

**FRIENDS OF AULLWOOD, INC.**

**FINANCIAL STATEMENTS**  
**AND**  
**INDEPENDENT AUDITORS' REPORT**

**For the Years Ended**  
**June 30, 2016 and 2015**

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**S. J. MEYER & ASSOCIATES, INC.**

CERTIFIED PUBLIC ACCOUNTANTS  
BUSINESS ADVISORS

MEMBER  
American Institute  
of Certified Public  
Accountants

Ohio Society of  
Certified Public  
Accountants

370 HULS DRIVE  
CLAYTON, OHIO 45315

(937) 832-5209  
(937) 836-7095 FAX  
(877) 756-1040 Toll Free  
www.sjmeyer.com

Steven J. Meyer, CPA-PFS  
William H. Frazer, CPA

Board of Trustees  
Friends of Aullwood, Inc.  
1000 Aullwood Road  
Dayton, Ohio 45414

**INDEPENDENT AUDITORS' REPORT**

We have audited the accompanying financial statements of Friends of Aullwood, Inc. (a non-profit corporation), which comprise the statements of financial position as of June 30, 2016 and 2015, 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 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 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 Friends of Aullwood, Inc. as of June 30, 2016 and 2015, 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.

December 6, 2016

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*SJM Meyer & Associates, Inc.*

Responsive ♦ Resourceful ♦ Reliable

**FRIENDS OF AULLWOOD, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**June 30, 2016 and 2015**

**ASSETS**

	<u>2016</u>	<u>2015</u>
Cash in bank	\$ 61,270	\$ 84,057
Cash - Money Market	571,808	515,248
Prepaid expenses	2,835	18,318
Unconditional promises to give - Farm Campaign	<u>41,654</u>	<u>72,217</u>
<b>TOTAL CURRENT ASSETS</b>	<b>677,567</b>	<b>689,840</b>
Cash - Money Market - Temporarily restricted for Avian Art Contest	<u>99,872</u>	<u>115,180</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 777,439</u></b>	<b><u>\$ 805,020</u></b>

**LIABILITIES AND NET ASSETS**

Accounts payable - Audubon	\$ 207,015	\$ 31,281
Accounts payable - Other	883	6,767
Deferred income	<u>-</u>	<u>7,500</u>
<b>TOTAL LIABILITIES</b>	<b><u>207,898</u></b>	<b><u>45,548</u></b>
Net assets - unrestricted	469,669	644,292
Net assets - temporarily restricted	<u>99,872</u>	<u>115,180</u>
<b>TOTAL NET ASSETS</b>	<b><u>569,541</u></b>	<b><u>759,472</u></b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 777,439</u></b>	<b><u>\$ 805,020</u></b>

The accompanying notes are an integral part of these statements.

**FRIENDS OF AULLWOOD, INC.**  
**STATEMENT OF ACTIVITIES**  
**For the year ended June 30, 2016**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>REVENUE, GAINS AND OTHER SUPPORT</b>			
Membership dues	\$ 100,085	\$ -	\$ 100,085
Bequests and contributions	510,328		510,328
Program receipts	119,146		119,146
Fundraising activities	59,336		59,336
Interest income	975	692	1,667
	<u>789,870</u>	<u>692</u>	<u>790,562</u>
Total Revenue, Gains, and Other Support			
<b>EXPENSES</b>			
<b>PROGRAM SERVICES</b>			
Grants - Aullwood Audubon Center and Farm operations	785,659		785,659
Grants - Farm Expansion & Renovation	108,927		108,927
Fundraising activities	4,168		4,168
Other program disbursements	41,536	16,000	57,536
	<u>940,290</u>	<u>16,000</u>	<u>956,290</u>
<b>SUPPORTING SERVICES</b>			
General and administrative expenses	24,203		24,203
	<u>24,203</u>	<u>0</u>	<u>24,203</u>
Total Expenses	<u>964,493</u>	<u>16,000</u>	<u>980,493</u>
<b>DECREASE IN NET ASSETS</b>	(174,623)	(15,308)	(189,931)
<b>OTHER CHANGES IN NET ASSETS:</b>			
Transfer to Friends of Aullwood Operations Fund	0		0
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<u>644,292</u>	<u>115,180</u>	<u>759,472</u>
<b>NET ASSETS AT END OF YEAR</b>	<u>\$ 469,669</u>	<u>\$ 99,872</u>	<u>\$ 569,541</u>

The accompanying notes are an integral part of these statements.

**FRIENDS OF AULLWOOD, INC.**  
**STATEMENT OF ACTIVITIES**  
**For the year ended June 30, 2015**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>REVENUE, GAINS AND OTHER SUPPORT</b>			
Membership dues	\$ 104,253	\$ -	\$ 104,253
Bequests and contributions	456,424		456,424
Program receipts	167,942		167,942
Fundraising activities	74,525		74,525
Interest income	1,262	768	2,030
	<u>804,406</u>	<u>768</u>	<u>805,174</u>
Total Revenue, Gains, and Other Support			
<b>EXPENSES</b>			
<b>PROGRAM SERVICES</b>			
Grants - Aullwood Audubon Center and Farm operations	605,412		605,412
Grants - Farm Expansion & Renovation	148,881		148,881
Fundraising activities	3,686		3,686
Other program disbursements	55,726	16,000	71,726
	<u>813,705</u>	<u>16,000</u>	<u>829,705</u>
<b>SUPPORTING SERVICES</b>			
General and administrative expenses	21,101		21,101
	<u>21,101</u>	<u>0</u>	<u>21,101</u>
Total Expenses	<u>834,806</u>	<u>16,000</u>	<u>850,806</u>
<b>DECREASE IN NET ASSETS</b>	(30,400)	(15,232)	(45,632)
<b>OTHER CHANGES IN NET ASSETS:</b>			
Transfer to Friends of Aullwood Operations Fund	(29,982)		(29,982)
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<u>704,674</u>	<u>130,412</u>	<u>835,086</u>
<b>NET ASSETS AT END OF YEAR</b>	<u>\$ 644,292</u>	<u>\$ 115,180</u>	<u>\$ 759,472</u>

The accompanying notes are an integral part of these statements.

**FRIENDS OF AULLWOOD, INC.**  
**STATEMENTS OF CASH FLOWS**  
**For the years ended June 30, 2016 and 2015**

	<u>2016</u>	<u>2015</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Decrease in net assets	\$ (189,931)	\$ (45,632)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
(Increase) decrease in:		
Prepaid expenses	15,483	7,000
Unconditional promises to give - Farm Campaign	30,563	44,390
Increase (decrease) in:		
Accounts payable	169,850	(182,959)
Deferred income	<u>(7,500)</u>	<u>7,500</u>
Net cash provided by (used in) operating activities	<u>18,465</u>	<u>(169,701)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Transfer to Friends of Aullwood Operations Fund	<u>0</u>	<u>(29,982)</u>
Net cash used in investing activities	<u>0</u>	<u>(29,982)</u>
<b>NET INCREASE (DECREASE) IN CASH</b>	18,465	(199,683)
<b>CASH - BEGINNING OF YEAR</b>	<u>714,485</u>	<u>914,168</u>
<b>CASH - END OF YEAR</b>	<u>\$ 732,950</u>	<u>\$ 714,485</u>

The accompanying notes are an integral part of these statements.

**FRIENDS OF AULLWOOD, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2016 and 2015**

**NOTE 1 - SUMMARY OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES**

Nature of Activities - Friends of Aullwood, Inc. was founded in 1979 primarily to raise and administer funds for the operating expenses and educational programs at the Aullwood Audubon Center and Farm. The Organization is funded primarily by income from five endowment funds and two depository accounts. The funds are all administered by the Dayton Foundation.

Basis of Accounting - The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Income taxes - The Corporation is nonprofit and exempt from income taxes under Section 501(c) (3) of the Internal Revenue Code. Therefore, no provision is made for taxes on income.

Concentration of Credit Risk - The Company places its cash with high quality credit institutions. At times, such investments may be in excess of FDIC insurance limits.

Use of Estimates - The preparation of the financial statements in conformity with the basis of accounting described above requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash Deposits - Friends of Aullwood, Inc. maintains cash balances with several financial institutions. The Federal Deposit Insurance Corporation (FDIC) insures accounts up to \$250,000 in value, through December 31, 2016. There was one bank institution in excess of the insured limits at June 30, 2016. The excess was \$383,078. There was one bank institution in excess of the insured limits at June 30, 2015. The excess was \$349,306.

Cash and Cash Equivalents - Cash and cash equivalents consist of cash on hand, checking and savings cash balances, money market savings, and certificate of deposits.

Promises to Give - Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

The Organization uses the allowance method to determine uncollectible unconditional promises receivable. The allowance is based on prior years' experience and managements' analysis of specific promises made. The allowance for uncollectible promises to give was \$ 0 for both years ended June 30, 2016 and 2015.



**FRIENDS OF AULLWOOD, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2016 and 2015**

**NOTE 1 - SUMMARY OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES (continued)**

Restricted and Unrestricted Revenue - Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions. There was a temporary restriction on assets totaling \$99,872 and \$115,180 at June 30, 2016 and 2015 respectively.

Contributions – Under FASB ASC 958-605, *Accounting for Contributions Received and Contributions Made*, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted net assets depending on the existence or nature of any donor restrictions.

Concentration of Revenue, Gains and Other Support – The Organization received approximately 56% and 49% of its annual revenue from the five Friends of Aullwood Endowment Funds for the years ended June 30, 2016 and 2015, respectively.

Contributed Services - Contributed services are recognized as contributions in accordance with FASB ASC 958-605, *Accounting for Contributions Received and Contributions Made*, if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by The Organization. Volunteers also provide services throughout the year that are not recognized as contributions in the financial statements since the recognition criteria under FASB ASC 958-605 are not met.

**FRIENDS OF AULLWOOD, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2016 and 2015**

**NOTE 2 - UNRESTRICTED NET ASSETS**

The Organization's unrestricted net assets are funded in part by the following funds that are administered by the Dayton Foundation. The funds had market values at June 30, 2016 and 2015, as follows:

	Market Value @ <u>June 30, 2016</u>	Market Value @ <u>June 30, 2015</u>
<b>Endowment Funds:</b>		
Marie S. Aull Fund	\$ 7,159,605	\$ 7,762,788
Ralph and Bessie Aull Reahard Memorial Fund	400,898	434,920
Friends of Aullwood Education Endowment Fund	929,283	1,007,574
Environmental Improvement Program for AAC&F Fund	138,302	147,226
Aullwood Friends' Fund B	<u>2,627,089</u>	<u>2,740,238</u>
	<u>\$ 11,255,177</u>	<u>\$ 12,092,746</u>
<b>Friends of Aullwood, Inc. Funds - Depository Funds:</b>		
Friends of Aullwood Operations Fund	\$ 260,367	\$ 258,980
Aullwood Friends' Fund A	<u>263,263</u>	<u>279,567</u>
	<u>\$ 523,630</u>	<u>\$ 538,547</u>
	<u>\$ 11,778,807</u>	<u>\$ 12,631,293</u>

**Endowment Funds:**

The Marie S. Aull Fund was established in 1986 to support the operating expenses of Aullwood Audubon Center and Farm.

The Ralph and Bessie Aull Reahard Memorial Fund was established in 1987 to provide funds for replacement of an Aullwood Audubon Center barn that was destroyed by fire. This fund now supports the maintenance expenses of Aullwood Audubon Center and Farm.

The Friends of Aullwood Education Endowment Fund was established in 1979 to support education programs at Aullwood Audubon Center and Farm. The Friends of Aullwood Education Endowment Fund supports development of educational programs at the Aullwood Audubon Center and Farm. A portion of the yearly income from this endowment is transferred to the Organization where it is restricted for the use of these programs, and the remaining income is to be reinvested by the Dayton Foundation as principal.

**FRIENDS OF AULLWOOD, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2016 and 2015**

**NOTE 2 - UNRESTRICTED NET ASSETS (continued)**

Contributions from the Endowment Fund are reported as unrestricted contributions in these financial statements since the purpose of the restrictions are met in the same reporting period. Friends of Aullwood, Inc. uses the contributions from this fund each year to support and develop educational programs at the Aullwood Audubon Center and Farm.

The Environmental Improvement Program for Aullwood Audubon Center and Farm Fund was established in 1996 by Sylvia Koons Trust and supports the operating expenses of Aullwood Audubon Center and Farm.

The Aullwood Friends' Fund B was established in 1993 as a holding account for various contributions where only the interest may be expended for the specific purpose of the gift.

A portion of the yearly income from these funds provides annual support for the Aullwood Audubon Center and Farm. The remainder of growth of the funds allows for growth of principal. This provides an inflationary hedge for loss of purchasing power of the funds. These funds are held by the Dayton Foundation, and the income is distributed either annually or quarterly.

**Friends of Aullwood, Inc. Funds - Depository Funds:**

The Friends of Aullwood Operations Fund was established in 1993 for the purpose of accepting gifts and to manage the assets used for the operations of the Organization. However since these funds are not restricted for this use, they are not separated as the funds discussed above.

These funds include the Aullwood Friends' Funds A. The funds are also held by the Dayton Foundation, and the income and principal is distributable on a discretionary basis.

**NOTE 3 – TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets consist of a gift made in the year ended June 30, 2012 for the establishment of a fund to support an Avian Art Contest. The terms of the gift specify that the Organization use up to \$16,000 annually over a ten year period. The initial contest was held in the year ended June 30, 2013. Disbursements to the National Audubon Society were \$16,000 and \$16,000 for the years ended June 30, 2016 and 2015, respectively. The fund balances were \$99,872 and \$115,180 at June 30, 2016 and 2015, respectively.

**FRIENDS OF AULLWOOD, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2016 and 2015**

**NOTE 4 – CAPITAL CAMPAIGN**

During the year ended June 30, 2004, Friends of Aullwood, Inc. began a Farm Expansion and Renovation capital campaign to fund building and land improvements for the farm. Contributions to this fund are recognized as unrestricted contributions since the expansion and renovation has been principally completed. The Charity A. Krueger Farm Discovery Center was dedicated on May 10, 2012. Total fundraising goal is \$7,000,000 including \$1,600,000 to establish funds for the upkeep and maintenance of the Charity A. Krueger Farm Discovery Center. As of June 30, 2016 and 2015, \$6,424,816 and \$6,370,557 in funds have been raised for the project. As of June 30, 2016 and 2015, \$5,218,168 and \$5,109,241 have been expended on the project. Phase I of the project involved improvements and upgrades to the farm grounds and related structures. Phase II consisted of the replacement of the existing Farm Education Building with the Charity A. Krueger Farm Discovery Center.

**NOTE 5 – PROMISES TO GIVE**

Unconditional promises to give at June 30, 2016 and 2015 are as follows:

	<u>2016</u>	<u>2015</u>
Receivables in less than one year	\$ 26,100	\$ 57,900
Receivables in one to five years	<u>15,790</u>	<u>15,520</u>
Total unconditional promises to give	41,890	73,420
Less discounts to net present value	( 236 )	( 1,203 )
Less allowance for uncollectible promises	<u>0</u>	<u>0</u>
Net unconditional promises to give at June 30, 2016 and 2015	<u>\$ 41,654</u>	<u>\$ 72,217</u>

A risk-free discount rate of 1.41% and 1.60% was used on promises to give for years ended June 30, 2016 and 2015, respectively.

**NOTE 6 – SUBSEQUENT EVENTS**

The Friends of Aullwood, Inc. did not have any subsequent events through December 6, 2016, which is the date the financial statements were available to be issued for events requiring recording or disclosure in the financial statements for the year ended June 30, 2016.



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Steven J. Meyer, CPA-PFS  
William H. Frazer, CPA

To the Board of Trustees  
Friends of Aullwood, Inc.  
1000 Aullwood Road  
Dayton, Ohio 45414

**INDEPENDENT AUDITORS' REPORT  
ON SUPPLEMENTARY INFORMATION**

We have audited the financial statements of The Friends of Aullwood, Inc. as of and for the years ended June 30, 2016 and 2015, and have issued our report thereon dated December 6, 2016, which contained an unqualified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The supplementary information is presented for the purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*S J Meyer & Associates, Inc.*

December 6, 2016

**FRIENDS OF AULLWOOD, INC.**  
**SUPPLEMENTARY INFORMATION**  
**For the years ended June 30, 2016 and 2015**

	<u>2016</u>	<u>2015</u>
<b>SCHEDULES OF BEQUESTS AND CONTRIBUTIONS</b>		
Marie S. Aull Fund	\$ 288,848	\$ 271,361
Ralph and Bessie Aull Reahard Memorial Fund	16,353	15,344
Friends of Aullwood Education Endowment Fund	37,491	35,221
Environmental Improvement Program Fund	5,458	5,060
Aullwood Friends' Fund A	10,077	9,229
Aullwood Friends' Fund B	97,842	89,899
Friends of Aullwood Farm Expansion and Renovation	54,259	30,310
	<u>\$ 510,328</u>	<u>\$ 456,424</u>
 <b>SCHEDULES OF PROGRAM RECEIPTS</b>		
Birdseed sale	\$ 15,197	\$ 16,828
Pancake meals	3,377	3,689
Rent-a-bucket	2,127	2,100
Quilt Auction and Autumn Affair	98,445	145,325
	<u>\$ 119,146</u>	<u>\$ 167,942</u>
 <b>SCHEDULES OF FUNDRAISING ACTIVITIES</b>		
Annual Giving Campaign expenses	\$ 3,763	\$ 3,222
Membership expenses	405	464
	<u>\$ 4,168</u>	<u>\$ 3,686</u>
 <b>SCHEDULES OF OTHER PROGRAM DISBURSEMENTS</b>		
Birdseed sale	\$ 9,445	\$ 11,338
Pancake meals and Rent-a-bucket	312	259
Quilt Auction and Autumn Affair	31,779	44,129
Avian art fund	16,000	16,000
	<u>\$ 57,536</u>	<u>\$ 71,726</u>

The accompanying notes are an integral part of these statements.