

FINDLAY-HANCOCK COUNTY ALLIANCE FOUNDATION

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT**

DECEMBER 31, 2015 AND 2014

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Findlay-Hancock County Alliance Foundation
Findlay, Ohio

Report on the Financial Statements

We have audited the accompanying financial statements of Findlay-Hancock County Chamber Foundation (dba Findlay-Hancock County Alliance Foundation) (a non-profit organization) which comprise the statements of financial position as of December 31, 2015 and 2014, and the related statements of activities and changes in net assets and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Findlay-Hancock County Alliance Foundation as of December 31, 2015 and 2014, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in black ink that reads "Simone Gavin Traller, LTD". The signature is written in a cursive style and is positioned above a light gray rectangular box.

Findlay, Ohio
July 15, 2016

FINDLAY-HANCOCK COUNTY ALLIANCE FOUNDATION
STATEMENTS OF FINANCIAL POSITION
December 31, 2015 and 2014

	2015	2014
ASSETS		
Current assets		
Cash and cash equivalents	\$ 93,619	\$ 65,788
Certificates of deposit	12,699	12,681
Accounts receivable - trade	6,840	160
Accounts receivable - related party	35,513	23,792
Prepaid expenses	213	213
Total current assets	148,884	102,634
Property and equipment, net	914	1,182
Total assets	\$ 149,798	\$ 103,816
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable - trade	\$ 1,700	\$ 118
Funds held for other agencies	1,737	2,112
Total current liabilities	3,437	2,230
Total liabilities	3,437	2,230
Net assets		
Unrestricted		
Operating	(8,814)	(3,530)
Temporarily restricted	142,960	92,901
Permanently restricted	12,215	12,215
Total net assets	146,361	101,586
Total liabilities and net assets	\$ 149,798	\$ 103,816

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

FINDLAY-HANCOCK COUNTY ALLIANCE FOUNDATION
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
For the Years Ended December 31, 2015 and 2014

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2015</u>	<u>2014</u>
Changes in unrestricted net assets:					
Operating revenues and support					
Economic development					
Contributions and grants	\$	\$	\$	\$	\$
Foundation		0	0	0	246,471
Interest	31	18		49	117
Hancock leadership					
Contributions		24,150		24,150	19,577
Class project		1,625		1,625	25,493
Interest		8		8	9
Hancock youth leadership program		14,121		14,121	12,628
Downtown		126,338		126,338	59,335
Satisfaction of time and program restrictions	116,201	(116,201)		0	0
Total operating revenues and support	<u>116,232</u>	<u>50,059</u>	<u>0</u>	<u>166,291</u>	<u>363,630</u>
Operating expenses					
Program services					
Economic development				0	246,471
Foundation community projects	660			660	500
Hancock leadership	19,407			19,407	45,737
Hancock youth leadership	11,398			11,398	9,328
Hancock senior leadership	(110)			(110)	0
Downtown	52,462			52,462	56,744
Special events	33,039			33,039	0
Support services					
Management and general	4,660			4,660	5,751
Total operating expenses	<u>121,516</u>	<u>0</u>	<u>0</u>	<u>121,516</u>	<u>364,531</u>
Change in net assets	(5,284)	50,059	0	44,775	(901)
Net assets, beginning of year	<u>(3,530)</u>	<u>92,901</u>	<u>12,215</u>	<u>101,586</u>	<u>102,487</u>
Net assets, end of year	<u>\$ (8,814)</u>	<u>\$ 142,960</u>	<u>\$ 12,215</u>	<u>\$ 146,361</u>	<u>\$ 101,586</u>

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

FINDLAY-HANCOCK COUNTY ALLIANCE FOUNDATION
STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2015 and 2014

	2015	2014
Cash flows from operating activities		
Change in net assets	\$ 44,775	\$ (901)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Reinvested interest	(18)	(9)
Depreciation	268	156
Changes in assets:		
Accounts receivable - trade	(6,680)	647
Accounts payable - trade	1,582	(1,954)
Funds held for other agencies	(375)	0
Net cash provided by (used in) operating activities	39,552	(2,061)
 Cash flows from investing activities		
Payments for purchase of property and equipment	0	(1,338)
Net cash used in investing activities	0	(1,338)
 Cash flows from financing activities		
Accounts receivable - related party	(11,721)	(20,663)
Net cash used in financing activities	(11,721)	(20,663)
 Net increase (decrease) in cash	27,831	(24,062)
 Cash and cash equivalents beginning of year	65,788	89,850
 Cash and cash equivalents end of year	\$ 93,619	\$ 65,788

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

FINDLAY-HANCOCK COUNTY ALLIANCE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2015 and 2014

Note 1–Nature of business

The Findlay-Hancock County Chamber Foundation (dba Findlay-Hancock County Alliance Foundation), a non-profit organization, (the Organization) was created in 1975 for the purpose of receiving and managing charitable funds dedicated toward programs of research, education, and scientific endeavors in Hancock County. Contribution income is received primarily from businesses in Hancock County, Ohio.

Note 2–Summary of significant accounting policies

Basis of accounting

The financial statements have been prepared on the accrual basis of accounting and include all divisions and accounts of the Organization. Pledges are recorded as income in the year made.

Financial statement presentation follows the recommendations of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-205-45, *Financial Statements of Non-Profit Organizations*. Under FASB ASC 958-205-45, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted.

Cash and cash equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid debt instruments purchased with maturity of three months or less to be cash equivalents.

Property and equipment

Property and equipment is recorded at cost if purchased or at fair value if donated, and depreciated over its estimated useful lives of five years, using the straight-line method. Expenditures for maintenance and repairs are charged to operations as incurred. It is the Organization's policy to capitalize property and equipment having an acquisition cost of \$1,000 or more.

Funds held for other agencies

The Organization adopted FASB ASC 958-605-25, *Transfers of Assets to a Non-Profit Organization or Charitable Trust that Raises or Holds Contributions for Others*. This statement established standards for transactions in which the Organization accepts a contribution from a donor and agrees to transfer those assets, the return of investment of those assets or both, to a non-profit organization (NPO) that is specified by the donor. FASB ASC 958-605-25 specifically requires that if the donor is a NPO that establishes a fund at the Organization using its own funds and for its own benefit, the Organization must account for the transfer of such assets as a liability. The Organization refers to these as agency funds.

The Organization maintains variance power and legal ownership of agency funds and as such, continues to report the funds as assets of the Organization. However, in accordance with FASB ASC 958-605-25, a liability has been established for the fair value of the funds.

FINDLAY-HANCOCK COUNTY ALLIANCE FOUNDATION
NOTES TO FINANCIAL STATEMENTS—CONTINUED
December 31, 2015 and 2014

Note 2—Summary of significant accounting policies – continued

Funds held for other agencies - continued

As of December 31, 2015 and 2014, the Organization was the owner of one agency fund. For the years ended December 31, 2015 and 2014, all financial activity related to this fund is recorded as adjustments to the Funds held for other agencies liability and is omitted from the statements of activities and changes in net assets.

Classification of net assets

Most funds of the Organization are classified as unrestricted net assets, since the governing instruments of the Organization and certain agreements provide for the invasion of principal, or for the Organization to exercise its variance power to modify any restriction if such restriction becomes unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community. Unrestricted net assets are not subject to donor-imposed restrictions.

Temporarily restricted net assets contain donor-imposed restrictions that permit the Organization to use or expend the assets as specified. These restrictions are satisfied either by the passage of time or when the purposed restriction is met. All temporarily restricted net assets as of December 31, 2015 and 2014 are restricted for specific program use.

Permanently restricted net assets consist of endowment fund assets to be held indefinitely.

Federal income taxes

The Organization has been approved under Internal Revenue Code Section 501(c)(3) as a non-profit organization exempt from federal taxes on its normal activities. The Organization files Form 990 annually and has adopted FASB ASC 740-10-50-15 to account for uncertainty in income taxes.

The Organization files Exempt Organization tax returns in the U. S. federal jurisdiction, and the state of Ohio. With few exceptions, the Organization is no longer subject to U. S. federal, state, and local tax examinations by tax authorities for years before 2012.

At December 31, 2015 and 2014, there are no unrecognized tax benefits that if recognized would affect the annual effective tax rate.

The Organization recognizes interest accrued related to unrecognized tax benefits in interest expense and penalties in operating expenses. During the years ended December 31, 2015 and 2014, no interest or penalties were recognized.

FINDLAY-HANCOCK COUNTY ALLIANCE FOUNDATION
NOTES TO FINANCIAL STATEMENTS—CONTINUED
December 31, 2015 and 2014

Note 2—Summary of significant accounting policies – continued

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. Those estimates and assumptions affect the reported amounts of assets and liabilities, 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. Actual results could differ from those estimates.

Contributions

In accordance with FASB ASC 958-605-25, and FASB ASC 958-205-45, *Accounting for Contributions Received and Contributions Made and Financial Statements of Non-Profit Organizations*, the Organization reports gifts of cash 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, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. See Note 6 for further disclosure.

Contributions, including unconditional promises to give, are recorded as made. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Unconditional promises to give, due in the next year are recorded at their net realizable value.

Advertising costs

Advertising costs are charged to operations when incurred. Total advertising costs charged to expense for the years ended December 31, 2015 and 2014 were \$7,177 and \$3,230, respectively.

Subsequent events

Subsequent events have been evaluated through July 15, 2016, the date in which the financial statements were available to be issued. As of that date, no significant subsequent events were noted.

Reclassification

Certain amounts were reclassified for 2014 to conform to the 2015 presentation.

Note 3—Cash and cash equivalents

Cash and cash equivalents at December 31, 2015 and 2014 were as follows:

	<u>2015</u>	<u>2014</u>
Checking accounts	\$ 59,612	\$ 31,819
Money market checking	34,007	33,969
Total cash and cash equivalents	<u>\$ 93,619</u>	<u>\$ 65,788</u>

FINDLAY-HANCOCK COUNTY ALLIANCE FOUNDATION
NOTES TO FINANCIAL STATEMENTS—CONTINUED
December 31, 2015 and 2014

Note 4—Property and equipment

Property and equipment at December 31, 2015 and 2014 consists of the following:

	2015	2014
Property and equipment	\$ 2,288	\$ 2,288
Less: accumulated depreciation	(1,374)	(1,106)
Net property and equipment	\$ 914	\$ 1,182

Depreciation expense of \$268 and \$156 was incurred during 2015 and 2014, respectively.

Note 5—Transactions in funds held for agencies

Transactions in agency funds for the years ended December 31, 2015 or 2014 are summarized as follows:

2015	Beginning Balance	Program income	Program expenses	Ending Balance
Agency fund:				
City Gateway	\$ 2,112	\$ 0	\$ 375	\$ 1,737
Total agency fund	\$ 2,112	\$ 0	\$ 375	\$ 1,737

2014	Beginning Balance	Program income	Program expenses	Ending Balance
Agency fund:				
City Gateway	\$ 2,112	\$ 0	\$ 0	\$ 2,112
Total agency fund	\$ 2,112	\$ 0	\$ 0	\$ 2,112

FINDLAY-HANCOCK COUNTY ALLIANCE FOUNDATION
NOTES TO FINANCIAL STATEMENTS—CONTINUED
December 31, 2015 and 2014

Note 6—Restricted funds

Restricted funds are contributions that have been reserved for specific purposes designated by the donor. The restricted funds and the changes therein for the years ended December 31, 2015 or 2014 are as follows:

2015	<u>Beginning Balance</u>	<u>Contribution additions</u>	<u>Restrictions released</u>	<u>Ending Balance</u>
Temporarily restricted				
Romick scholarship	\$ 254	\$ 7	\$ 0	\$ 261
Dow scholarship	195	11		206
Government academy	2,491		(110)	2,601
Downtown	38,777	126,338	85,508	79,607
Hancock leadership	30,716	25,783	19,406	37,093
Hancock youth leadership	<u>20,468</u>	<u>14,121</u>	<u>11,397</u>	<u>23,192</u>
Total temporarily restricted	<u>\$ 92,901</u>	<u>\$ 166,260</u>	<u>\$ 116,201</u>	<u>\$ 142,960</u>
Permanently restricted				
Dow scholarship	\$ 5,000			\$ 5,000
Romick scholarship	<u>7,215</u>			<u>7,215</u>
Total permanently restricted funds	<u>\$ 12,215</u>			<u>\$ 12,215</u>

FINDLAY-HANCOCK COUNTY ALLIANCE FOUNDATION
NOTES TO FINANCIAL STATEMENTS—CONTINUED
December 31, 2015 and 2014

Note 6—Restricted funds—continued

2014	<u>Beginning Balance</u>	<u>Contribution additions</u>	<u>Restrictions released</u>	<u>Ending Balance</u>
Temporarily restricted				
Romick scholarship	\$ 249	\$ 5	\$ 0	\$ 254
Dow scholarship	193	2		195
Government academy	2,491			2,491
Downtown	36,186	59,335	56,744	38,777
Hancock leadership	31,169	45,079	45,532	30,716
Hancock youth leadership	17,168	12,628	9,328	20,468
Total temporarily restricted	<u>\$ 87,456</u>	<u>\$ 117,049</u>	<u>\$ 111,604</u>	<u>\$ 92,901</u>
Permanently restricted				
Dow scholarship	\$ 5,000			\$ 5,000
Romick scholarship	7,215			7,215
Total permanently restricted funds	<u>\$ 12,215</u>			<u>\$ 12,215</u>

Note 7—Related party

All members of the Organization’s Board of Trustees are also members of the Board of Directors of Findlay-Hancock County Alliance (the Alliance). The entities are separate distinct legal entities and all transactions between the organizations are handled at arms-length. The organizations do share management, but there is not an economic interest between the organizations. At December 31, 2015, accounts receivable from the Alliance amounted to \$35,513. At December 31, 2014, accounts receivable from the Alliance amounted to \$23,792.