMUNITY FOUNDATION FOR CRAWFORD COUNTY

Notes to Financial Statements

December 31, 2016

D - FISCAL AGENT PAYABLE (continued)

The change in fiscal agent payables is as follows:

Beginning balance	\$ 493,725
Contributions	8,085
Investment income (loss)	51,415
Fees	(7,177)
Grants	(46,630)
Ending balance	<u>\$ 499,418</u>

The organizations with agency payable funds may also have associated funds included in temporarily restricted funds.

E - CONCENTRATIONS OF CREDIT RISK ARISING FROM DEPOSITS IN EXCESS OF INSURED LIMITS

The Foundation maintains cash and investment accounts at various financial institutions. These accounts are insured up to certain limits. At times, the Foundation's balances exceed these limits.

F - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets by type of fund are as follows:

Agency Funds	\$ 687,687
Designated Funds	2,390,991
Scholarship Funds	1,174,441
School Funds	<u>1,589,479</u>
	<u>\$ 5,842,598</u>

Temporarily restricted net assets released during the year by type of fund were as follows:

Agency Funds	\$ 38,355
Designated Funds	104,376
Scholarship Funds	21,100
School Funds	<u>44,838</u>
	<u>\$ 208,669</u>

THE COMMUNITY FOUNDATION FOR CRAWFORD COUNTY

Notes to Financial Statements

December 31, 2016

G - TEMPORARILY RESTRICTED NET ASSETS

The State of Ohio adopted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) effective June 1, 2009. The Board of Trustees has interpreted UPMIFA as requiring endowment funds to be classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA.

H - SUBSEQUENT EVENTS

The Foundation has evaluated all subsequent events through September 29, 2017, the date the financial statements were available to be issued.

I - RISKS AND UNCERTAINTIES

The Foundation invests in various financial securities. Financial securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain financial securities, it is at least reasonably possible that changes in the values of financial securities will occur in the near term and that such changes could materially affect the amounts reported in the statements of financial condition.

J - PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

Land	\$ 22,153
Buildings	323,569
Computers and website	34,343
Furniture & fixtures	<u>35,580</u>
	415,645
Less accumulated depreciation	<u>(98,481)</u>
Property and equipment, net	<u>\$ 317,164</u>

K - ENDOWMENT

The majority of the Foundation's funds consists of endowed funds established for a variety of purposes. These funds include both donor-restricted funds and funds designated by the Board of Trustees to function as endowments. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor imposed restrictions.

THE COMMUNITY FOUNDATION FOR CRAWFORD COUNTY

Notes to Financial Statements

December 31, 2016

K - ENDOWMENT (continued)

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding for granting purposes while seeking to maintain the purchasing power of the endowment assets. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distributions with acceptable levels of risk. Endowment assets are invested in a well diversified asset mix, which includes equity and debt securities, that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make an annual distribution of approximately 3% to 5%, while growing the funds if possible. The investment policy establishes an achievable return objective through diversification of asset classes by the Foundation rebalancing the asset mix to remain within an acceptable level of risk as determined by the Board of Trustees. Investment risk is measured in terms of total endowment funds; investment assets and allocation between asset classes and strategies are managed to not expose the funds to unacceptable levels of risk.

Endowment funds by net asset type at December 31, 2016 and changes therein were as follows:

	Unrestricted	Restricted	Total
Board designated funds	\$ 7,739,607	\$ -	\$ 7,739,607
Donor restricted funds	-	<u>5,842,598</u>	<u>5,842,598</u>
	<u>\$ 7,739,607</u>	<u>\$ 5,842,598</u>	<u>\$ 13,582,205</u>
Net assets, beginning of year	\$ 7,698,742	\$ 4,796,049	\$ 12,494,791
Contributions	34,642	761,366	796,008
Investment income (loss)	759,221	538,973	1,298,194
Transfers	(308,481)	27,375	(281,106)
Grants	(313,681)	(208,669)	(522,350)
Fees & expenses	<u>(130,836)</u>	<u>(72,496)</u>	<u>(203,332)</u>
Net assets, end of year	<u>\$ 7,739,607</u>	<u>\$ 5,842,598</u>	<u>\$ 13,582,205</u>

L - FUNCTIONAL EXPENSES

The costs of supporting the activities of the Foundation have been summarized on a functional basis. Accordingly, certain costs have been allocated among the program and supporting services as follows:

Program expenses	\$ 592,336
Management and general	166,837
Fundraising	<u>1,467</u>
	<u>\$ 760,640</u>