

**NEW ALBANY COMMUNITY
FOUNDATION**

FINANCIAL STATEMENTS

June 30, 2017 and 2016

NEW ALBANY COMMUNITY FOUNDATION

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To the Board of Trustees of
New Albany Community Foundation

Independent Auditor's Report

Report on the Financial Statements

We have audited the accompanying financial statements of New Albany Community Foundation which comprise the statements of financial position as of June 30, 2017 and 2016, and the related statements of activities and cash flows for the years then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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.

(1)

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of New Albany Community Foundation as of June 30, 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.

John Gerlach & Company LLP

Columbus, Ohio
January 25, 2018

NEW ALBANY COMMUNITY FOUNDATION

STATEMENTS OF FINANCIAL POSITION

June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
ASSETS:		
Current Assets:		
Cash and cash equivalents	\$ 77,948	\$ 42,936
Pledges receivable, net of allowance of \$8,000 and \$17,100 for 2017 and 2016, respectively	72,000	154,100
Prepaid expenses	190,109	217,664
Total Current Assets	<u>340,057</u>	<u>414,700</u>
Non-current Assets:		
Office equipment - net of accumulated depreciation of \$31,459 and \$28,634 for 2017 and 2016, respectively	6,510	9,335
Beneficial interest in assets held by others	13,260,938	11,841,845
Total Non-current Assets	<u>13,267,448</u>	<u>11,851,180</u>
TOTAL ASSETS	<u>\$ 13,607,505</u>	<u>\$ 12,265,880</u>
LIABILITIES AND NET ASSETS:		
Current Liabilities:		
Accounts payable	\$ 4,485	\$ 32,966
Grants payable	52,500	-
Organization endowment funds held for others	258,831	227,718
Total Liabilities	<u>315,816</u>	<u>260,684</u>
Net Assets:		
Unrestricted	12,996,979	11,523,596
Temporarily restricted	294,710	481,600
Total Net Assets	<u>13,291,689</u>	<u>12,005,196</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 13,607,505</u>	<u>\$ 12,265,880</u>

See Notes to Financial Statements

NEW ALBANY COMMUNITY FOUNDATION

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUE AND SUPPORT:			
Contributions	\$ 604,923	\$ -	\$ 604,923
Special events - contributions	1,278,095	222,710	1,500,805
Interest income	69	-	69
Increase (decrease) in beneficial interest in assets held by others	1,106,453	-	1,106,453
Net assets released from restrictions	409,600	(409,600)	-
 Total Revenue and Support	 <u>3,399,140</u>	 <u>(186,890)</u>	 <u>3,212,250</u>
EXPENSES:			
Grants approved	621,993	-	621,993
Program expenses	384,497	-	384,497
Salaries and benefits	318,450	-	318,450
Occupancy expenses	32,276	-	32,276
Advertising and promotion	98,903	-	98,903
Insurance	4,330	-	4,330
Travel, entertainment and memberships	9,596	-	9,596
Consulting services	13,183	-	13,183
Special events expenses	392,398	-	392,398
Depreciation	2,825	-	2,825
Reduction in allowance for uncollectible contributions	(8,415)	-	(8,415)
Other	55,721	-	55,721
 Total Expenses	 <u>1,925,757</u>	 <u>-</u>	 <u>1,925,757</u>
 CHANGE IN NET ASSETS	 <u>1,473,383</u>	 <u>(186,890)</u>	 <u>1,286,493</u>
 NET ASSETS AT BEGINNING OF YEAR	 11,523,596	 481,600	 12,005,196
 NET ASSETS AT END OF YEAR	 <u>\$ 12,996,979</u>	 <u>\$ 294,710</u>	 <u>\$ 13,291,689</u>

See Notes to Financial Statements

NEW ALBANY COMMUNITY FOUNDATION

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUE AND SUPPORT:			
Contributions	\$ 405,995	\$ -	\$ 405,995
Special events - contributions	1,330,845	252,500	1,583,345
Interest income	34	-	34
Increase (decrease) in beneficial interest in assets held by others	(233,619)	-	(233,619)
Net assets released from restrictions	229,693	(229,693)	-
 Total Revenue and Support	 <u>1,732,948</u>	 <u>22,807</u>	 <u>1,755,755</u>
EXPENSES:			
Grants approved	619,750	-	619,750
Program expenses	413,862	-	413,862
Salaries and benefits	300,648	-	300,648
Occupancy expenses	31,834	-	31,834
Advertising and promotion	107,742	-	107,742
Insurance	3,150	-	3,150
Travel, entertainment and memberships	8,297	-	8,297
Consulting services	26,717	-	26,717
Special events expenses	430,100	-	430,100
Depreciation	3,214	-	3,214
Reduction in allowance for uncollectible contributions	(3,900)	-	(3,900)
Other	52,654	-	52,654
 Total Expenses	 <u>1,994,068</u>	 <u>-</u>	 <u>1,994,068</u>
 CHANGE IN NET ASSETS	 <u>(261,120)</u>	 <u>22,807</u>	 <u>(238,313)</u>
 NET ASSETS AT BEGINNING OF YEAR	 11,784,716	 458,793	 12,243,509
 NET ASSETS AT END OF YEAR	 <u>\$ 11,523,596</u>	 <u>\$ 481,600</u>	 <u>\$ 12,005,196</u>

See Notes to Financial Statements

NEW ALBANY COMMUNITY FOUNDATION

STATEMENTS OF CASH FLOWS

For the Years Ended June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 1,286,493	\$ (238,313)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	2,825	3,214
Uncollectible contributions	(8,415)	(3,900)
Change in beneficial interest in assets held by others	(1,106,453)	233,619
(Increase) decrease in assets:		
Pledges receivable	90,515	118,593
Prepaid expenses	27,555	(21,520)
Increase (decrease) in liabilities:		
Accounts payable	(28,481)	(33,271)
Grants payable	52,500	-
Organization endowment funds held for others	31,113	(5,701)
Net Cash Provided (Used) by Operating Activities	<u>347,652</u>	<u>52,721</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Transfers (to) from beneficial interest in assets held by others	(312,640)	(148,481)
Net Cash Provided (Used) by Investing Activities	<u>(312,640)</u>	<u>(148,481)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	<u>35,012</u>	<u>(95,760)</u>
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	42,936	138,696
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 77,948</u>	<u>\$ 42,936</u>

See Notes to Financial Statements

NEW ALBANY COMMUNITY FOUNDATION

NOTES TO FINANCIAL STATEMENTS

June 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of the Foundation - The New Albany Community Foundation (the Foundation) is a community foundation established in 1995 for the receipt and distribution of charitable funds primarily in the New Albany area.

Basis of Accounting - The financial statements of the Foundation are prepared using the accrual method of accounting, which means that revenues are recognized as they are earned and expenses are recognized as they are incurred whether or not cash is received or paid out at that time.

Use of Estimates - The preparation of the financial statements of the Foundation in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, as well as their related disclosures. Such estimates and assumptions also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Financial Statement Presentation - The Foundation is required to report information regarding its financial position and activities according to three net asset classes: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The Foundation had no permanently restricted net assets at June 30, 2017 and 2016.

Recognition of Donor Restrictions - Donor restricted support is reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Income Taxes - The Foundation is exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code. Accordingly, the accompanying financial statements include no provision for income taxes.

The Foundation has adopted the provisions of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) relating to uncertain tax positions. The Foundation does not believe its financial statements include any uncertain tax positions.

Cash and Cash Equivalents - The Foundation considers all short-term investments with an original maturity of three months or less to be cash equivalents. The Foundation maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Foundation has not experienced any losses in these accounts.

Pledges Receivable - Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows. The discounts are computed using risk-free interest rates of 2% for both 2017 and 2016.

NEW ALBANY COMMUNITY FOUNDATION

NOTES TO FINANCIAL STATEMENTS

June 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Office Equipment - Office equipment is reported at cost less accumulated depreciation which is computed using the straight-line method over the estimated useful lives of the assets.

2. PLEDGES RECEIVABLE

Unconditional pledges receivable consist of the following:

	<u>2017</u>	<u>2016</u>
Gross unconditional pledges receivable	\$ 80,000	\$ 171,200
Less - Unamortized discount	-	-
Less - Allowance	(8,000)	(17,100)
Net Unconditional Pledges Receivable	<u>\$ 72,000</u>	<u>\$ 154,100</u>
Amounts Due In:		
Less than one year	\$ 72,000	\$ 154,100
One to five years	-	-
Total	<u>\$ 72,000</u>	<u>\$ 154,100</u>

3. GRANTS

Grants approved and paid during the year ended June 30, 2017 and those committed for future payment consist of the following at June 30, 2017:

	Unpaid Balance June 30, 2016	Approved	Paid	Unpaid Balance June 30, 2017
Education	\$ -	\$ 197,700	\$ 177,700	\$ 20,000
Arts and Humanities	-	351,000	351,000	-
Environment	-	3,000	3,000	-
General	-	1,938	1,938	-
Health	-	68,355	35,855	32,500
Total	<u>\$ -</u>	<u>\$ 621,993</u>	<u>\$ 569,493</u>	<u>\$ 52,500</u>

NEW ALBANY COMMUNITY FOUNDATION

NOTES TO FINANCIAL STATEMENTS

June 30, 2017

3. GRANTS (continued)

Grants approved and paid during the year ended June 30, 2016 and those committed for future payment consist of the following at June 30, 2016:

	Unpaid Balance June 30, 2015	Approved	Paid	Unpaid Balance June 30, 2016
Education	\$ -	\$ 122,893	\$ 122,893	\$ -
Arts and Humanities	-	380,000	380,000	-
Environment	-	35,632	35,632	-
General	-	525	525	-
Health	-	40,700	40,700	-
Community Building	-	40,000	40,000	-
Total	<u>\$ -</u>	<u>\$ 619,750</u>	<u>\$ 619,750</u>	<u>\$ -</u>

4. FUNCTIONAL EXPENSES

Functional expenses of the Foundation are as follows:

	2017	2016
Program Services	\$ 1,189,239	\$ 1,214,519
Management and General	56,556	64,642
Fundraising	287,564	284,807
Special Events	392,398	430,100
Total	<u>\$ 1,925,757</u>	<u>\$ 1,994,068</u>

5. FUNDS HELD BY THE COLUMBUS FOUNDATION

Contributions received by New Albany Community Foundation are transferred to funds held at The Columbus Foundation for the use of New Albany Community Foundation. These funds are subject to the variance power of the Board of Trustees of The Columbus Foundation. The variance power permits The Columbus Foundation's Board of Trustees, in its sole discretion to redirect all or part of the funds' income and assets to another organization.

	2017	2016
Balance at beginning of year	\$ 11,841,845	\$ 11,926,983
Net transfers from New Albany Community Foundation	312,640	148,481
Net investment income	217,135	207,749
Net realized and unrealized gains (losses)	889,318	(441,368)
Balance at end of year	<u>\$ 13,260,938</u>	<u>\$ 11,841,845</u>

NEW ALBANY COMMUNITY FOUNDATION

NOTES TO FINANCIAL STATEMENTS

June 30, 2017

5. FUNDS HELD BY THE COLUMBUS FOUNDATION (continued)

Components of these funds are as follows:

<u>General Philanthropy</u>	<u>2017</u>	<u>2016</u>
Abercrombie and Fitch Fund	\$ 169,556	\$ 137,854
Keith and Cindy Berend Family Fund	107,056	76,732
Charlie and Shannan Dankworth Fund	13,116	12,144
DeAscentis Family Fund	337,541	341,153
Ric & Marina Dillon Fund	105,999	-
John W. Kessler Fund	266,571	273,013
Krebs Family Fund	81,499	70,587
New Albany Community Foundation Fund	281,243	258,027
New Albany Realty Association Fund	57,549	52,925
New Albany Women's Network Endowment Fund	176,436	149,441
Paul and Jennifer Naumoff Family Fund	29,775	28,796
Fixari Family Endowment Fund	12,960	12,002
Lucas Family Foundation Fund	38,369	35,108
Justice Fund	126,912	-
Thanks for Giving Fund	15,576	-
Christopher and Sarah Zochowski Family Fund	10,643	-
Tween Brands Fund	-	111,202
	<u>1,830,802</u>	<u>1,558,984</u>
 <u>Arts and Culture</u>		
Endowment for Arts and Sciences Program Fund	5,466,123	5,237,633
Jody and Joel Altschule Endowment Fund	14,453	13,225
Neal Hauschild and Jeff Ramm Fund	3,710	-
Jo Ann & Scott Johnson Family Fund	42,587	38,967
Ralph A. Johnson Endowment Fund	76,833	70,500
Lucas Arts Programming Endowment	321,005	269,184
Helena McComb Memorial Endowment Fund	131,190	120,040
Mershad Family Fund	383,069	358,854
Ellen and David Ryan Fund for Arts and Sciences	91,256	83,529
Ryan Family Fund	80,746	73,884
Patricia and Yaromir Steiner Fund	161,251	147,582
Ron Cadieux and Sandy Rains Family Fund	69,606	63,690
New Albany Symphony Orchestra Fund	53,384	36,760
The C. Charleen Hinson Fund	1,066,387	904,419
Clan Cameron Art Center Fund	18,396	16,834
Arlene and Michael Weiss Endowment Fund	37,152	33,994
Adam and Jennifer Zochowski Family Fund	10,643	-
	<u>8,027,792</u>	<u>7,469,095</u>

NEW ALBANY COMMUNITY FOUNDATION

NOTES TO FINANCIAL STATEMENTS

June 30, 2017

5. FUNDS HELD BY THE COLUMBUS FOUNDATION (continued)

Education

Kathryn Borghi Memorial Fund	85,285	81,082
Captain Carwash Entrepreneurial Enrichment Fund	32,230	30,445
Karen and Irving Dennis Family Fund	10,117	-
New Albany Education Foundation Fund	134,965	125,334
NAPLS Extracurricular Activities	16,014	40,684
Connor and Avery Hinson Fund	5,544	5,271
Jefferson Series Endowment Fund	10,243	-
Jefferson Series Student Lectures Endowment	31,430	-
New Albany Branch Library Fund	64,498	61,557
Lynne & Steve Smith Family Fund	49,959	-
Leslie H. Wexner Leadership Academy Fund	8,309	7,899
Carolyn and Lance White Family Endowment Fund	34,898	32,787
Christine & Jeffrey Rodek Fund	114,392	99,897
Jon Pryor Environmental Scholarship Fund	32,301	25,000
New Albany Author Residency Program Fund	47,847	16,191
	678,032	526,147

Health and Wellness

New Albany Surgical Hospital Foundation Fund	23,781	22,342
Healthy New Albany Walking Club and Wellness Fund	1,391,827	1,273,534
New Albany Athletic Booster's Turf Field Fund	88,382	80,870
Philip and Sheryl Heit Fund	37,785	34,606
The Huntington Bank Fund	9,827	156,949
The Rocky Fork Company Fund	55,286	11,885
Deborah and William B. Rusch Fund	211,755	50,587
Well-Being Fund	10,467	-
	1,829,109	1,630,773

Historic Preservation

William H. Resch Endowment Fund	1,712	1,134
New Albany - Plain Twp Historical Ealy House Sustaining Fund	82,394	78,277
Nancy I. Ferguson Fund	12,042	11,150
	96,148	90,561

Administrative

New Albany Community Foundation Reserve Fund	244,090	229,320
New Albany Community Foundation Operating Fund	554,964	336,965
	799,054	566,285

Total	\$ 13,260,938	\$ 11,841,845
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NEW ALBANY COMMUNITY FOUNDATION

NOTES TO FINANCIAL STATEMENTS

June 30, 2017

6. NET ASSETS

Temporarily restricted net assets consist of the following:

	<u>2017</u>	<u>2016</u>
Time restricted - other	\$ 294,710	\$ 481,600
Total	<u>\$ 294,710</u>	<u>\$ 481,600</u>

7. NET ASSETS RELEASED FROM DONOR RESTRICTIONS

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of other events specified by donors as follows:

	<u>2017</u>	<u>2016</u>
Satisfaction of time restriction	\$ 409,600	\$ 229,693
Total	<u>\$ 409,600</u>	<u>\$ 229,693</u>

8. ORGANIZATION ENDOWMENT FUND HELD FOR OTHERS

Organization endowment funds held for others consist of two funds, the New Albany Women's Network Endowment Fund and the New Albany- Plain Township Historical Society Sustaining Endowment. The Foundation maintains variance power and legal ownership of organization endowment funds, and as such, reports the funds as assets of the Foundation. However, in accordance with the Not-for-Profit Entities Topic of the FASB ASC, a liability has been established, which is equivalent to the fund's current fair market value.

9. ASSETS AND LIABILITIES – FAIR VALUE INFORMATION

In accordance with the Fair Value Measurements and Disclosures Topic of the FASB ASC, all financial instruments that are being measured and reported on a fair value basis must be disclosed in one of the following three categories:

Level 1: Quoted market prices in active markets for identical assets or liabilities.

Level 2: Observable market based inputs or unobservable inputs that are corroborated by market data.

Level 3: Unobservable inputs that are not corroborated by market data.

NEW ALBANY COMMUNITY FOUNDATION

NOTES TO FINANCIAL STATEMENTS

June 30, 2017

9. ASSETS AND LIABILITIES – FAIR VALUE INFORMATION (continued)

Assets measured at fair value on a recurring basis at June 30, 2017 were as follows:

<u>Description</u>	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Beneficial interest in assets held by others	\$ 13,260,938	\$ -	\$ 13,260,938	\$ -
Total	<u>\$ 13,260,938</u>	<u>\$ -</u>	<u>\$ 13,260,938</u>	<u>\$ -</u>

Assets measured at fair value on a recurring basis at June 30, 2016 were as follows:

<u>Description</u>	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Beneficial interest in assets held by others	\$ 11,841,845	\$ -	\$ 11,841,845	\$ -
Total	<u>\$ 11,841,845</u>	<u>\$ -</u>	<u>\$ 11,841,845</u>	<u>\$ -</u>

The level 2 assets listed above were valued using the market approach and were determined using quoted market prices of similar assets and liabilities. These assets are marketable securities held by The Columbus Foundation on behalf of the New Albany Community Foundation.

10. RETIREMENT PLAN

The Foundation has a 401(k) defined contribution plan that covers all eligible employees. Employees are eligible to participate in the Plan after one year of eligible service and working 1,000 hours in the year before eligibility. Employer contributions to the plan were based on 4% of total compensation for the years ended June 30, 2017 and 2016. Employer contributions totaled \$12,551 and \$14,056 for the years ended June 30, 2017 and 2016, respectively.

11. RECLASSIFICATIONS

Certain amounts in Note 5 of the 2016 financial statements have been reclassified for comparative purposes to conform with the presentation of Note 5 in the 2017 financial statements.

12. SUBSEQUENT EVENTS

Subsequent events have been evaluated through January 25, 2018, which is the date the financial statements were available to be issued.