

Toledo  
Community  
Foundation,  
Inc.



Years Ended  
December 31,  
2018 and 2017

Consolidated  
Financial  
Statements  
and  
Supplementary  
Consolidated  
Information

# TOLEDO COMMUNITY FOUNDATION, INC.

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**INDEPENDENT AUDITORS' REPORT**

June 12, 2019

Board of Trustees  
Toledo Community Foundation, Inc.  
Toledo, Ohio

We have audited the accompanying consolidated financial statements of *Toledo Community Foundation, Inc.* (the "Foundation"), which comprise the consolidated statements of assets, liabilities and fund balances (modified cash basis) as of December 31, 2018 and 2017, and the related consolidated statements of support, revenue, expenses and changes in fund balances (modified cash basis) for the years then ended, and the related statement of functional expenses (modified cash basis) for the year ended December 31, 2018, and the related notes to the consolidated financial statements (modified cash basis).

***Management's Responsibility for the Consolidated Financial Statements***

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the modified cash basis method of accounting as described in Note 1; this includes determining that the modified cash basis is an acceptable basis for the preparation of the consolidated financial statements in the circumstances. Management is also responsible for 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.

***Independent 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 audits 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 auditor 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 auditor considers 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 consolidated assets, liabilities and fund balances of *Toledo Community Foundation, Inc.* as of December 31, 2018 and 2017, and the consolidated support and revenue collected, expenses paid and their changes in fund balances for the years then ended in accordance with the modified cash basis method of accounting as described in Note 1 to the consolidated financial statements.

***Report on Summarized Comparative Information***

We have previously audited the Foundation's 2017 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated May 23, 2018. In our opinion the summarized comparative information presented herein as of and for the year ended December 31, 2017 is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

***Basis of Accounting***

As described in Note 1, these consolidated financial statements are prepared on the modified cash basis method of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

# TOLEDO COMMUNITY FOUNDATION, INC.

## CONSOLIDATED STATEMENTS OF ASSETS, LIABILITIES AND FUND BALANCES (MODIFIED CASH BASIS)

	ASSETS	December 31	
		2018	2017
Cash			
Demand deposits		\$ 1,701,507	\$ 1,826,358
Security investments, at cost			
Vanguard Index Total Stock Market Portfolio		53,629,454	53,828,590
Vanguard FTSE All-World EX-US Index Fund		69,217,480	60,071,495
DFA Global Fixed Income Fund		19,987,443	19,921,601
Vanguard Bond Index Fund		20,524,367	19,735,062
Vanguard Short-Term Bond Index Fund		781,134	1,113,991
Money market funds		5,604,740	9,065,813
UBS Investment Partnership		3,380,718	3,817,395
Mutual and common trust funds (bank funds)		113,666	115,667
Stock in transit		3,224,006	139,256
Other		6,273	5,913
<b>Total security investments</b>		<b>176,469,281</b>	<b>167,814,783</b>
Leasehold improvements, furniture and equipment, at cost less accumulated depreciation and amortization of \$442,266 in 2018 and \$433,108 in 2017		32,154	32,807
Other investments			
Investment in Trans Star, LLC (Note 9)		-	2,166,032
Investment in real estate		2,350,000	2,350,000
Other		763,036	462,186
<b>Total other investments</b>		<b>3,113,036</b>	<b>4,978,218</b>
<b>Total assets</b>		<b>\$ 181,315,978</b>	<b>\$ 174,652,166</b>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities</b>			
Accrued expenses		\$ 5,000	\$ 10,620
Deferred revenue		1,500	-
<b>Total liabilities</b>		<b>6,500</b>	<b>10,620</b>
<b>Fund balances</b>			
Without donor restrictions		19,977,074	17,333,913
With donor restrictions		161,332,404	157,307,633
<b>Total fund balances</b>		<b>181,309,478</b>	<b>174,641,546</b>
<b>Total liabilities and fund balances</b>		<b>\$ 181,315,978</b>	<b>\$ 174,652,166</b>

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

TOLEDO COMMUNITY FOUNDATION, INC.

CONSOLIDATED STATEMENTS OF SUPPORT, REVENUE, EXPENSES AND CHANGES IN FUND BALANCES (MODIFIED CASH BASIS)

	Year Ended December 31							
	2018				2017			
	Without Donor Restrictions	With Donor Restrictions	Eliminations	Total All Funds	Without Donor Restrictions	With Donor Restrictions	Eliminations	Total All Funds
<b>Support, revenue and gains (losses)</b>								
Contributions received	\$ 3,315,751	\$ 17,664,511	\$ (1,167,744)	\$ 19,812,518	\$ 418,152	\$ 20,227,165	\$ (793,967)	\$ 19,851,350
Investment income, net	778,188	6,979,864	-	7,758,052	668,899	6,172,985	-	6,841,884
Loss on sale of other investment (Note 9)	(2,044,509)	-	-	(2,044,509)	-	-	-	-
Administrative fee income	1,858,093	-	-	1,858,093	1,699,254	-	-	1,699,254
Non-profit resource center	20,731	-	-	20,731	21,000	-	-	21,000
Other	296,870	26,189	-	323,059	96,222	63,541	-	159,763
Net assets released from restriction	20,664,062	(20,664,062)	-	-	15,720,937	(15,720,937)	-	-
<b>Total support, revenue, and gains (losses)</b>	<b>24,889,186</b>	<b>4,006,502</b>	<b>(1,167,744)</b>	<b>27,727,944</b>	<b>18,624,464</b>	<b>10,742,754</b>	<b>(793,967)</b>	<b>28,573,251</b>
<b>Expenses</b>								
<b>Program:</b>								
Grants to charities and other non-profit institutions	17,759,036	-	(1,167,744)	16,591,292	14,385,487	-	(793,967)	13,591,520
Donor services	2,740,825	-	-	2,740,825	2,009,731	-	-	2,009,731
Other program	694,352	-	-	694,352	44,327	-	-	44,327
<b>Total program</b>	<b>21,194,213</b>	<b>-</b>	<b>(1,167,744)</b>	<b>20,026,469</b>	<b>16,439,545</b>	<b>-</b>	<b>(793,967)</b>	<b>15,645,578</b>
<b>Supporting Services:</b>								
Management and general	1,033,543	-	-	1,033,543	2,445,396	-	-	2,445,396
<b>Total expenses</b>	<b>22,227,756</b>	<b>-</b>	<b>(1,167,744)</b>	<b>21,060,012</b>	<b>18,884,941</b>	<b>-</b>	<b>(793,967)</b>	<b>18,090,974</b>
<b>Excess (deficiency) of support, revenues, and gains (losses) over expenses</b>	<b>2,661,430</b>	<b>4,006,502</b>	<b>-</b>	<b>6,667,932</b>	<b>(260,477)</b>	<b>10,742,754</b>	<b>-</b>	<b>10,482,277</b>
Transfers	(18,269)	18,269	-	-	15,762	(15,762)	-	-
<b>Net increase (decrease)</b>	<b>2,643,161</b>	<b>4,024,771</b>	<b>-</b>	<b>6,667,932</b>	<b>(244,715)</b>	<b>10,726,992</b>	<b>-</b>	<b>10,482,277</b>
Fund balance, beginning of year	17,333,913	157,307,633	-	174,641,546	17,578,628	146,580,641	-	164,159,269
<b>Fund balance, end of year</b>	<b>\$19,977,074</b>	<b>\$161,332,404</b>	<b>\$ -</b>	<b>\$181,309,478</b>	<b>\$17,333,913</b>	<b>\$157,307,633</b>	<b>\$ -</b>	<b>\$174,641,546</b>

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

TOLEDO COMMUNITY FOUNDATION, INC.

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES (MODIFIED CASH BASIS)  
YEAR ENDED DECEMBER 31, 2018 WITH COMPARATIVE TOTALS FOR 2017

	Program Services			Supporting Services	2018 Total Expenses	2017 Total Expenses
	Grants to Charities and Other Non-Profits	Donor Services	Other Program	Management and General		
Salaries and fringe benefits						
Salaries and wages	\$ 243,702	\$ 212,077	\$ 346,360	\$ 619,678	\$ 1,421,817	\$ 1,362,486
Employee benefits and payroll taxes	53,291	46,375	75,354	152,732	327,752	327,334
<b>Total salaries and fringe benefits</b>	<b>296,993</b>	<b>258,452</b>	<b>421,714</b>	<b>772,410</b>	<b>1,749,569</b>	<b>1,689,820</b>
Grants	16,138,401	-	-	-	16,138,401	13,591,520
Administrative fee expense	-	1,846,064	-	-	1,846,064	1,705,248
Affiliated fund expenses	-	44,209	-	-	44,209	40,619
Bank fees	-	147,693	-	-	147,693	135,072
Center operations	-	-	36,832	-	36,832	44,327
Contracts and professional fees	-	-	106,935	49,382	156,317	82,507
Dues, memberships, and miscellaneous	4,184	3,641	1,932	11,990	21,747	17,829
Equipment rental and maintenance	5,757	5,010	46,773	16,499	74,039	46,742
Federal excise tax	-	5,961	-	-	5,961	4,194
Insurance	3,166	2,755	20,012	9,072	35,005	10,664
Miscellaneous trust expenses	-	139,565	-	-	139,565	93,473
Occupancy	9,977	8,682	18,376	28,595	65,630	65,088
Office	12,960	11,278	12,803	37,142	74,183	82,871
Other	45,000	14,558	5,279	30,484	95,321	114,882
Postage and shipping	-	17,129	-	1,903	19,032	23,951
Printing, marketing, and promotion	1,328	200,694	3,117	2,984	208,123	158,892
Program initiative costs	55,638	-	-	-	55,638	75
Recordkeeping fees	-	19,567	-	-	19,567	20,000
Telephone	1,011	880	3,744	2,899	8,534	5,027
Travel, meetings, and seminars	16,877	14,687	16,459	48,372	96,395	119,630
<b>Total expenses before depreciation</b>	<b>16,591,292</b>	<b>2,740,825</b>	<b>693,976</b>	<b>1,011,732</b>	<b>21,037,825</b>	<b>18,052,431</b>
Depreciation	-	-	376	21,811	22,187	38,543
<b>Total expenses</b>	<b>\$ 16,591,292</b>	<b>\$ 2,740,825</b>	<b>\$ 694,352</b>	<b>\$ 1,033,543</b>	<b>\$ 21,060,012</b>	<b>\$ 18,090,974</b>

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

# TOLEDO COMMUNITY FOUNDATION, INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (MODIFIED CASH BASIS)

### 1. NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Nature of Business

Toledo Community Foundation, Inc. ("TCF") is a collection of individual funds that are used to accomplish the diverse philanthropic goals of its donors and meet the needs of the Northwest Ohio and Southeast Michigan communities.

The consolidated financial statements include the operations of five supporting organizations: the Andersons Fund Supporting Organization, the Oswald Supporting Organization, the Stranahan Supporting Organization, the Supporting Organization of the Toledo Community Foundation, and the Tyner Family Foundation Supporting Organization, three private foundations: the Algonquin Foundation, the Seneca Foundation, and the William and Elsie Knight Foundation, and two donor directed pooled funds. TCF performs all accounting and administrative functions for the supporting organizations, private foundations, and donor directed pooled funds as well as appointing the majority of voting members to the Board of Trustees for each organization and private foundations. The supporting organizations, private foundations, and donor directed pooled funds make grants to TCF and other outside organizations. These supporting organizations, private foundations, donor directed pooled funds, as well as pooled income funds, are set up as separate funds within TCF, and all interfund grants are eliminated in the consolidated financial statements.

TCF and the consolidated supporting organizations, private foundations and donor directed funds are collectively referred to as the "Foundation".

#### Basis of Accounting

The consolidated financial statements of the Foundation are maintained on a cash basis modified to include accrual of investment income, depreciation and amortization, notes receivable, other assets, payables to beneficiaries, accrued expenses and deferred revenue. Contributions and other expenses including grants are recorded as received or when paid. Noncash donations are recorded at estimated fair value at the date of contribution. Investments are recorded at cost rather than fair value.

The Foundation accepts assets transferred from other not-for-profit organizations that are held for the benefit of the transferor or an affiliated organization of the transferor. Title to these assets is in the name of the Foundation and the Foundation maintains variance power over such assets.

The Foundation's consolidated financial statements do not make a distinction between funds which would be recognized as an increase in investments and a liability under accounting principles generally accepted in the United States of America ("GAAP"), and funds contributed directly to the Foundation by donors. All contributions and transfers from other organizations are recognized as contribution revenue when received and are included as part of the Foundation's fund balances.

#### Use of Estimates

The preparation of consolidated financial statements, in conformity with a comprehensive basis of accounting other than GAAP, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of cash receipts and disbursements and other changes in fund balances during the reporting period. Actual results could differ from those estimates.

# TOLEDO COMMUNITY FOUNDATION, INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (MODIFIED CASH BASIS)

### Fund Balances

Resources of the Foundation are classified into fund balance categories based on the limitations and restrictions placed on the contributions and gifts received. The fund balances of the Foundation are classified into the following types for financial reporting purposes:

Fund balances without donor restrictions: Fund balances without donor restrictions are available for use by the Board of Trustees for purposes they so approve. Such funds include quasi-endowment funds which represent funds the Board of Trustees has designated to operate as endowment funds.

Fund balances with donor restrictions: Fund balances with donor restrictions represent contributions received whereby the donors have specified that the funds be held by the Foundation strictly in a fiduciary manner for a designated purpose.

### Cash

The Foundation maintains cash deposits with financial institutions that are insured by the Federal Deposit Insurance Corporation ("FDIC") up to specified limits; however, balances in excess of FDIC limits are uninsured. Management does not believe the Foundation is exposed to any significant interest rate or other financial risk as a result of these deposits.

### Security Investments

Purchased security investments are carried at cost. Donated security investments are valued at fair value on the dates received. Gains and losses are recognized when security investments are sold. No unrealized gains and losses on security investments have been recognized due to the cost method of accounting being followed. Investment return is presented net of external investment expenses.

### Administrative Fee

The Foundation operating funds charge certain other funds an annual administrative fee ranging from .50% to .95% for 2018 and 2017 of each fund's five-year average market value. There is a minimum fee of \$100 and a discounted administrative fee percentage of .10% for the portion of average market value that exceeds \$2,500,000. Donor advised growth funds are annually charged 1.45% of each fund's highest quarterly market value.

### Depreciation and Amortization

Depreciation and amortization of leasehold improvements, furniture and equipment is provided on a straight-line basis over the estimated useful lives of the individual assets or lease terms, ranging from three to ten years, and amounted to \$22,187 and \$38,543 in 2018 and 2017, respectively.

### Functional Expenses

The costs of providing various program and supporting services have been summarized on a functional basis in the consolidated statements of activities. The consolidated statement of functional expenses presents the natural classification detail of expenses by function.

Functional expenses are those expenses incurred by the Foundation in the accomplishment of its stated mission. They can further be categorized as follows:

- Program services, including awarded grants, services to other non-profits, philanthropic leadership, and community leadership;
- Management and general, including expenses that benefit the Foundation as an entity and the management and accounting for funds.



# TOLEDO COMMUNITY FOUNDATION, INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (MODIFIED CASH BASIS)

Expenses which apply to more than one functional category have been allocated among program and management and general based on the time spent on these functions by specific employees as estimated by management.

### Income Taxes

The Foundation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code ("IRC"). See Notes 3 and 4 relating to the tax treatment of Donor Directed Pooled and Private Foundation Funds.

In a Private Letter Ruling dated May 15, 2008, the Internal Revenue Service ("IRS") stated that fees charged by the Foundation to unrelated tax exempt organizations for providing certain administrative and clerical services constitute unrelated business income under Section 512 of the IRC. For the years ended December 31, 2018 and 2017, the Foundation does not believe it had any taxable income from such services.

The federal tax returns of the Foundation for 2015 through 2018 are subject to examination by the IRS, which is generally for three years after they were filed. The Foundation has evaluated uncertain tax positions and believe there are no such positions of significance at December 31, 2018 and 2017 that are required to be recorded or disclosed in these consolidated financial statements.

### Spending Policy

The grant spending guideline for any fund is based on an estimated real rate of return less the Foundation's operating funds administrative fee. The estimated real rate of return is based on projected long-term average annual nominal rates of return less the projected average annual inflation rate.

### Summarized Comparative Information

The consolidated statement of functional expenses include certain prior year summarized information in total but not by functional categorization. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the Foundation's consolidated financial statements for the year ended December 31, 2017 from which the summarized information was derived. Certain amounts as reported in the 2017 consolidated financial statements have been reclassified to conform with the 2018 presentation.

### Change in Accounting Principle

As of January 1, 2017, the Foundation adopted ASU No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. This ASU (1) reduced the number of fund balances presented from three to two; (2) modified the disclosure of underwater endowment funds; (3) required enhanced disclosures concerning board designated net assets; (4) required the presentation of expenses by functional and natural classification in one location; (5) required quantitative and qualitative disclosures about liquidity and availability of financial assets; and (6) required the presentation of investment return net of external and direct internal investment expenses.

### Subsequent Events

In preparing these consolidated financial statements, the Foundation has evaluated, for potential recognition or disclosure, significant events or transactions that occurred during the period subsequent to December 31, 2018, the most recent consolidated statement of assets, liabilities and fund balances (modified cash basis) presented herein, through June 12, 2019, the date these consolidated financial statements were available to be issued. No significant such events or transactions were identified, other than the matter described in Note 8.

# TOLEDO COMMUNITY FOUNDATION, INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (MODIFIED CASH BASIS)

### 2. LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditures, that is, without donor or board restrictions limiting their use, within one year of the statement of assets, liabilities and fund balances (modified cash basis), comprise the following as of December 31, 2018:

Operating fund - cash and cash equivalents	\$ 934,190
Operating fund - money market funds	<u>911,079</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,845,269</u>

The Foundation has \$1,845,269 as of December 31, 2018 of financial assets available within one year of the statement of assets, liabilities and fund balances (modified cash basis) date to meet cash needs for general expenditures. The Foundation manages its liquidity required to meet its operating needs while also trying to maximize earnings on its available funds by investing excess cash in investments.

Funds that are endowed or that operate according to the spending policy for grantmaking, are generally invested in the Foundation's investment pool. The amount available for grantmaking is determined on an annual basis. This amount is calculated according to the Foundation's spending policy, which is currently 3.80% - 4.25% of the funds' five-year average market value over the preceding 20 quarters.

Most funds that are not endowed are invested in the Foundation's money market funds. Funds held in the money market fund are subject to withdrawal at any time. Capital preservation and liquidity are paramount.

The Foundation's Board of Trustees has chosen to charge an administrative fee to all funds as described in Note 1 to cover general expenditures required to operate the Foundation. The fees, assessed on a quarterly basis, are reflected as administrative fee income (operating fund) in the statement of support, revenue, expenses and changes in fund balances (modified basis).

### 3. COMPONENT FUNDS

Component funds are established by various donors for the broad-based charitable benefit of the community.

Certain component funds are subject to restrictions of trust instruments, Deeds of Gift or other donor agreements. Generally, the principal of such funds remains invested and grant distributions are made based upon the Foundation's spending guidelines. The spending guideline was 4.75% for 2018 and 2017, less the Foundation operating funds administrative fee, resulting in spending guidelines ranging from 3.80% to 4.25%. In determining distributable amounts, the percentage is applied to the five-year average market value of the fund.

Unless otherwise provided by the donor, the Board of Trustees of the Foundation may, by unanimous vote, approve for distribution an amount not to exceed 30% of the principal of any fund during a period of five consecutive years.

# TOLEDO COMMUNITY FOUNDATION, INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (MODIFIED CASH BASIS)

Income from the component funds is generally available for the discretionary use of the Foundation by action of the Board of Trustees. The donors of certain funds; however, have restricted the use of income to purposes designated in the trust instrument, Deeds of Gift or other donor agreements.

### 4. DONOR DIRECTED POOLED FUNDS

Donor directed pooled funds are separate entities created by the Board of Trustees and classified as private foundations by the IRS.

Contributors of donor directed pooled funds have the absolute right to designate annually the charities that are to receive the income from their respective funds. The net investment income of donor directed pooled funds, including realized gains or losses, is subject to a federal excise tax.

### 5. PRIVATE FOUNDATION FUNDS

The private foundation funds are considered private foundations by the IRS. The contributors of these funds have reserved the right to advise the Foundation annually as to which charities are to receive the income from their respective funds. The net investment income of private foundation funds, including net realized gains or losses, is subject to a federal excise tax.

### 6. SUPPORT ORGANIZATION FUNDS

Support organization funds are public charities classified as supporting organizations under Section 509(a)(3) of the IRC. The Foundation appoints the majority of the members of each supporting organization's Board of Trustees and the donor appoints a minority of the members. Each supporting organization's Board of Trustees determines which non-profits (in Northwest Ohio and Southeast Michigan) are to receive the annual income available for grants.

### 7. POOLED INCOME FUNDS

Pooled income funds are split-interest trusts that pay income annually to participating donors or other named beneficiaries. At the death of each participating donor and any other named beneficiaries, the remaining monies are distributed to a component fund of the Foundation with the income from such fund to be used for grant making purposes in Northwest Ohio and Southeast Michigan.

# TOLEDO COMMUNITY FOUNDATION, INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (MODIFIED CASH BASIS)

### 8. SECURITY INVESTMENTS

Cost and market values of security investments consists of the following at December 31:

	2018		2017	
	Cost	Market	Cost	Market
Vanguard Index Total Stock Market Portfolio	\$ 53,629,454	\$ 141,518,684	\$ 53,828,590	\$ 152,248,322
Vanguard FTSE All-World EX-US Index Fund	69,217,480	71,908,744	60,071,495	77,638,546
DFA Global Fixed Income Fund	19,987,443	19,507,321	19,921,601	19,719,088
Vanguard Bond Index Fund	20,524,367	20,498,839	19,735,062	19,973,350
Vanguard Short-Term Bond Index Fund	781,134	782,481	1,113,991	1,111,198
Money market funds	5,604,740	5,604,740	9,065,813	9,065,813
UBS Investment Partnership	3,380,718	3,250,919	3,817,395	4,306,509
Mutual and common trust funds (bank funds)	113,666	132,098	115,667	150,277
Stock in transit	3,224,006	3,224,006	139,256	139,256
Other	<u>6,273</u>	<u>6,703</u>	<u>5,913</u>	<u>6,800</u>
<b>Total</b>	<b><u>\$176,469,281</u></b>	<b><u>\$266,434,535</u></b>	<b><u>\$167,814,783</u></b>	<b><u>\$284,359,159</u></b>

From time-to-time, certain donor-restricted funds may have fair values less than the amount required to be maintained by donors. The Foundation may permit spending from underwater endowments in accordance with prudent measures required under law. At December 31, 2018, deficiencies of this nature existed in 40 donor-restricted funds, which together have an original gift value of \$5,645,699, a current fair value of \$5,207,399, and a deficiency of \$438,300. These deficiencies resulted from unfavorable market fluctuations that occurred shortly after the investment of new contributions for donor-restricted funds. These amounts were fully recovered during 2019 due to favorable market fluctuations.

In December 2018, the Foundation was gifted \$2,610,000 of stock in a closely held business. The stock was subsequently sold in accordance with a redemption agreement and converted to a note receivable agreement on January 15, 2019. The Foundation will receive eleven quarterly payments of \$246,954 including principal and annual interest at 2.69% beginning April 2019 through October 2021.

# TOLEDO COMMUNITY FOUNDATION, INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (MODIFIED CASH BASIS)

### 9. OTHER INVESTMENTS

On December 23, 2008, the Foundation received a gift representing an 87.5% ownership interest in Trans Star LLC, a Florida limited liability company, which owns several low power television station licenses used to broadcast in the Ft. Wayne, Indiana market. The gift was recorded at a value of \$2,187,500 based on a fair value valuation performed by an independent media valuation expert. The Foundation's cumulative share of Trans Star LLC's annual operating losses since 2008, which amounts to \$21,468, reduces the investment carrying value to \$2,166,032 at December 31, 2017. In 2018, the Foundation sold its interest in Trans Star LLC for \$121,523, resulting in a loss on sale of \$2,044,509.

On December 21, 2017, the Foundation received a gift of real property that was appraised by a certified general appraiser for \$2,350,000. The property contains a building and athletic field for which the Foundation has hired a manager to maintain.

### 10. FUND BALANCES CLASSIFICATIONS

The bylaws of the Foundation include a variance provision and powers of modification, giving the Board of Trustees the power to vary the use of funds. Based on these provisions the Foundation's fund balances without donor restrictions consist of the following at December 31:

	2018	2017
Operating Funds	\$ 1,870,923	\$ 1,730,989
Quasi-Endowment Funds	2,709,229	2,835,563
Component Funds	<u>15,396,922</u>	<u>12,767,361</u>
<b>Total</b>	<b><u>\$ 19,977,074</u></b>	<b><u>\$ 17,333,913</u></b>

Fund balances with donor restrictions consist of the following at December 31:

	2018	2017
Component Funds	\$ 135,988,369	\$ 132,553,994
Donor Directed Pool Funds	3,440,400	3,128,492
Private Foundation Funds	2,014,194	1,993,606
Support Organization Funds	19,878,674	19,620,756
Pooled Income Funds	<u>10,767</u>	<u>10,785</u>
<b>Total</b>	<b><u>\$161,332,404</u></b>	<b><u>\$157,307,633</u></b>

# TOLEDO COMMUNITY FOUNDATION, INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (MODIFIED CASH BASIS)

### 11. LEASE COMMITMENT

The Foundation leases its office space under a non-cancelable operating lease which expires in October 2023. Rent expense was \$65,630 and \$65,088 and for the years ended December 31, 2018 and 2017 respectively. The following is a schedule of annual future minimum lease payments required under this lease in excess of one year for the five years succeeding December 31, 2018:

Year	Amount
2019	\$ 68,884
2020	72,146
2021	75,401
2022	78,655
2023	<u>67,806</u>
Total	<u>\$ 362,892</u>

### 12. BENEFIT PLANS

The Foundation sponsors a 403(b) defined contribution plan that covers substantially all of its employees. Contributions for eligible employees include an employer-based contribution equal to 2% of the employee's compensation. An additional matching contribution is made by the Foundation equal to the lesser of 100% of the employee's compensation deferral or 3% of the employee's compensation. Contributions by the Foundation for defined contribution plans in 2018 and 2017 were \$64,697 and \$56,346, respectively.

The Foundation sponsors a Supplemental Executive Retirement Plan (SERP) that covers certain highly compensated and management employees. The SERP is a deferred compensation plan under Section 457(f) that the Foundation makes contributions for the benefit of the participants, provided that the amounts deferred are subject to and payable upon satisfying a substantial risk of forfeiture. Contributions include 15% of plan year compensation for the participants. Contributions by the Foundation for 2018 and 2017 were \$51,186 and \$49,054, respectively.



**INDEPENDENT AUDITORS' REPORT  
ON SUPPLEMENTARY INFORMATION**

June 12, 2019

Board of Trustees  
Toledo Community Foundation, Inc.  
Toledo, Ohio

We have audited the consolidated financial statements of *Toledo Community Foundation, Inc.* as of and for the years ended December 31, 2018 and 2017, and have issued our report thereon dated June 12, 2019, which expressed an unmodified opinion on those modified cash basis consolidated financial statements. Our audits were performed for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information as listed in the table of contents, which is the responsibility of management, is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information has not been subjected to the auditing procedures applied in our audits of the consolidated financial statements, and, accordingly, we do not express an opinion or provide any assurance on it.

A handwritten signature in black ink that reads "Rehmann Robson LLC". The signature is written in a cursive, flowing style.

## SUPPLEMENTARY INFORMATION



# TOLEDO COMMUNITY FOUNDATION, INC.

## CONSOLIDATING STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES (MODIFIED CASH BASIS) DECEMBER 31, 2018

ASSETS	2018								Total All Funds
	Without Donor Restrictions			With Donor Restrictions				Pooled Income Funds	
	Operating Funds	Quasi- Endowment Funds	Component Funds	Component Funds	Donor Directed Pooled Funds	Private Foundation Funds	Support Organization Funds		
Cash									
Demand deposits	\$ 934,190	\$ -	\$ -	\$ 622,208	\$ 130,654	\$ -	\$ 14,455	\$ -	\$ 1,701,507
Security investments, at cost									
Vanguard Index Total Stock Market Portfolio	-	853,402	4,775,095	39,947,952	1,352,214	639,326	6,061,465	-	53,629,454
Vanguard FTSE All-World EX-US Index Fund	-	1,113,189	6,287,972	53,134,591	881,520	884,613	6,915,595	-	69,217,480
DFA Global Fixed Income Fund	-	326,282	1,825,668	15,273,354	296,317	246,777	2,019,045	-	19,987,443
Vanguard Bond Index Fund	-	335,428	1,876,843	15,701,484	293,754	239,277	2,074,610	2,971	20,524,367
Vanguard Short-Term Bond Index Fund	-	-	222,224	558,910	-	-	-	-	781,134
Money market funds	911,079	80,928	409,120	3,281,408	485,941	4,201	431,504	559	5,604,740
UBS Investment Partnership	-	-	-	3,380,718	-	-	-	-	3,380,718
Mutual and common trust funds (bank funds)	-	-	-	113,666	-	-	-	-	113,666
Stock in transit	-	-	-	3,224,006	-	-	-	-	3,224,006
Other	-	-	-	-	-	-	-	6,273	6,273
<b>Total security investments</b>	<b>911,079</b>	<b>2,709,229</b>	<b>15,396,922</b>	<b>134,616,089</b>	<b>3,309,746</b>	<b>2,014,194</b>	<b>17,502,219</b>	<b>9,803</b>	<b>176,469,281</b>
Leasehold improvements, furniture and equipment, at cost less accumulated depreciation and amortization of \$442,266 in 2018 and \$433,108 in 2017	32,154	-	-	-	-	-	-	-	32,154
Other investments									
Investment in real estate	-	-	-	-	-	-	2,350,000	-	2,350,000
Other	-	-	-	750,072	-	-	12,000	964	763,036
<b>Total other investments</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>750,072</b>	<b>-</b>	<b>-</b>	<b>2,362,000</b>	<b>964</b>	<b>3,113,036</b>
<b>Total assets</b>	<b>\$ 1,877,423</b>	<b>\$ 2,709,229</b>	<b>\$ 15,396,922</b>	<b>\$ 135,988,369</b>	<b>\$ 3,440,400</b>	<b>\$ 2,014,194</b>	<b>\$ 19,878,674</b>	<b>\$ 10,767</b>	<b>\$ 181,315,978</b>
<b>LIABILITIES AND FUND BALANCES</b>									
Liabilities									
Accrued expenses	\$ 5,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,000
Deferred revenue	1,500	-	-	-	-	-	-	-	1,500
<b>Total liabilities</b>	<b>6,500</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,500</b>
Fund balances									
Without donor restrictions	1,870,923	2,709,229	15,396,922	-	-	-	-	-	19,977,074
With donor restrictions	-	-	-	135,988,369	3,440,400	2,014,194	19,878,674	10,767	161,332,404
<b>Total fund balances</b>	<b>1,870,923</b>	<b>2,709,229</b>	<b>15,396,922</b>	<b>135,988,369</b>	<b>3,440,400</b>	<b>2,014,194</b>	<b>19,878,674</b>	<b>10,767</b>	<b>181,309,478</b>
<b>Total liabilities and fund balances</b>	<b>\$ 1,877,423</b>	<b>\$ 2,709,229</b>	<b>\$ 15,396,922</b>	<b>\$ 135,988,369</b>	<b>\$ 3,440,400</b>	<b>\$ 2,014,194</b>	<b>\$ 19,878,674</b>	<b>\$ 10,767</b>	<b>\$ 181,315,978</b>

See independent auditors' report on supplementary information.

TOLEDO COMMUNITY FOUNDATION, INC.

CONSOLIDATING STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES (MODIFIED CASH BASIS)  
DECEMBER 31, 2017

		2017								
		Without Donor Restrictions			With Donor Restrictions				Total All Funds	
ASSETS		Operating Funds	Quasi-Endowment Funds	Component Funds	Component Funds	Donor Directed Pooled Funds	Private Foundation Funds	Support Organization Funds		Pooled Income Funds
Cash										
	Demand deposits	\$ 947,937	\$ -	\$ -	\$ 681,670	\$ 180,954	\$ (250)	\$ 16,047	\$ -	\$ 1,826,358
Security investments, at cost										
	Vanguard Index Total Stock Market Portfolio	-	941,459	4,153,923	40,774,325	1,299,439	656,011	6,003,433	-	53,828,590
	Vanguard FTSE All-World EX-US index fund	-	1,027,395	4,545,734	46,196,257	943,250	866,209	6,492,650	-	60,071,495
	DFA Global Fixed Income Fund	-	353,322	1,558,932	15,302,266	265,672	235,895	2,205,514	-	19,921,601
	Vanguard Bond Index Fund	-	349,932	1,543,976	15,155,462	265,007	232,868	2,184,834	2,983	19,735,062
	Vanguard Short-Term Bond Index Fund	-	-	252,286	861,705	-	-	-	-	1,113,991
	Money market funds	760,865	163,455	712,510	6,883,094	174,170	2,873	368,278	568	9,065,813
	UBS Investment Partnership	-	-	-	3,817,395	-	-	-	-	3,817,395
	Mutual and common trust funds (bank funds)	-	-	-	115,667	-	-	-	-	115,667
	Stock in transit	-	-	-	139,256	-	-	-	-	139,256
	Other	-	-	-	-	-	-	-	5,913	5,913
Total security investments		760,865	2,835,563	12,767,361	129,245,427	2,947,538	1,993,856	17,254,709	9,464	167,814,783
Leasehold improvements, furniture and equipment, at cost less accumulated depreciation and amortization of \$433,108 in 2017 and \$384,565 in 2016		32,807	-	-	-	-	-	-	-	32,807
Other Investments										
	Investment in Trans Star, LLC	-	-	-	2,166,032	-	-	-	-	2,166,032
	Investment in real estate	-	-	-	-	-	-	2,350,000	-	2,350,000
	Other	-	-	-	460,865	-	-	-	1,321	462,186
Total other investments		-	-	-	2,626,897	-	-	2,350,000	1,321	4,978,218
Total assets		<u>\$1,741,609</u>	<u>\$ 2,835,563</u>	<u>\$12,767,361</u>	<u>\$ 132,553,994</u>	<u>\$ 3,128,492</u>	<u>\$ 1,993,606</u>	<u>\$19,620,756</u>	<u>\$ 10,785</u>	<u>\$ 174,652,166</u>
LIABILITIES AND FUND BALANCES										
Liabilities										
	Accrued expenses	\$ 10,620	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,620
	Deferred revenue	-	-	-	-	-	-	-	-	-
Total liabilities		10,620	-	-	-	-	-	-	-	10,620
Fund balances										
	Without donor restrictions	1,730,989	2,835,563	12,767,361	-	-	-	-	-	17,333,913
	With donor restrictions	-	-	-	132,553,994	3,128,492	1,993,606	19,620,756	10,785	157,307,633
Total fund balances		1,730,989	2,835,563	12,767,361	132,553,994	3,128,492	1,993,606	19,620,756	10,785	174,641,546
Total liabilities and fund balances		<u>\$1,741,609</u>	<u>\$ 2,835,563</u>	<u>\$12,767,361</u>	<u>\$ 132,553,994</u>	<u>\$ 3,128,492</u>	<u>\$ 1,993,606</u>	<u>\$19,620,756</u>	<u>\$ 10,785</u>	<u>\$ 174,652,166</u>

See independent auditors' report on supplementary information.

TOLEDO COMMUNITY FOUNDATION, INC.

CONSOLIDATING STATEMENT OF SUPPORT, REVENUE, AND EXPENSES (MODIFIED CASH BASIS)  
YEAR ENDED DECEMBER 31, 2018

	2018									Total All Funds
	Without Donor Restrictions			With Donor Restrictions				Eliminations		
	Operating Funds	Quasi- Endowment Funds	Component Funds	Component Funds	Donor Directed Pooled Funds	Private Foundation Funds	Support Organization Funds			
<b>Support, revenue and gains (losses)</b>										
Contributions received	\$ 398,882	\$ -	\$ 2,916,869	\$ 15,519,738	\$ 2,097,673	\$ -	\$ 47,100	\$ -	\$ (1,167,744)	\$ 19,812,518
Investment income, net	11,100	134,650	632,438	5,410,076	204,149	223,297	1,142,360	(18)	-	7,758,052
Loss on sale of other investment	-	-	-	(2,044,509)	-	-	-	-	-	(2,044,509)
Administrative fee income	1,858,093	-	-	-	-	-	-	-	-	1,858,093
Funds released for operations	258,072	(258,072)	-	-	-	-	-	-	-	-
Non-profit resource center	20,731	-	-	-	-	-	-	-	-	20,731
Other	296,870	-	-	26,189	-	-	-	-	-	323,059
<b>Total support, revenue and gains (losses)</b>	<b>2,843,748</b>	<b>(123,422)</b>	<b>3,549,307</b>	<b>18,911,494</b>	<b>2,301,822</b>	<b>223,297</b>	<b>1,189,460</b>	<b>(18)</b>	<b>(1,167,744)</b>	<b>27,727,944</b>
<b>Expenses</b>										
Grants to charities and other non-profit institutions	55,058	-	635,228	13,692,183	1,947,413	158,900	817,363	-	(1,167,744)	16,138,401
Administrative expenses	2,614,782	-	-	-	-	-	-	-	-	2,614,782
Administrative fee expense	-	-	194,194	1,497,708	30,354	30,788	92,586	-	-	1,845,630
Bank fees	-	2,478	11,588	108,472	7,453	6,073	11,629	-	-	147,693
Federal excise tax	-	-	-	-	2,999	2,900	-	-	-	5,899
Affiliated fund expenses	-	-	-	44,209	-	-	-	-	-	44,209
Non-profit resource center	36,832	-	-	-	-	-	-	-	-	36,832
Program initiative costs	55,638	-	-	-	-	-	-	-	-	55,638
Other	-	434	1,971	152,816	1,695	4,048	9,964	-	-	170,928
<b>Total expenses</b>	<b>2,762,310</b>	<b>2,912</b>	<b>842,981</b>	<b>15,495,388</b>	<b>1,989,914</b>	<b>202,709</b>	<b>931,542</b>	<b>-</b>	<b>(1,167,744)</b>	<b>21,060,012</b>
<b>Excess (deficiency) of support, revenue and gains (losses) over expenses</b>	<b>\$ 81,438</b>	<b>\$ (126,334)</b>	<b>\$ 2,706,326</b>	<b>\$ 3,416,106</b>	<b>\$ 311,908</b>	<b>\$ 20,588</b>	<b>\$ 257,918</b>	<b>\$ (18)</b>	<b>\$ -</b>	<b>\$ 6,667,932</b>

See independent auditors' report on supplementary information.

TOLEDO COMMUNITY FOUNDATION, INC.

CONSOLIDATING STATEMENT OF SUPPORT, REVENUE, AND EXPENSES (MODIFIED CASH BASIS)  
YEAR ENDED DECEMBER 31, 2017

	2017									Total All Funds
	Without Donor Restrictions			With Donor Restrictions				Eliminations		
	Operating Funds	Quasi- Endowment Funds	Component Funds	Component Funds	Donor Directed Pooled Funds	Private Foundation Funds	Support Organization Funds			
<b>Support, revenue and gains</b>										
Contributions received	\$ 392,710	\$ -	\$ 25,442	\$ 16,058,049	\$ 1,609,016	\$ -	\$ 2,560,100	\$ -	\$ (793,967)	\$ 19,851,350
Investment income, net	6,664	124,103	538,132	5,050,352	176,393	190,328	755,912	-	-	6,841,884
Administrative fee income	1,699,254	-	-	-	-	-	-	-	-	1,699,254
Funds released for operations	244,169	(244,169)	-	-	-	-	-	-	-	-
Non-profit resource center	21,000	-	-	-	-	-	-	-	-	21,000
Other	96,222	-	-	58,541	-	-	5,000	-	-	159,763
<b>Total support, revenue and gains</b>	<b>2,460,019</b>	<b>(120,066)</b>	<b>563,574</b>	<b>21,166,942</b>	<b>1,785,409</b>	<b>190,328</b>	<b>3,321,012</b>	<b>-</b>	<b>(793,967)</b>	<b>28,573,251</b>
<b>Expenses</b>										
Grants to charities and other non-profit institutions	49,675	-	439,809	11,141,140	1,453,858	153,739	1,147,266	-	(793,967)	13,591,520
Administrative expenses	2,445,396	-	-	-	-	-	-	-	-	2,445,396
Administrative fee expense	-	-	168,850	1,390,032	26,801	29,609	89,956	-	-	1,705,248
Bank fees	-	2,331	10,155	100,185	5,796	5,846	10,759	-	-	135,072
Federal excise tax	-	-	-	-	3,044	1,150	-	-	-	4,194
Affiliated fund expenses	-	-	-	40,619	-	-	-	-	-	40,619
Non-profit resource center	44,327	-	-	-	-	-	-	-	-	44,327
Program initiative costs	75	-	-	-	-	-	-	-	-	75
Other	-	457	2,929	99,808	(11,562)	3,965	28,926	-	-	124,523
<b>Total expenses</b>	<b>2,539,473</b>	<b>2,788</b>	<b>621,743</b>	<b>12,771,784</b>	<b>1,477,937</b>	<b>194,309</b>	<b>1,276,907</b>	<b>-</b>	<b>(793,967)</b>	<b>18,090,974</b>
<b>Excess (deficiency) of support, revenue and gains over expenses</b>	<b>\$ (79,454)</b>	<b>\$ (122,854)</b>	<b>\$ (58,169)</b>	<b>\$ 8,395,158</b>	<b>\$ 307,472</b>	<b>\$ (3,981)</b>	<b>\$ 2,044,105</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 10,482,277</b>

See independent auditors' report on supplementary information.

# TOLEDO COMMUNITY FOUNDATION, INC.

## CONSOLIDATING STATEMENTS OF CHANGES IN FUND BALANCES (MODIFIED CASH BASIS) YEARS ENDED DECEMBER 31, 2018 AND 2017

	Without Donor Restrictions			With Donor Restrictions				Total All Funds	
	Operating Funds	Quasi-Endowment Funds	Component Funds	Component Funds	Donor Directed Pooled Funds	Private Foundation Funds	Support Organization Funds		Pooled Income Funds
Fund balances, January 1, 2017	\$ 1,740,509	\$ 2,958,417	\$ 12,879,702	\$ 124,174,598	\$ 2,821,020	\$ 1,997,587	\$ 17,576,651	\$ 10,785	\$ 164,159,269
Excess (deficiency) of support, revenue and gains over expenses	(79,454)	(122,854)	(58,169)	8,395,158	307,472	(3,981)	2,044,105	-	10,482,277
Transfers	69,934	-	(54,172)	(15,762)	-	-	-	-	-
Net increase (decrease)	(9,520)	(122,854)	(112,341)	8,379,396	307,472	(3,981)	2,044,105	-	10,482,277
Fund balances, December 31, 2017	1,730,989	2,835,563	12,767,361	132,553,994	3,128,492	1,993,606	19,620,756	10,785	174,641,546
Excess (deficiency) of support, revenue and gains over expenses	81,438	(126,334)	2,706,326	3,416,106	311,908	20,588	257,918	(18)	6,667,932
Transfers	58,496	-	(76,765)	18,269	-	-	-	-	-
Net increase (decrease)	139,934	(126,334)	2,629,561	3,434,375	311,908	20,588	257,918	(18)	6,667,932
Fund balances, December 31, 2018	<u>\$ 1,870,923</u>	<u>\$ 2,709,229</u>	<u>\$ 15,396,922</u>	<u>\$ 135,988,369</u>	<u>\$ 3,440,400</u>	<u>\$ 2,014,194</u>	<u>\$ 19,878,674</u>	<u>\$ 10,767</u>	<u>\$ 181,309,478</u>

See independent auditors' report on supplementary information.