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# THE YOUNGSTOWN FOUNDATION

*AUDIT OF FINANCIAL STATEMENTS*

Years ended December 31, 2015 and 2014

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## REPORT OF INDEPENDENT AUDITORS

PNC BANK, TRUSTEE AND  
THE COMMITTEE FOR DISTRIBUTION OF INCOME  
THE YOUNGSTOWN FOUNDATION  
YOUNGSTOWN, OHIO

We have audited the accompanying financial statements of The Youngstown Foundation (a nonprofit organization) which comprise the statements of assets, liabilities and net assets - modified cash basis as of December 31, 2015 and 2014, and the related statements of revenue, expenses and changes in net assets - modified cash basis 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 the modified cash basis of accounting as described in Note B; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is responsible for 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 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 controls 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.

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## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities and net assets of The Youngstown Foundation as of December 31, 2015 and 2014, and its revenue, expenses and changes in net assets for the years then ended in accordance with the modified cash basis of accounting described in Note B.

## **Other Matter**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying information on page 17 is presented for 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 the basis of accounting described in Note B. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



Canfield, Ohio  
September 13, 2016

The Youngstown Foundation

**STATEMENTS OF ASSETS, LIABILITIES AND NET ASSETS - MODIFIED CASH BASIS**

<b>ASSETS</b>	<b>December 31,</b>	
	<b>2015</b>	<b>2014</b>
<b>INVESTMENTS</b>		
Cash and cash equivalents	\$ 7,232,111	\$ 7,296,837
Common stock	29,841,505	29,489,191
Mutual funds	45,739,661	49,802,522
Corporate bonds	8,540,926	7,320,811
U.S. Government obligations	12,842,364	14,015,117
<b>TOTAL INVESTMENTS</b>	<b>104,196,567</b>	<b>107,924,478</b>
<b>PROPERTY AND EQUIPMENT</b>		
Furniture and equipment	135,046	135,046
Less accumulated depreciation	(105,355)	(96,033)
<b>NET PROPERTY AND EQUIPMENT</b>	<b>29,691</b>	<b>39,013</b>
<b>TOTAL ASSETS</b>	<b>\$ 104,226,258</b>	<b>\$ 107,963,491</b>
<b>NET ASSETS</b>		
Unrestricted	\$ 30,786,264	\$ 31,665,664
Temporarily restricted	51,750,927	54,608,760
Permanently restricted	21,689,067	21,689,067
<b>TOTAL NET ASSETS</b>	<b>\$ 104,226,258</b>	<b>\$ 107,963,491</b>

**STATEMENTS OF REVENUE, EXPENSES AND CHANGES IN NET ASSETS -- MODIFIED CASH BASIS**

	Years ended December 31,							
	2015				2014			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>REVENUES, GAINS, AND OTHER SUPPORT</b>								
Public support	\$ 1,731,614	\$ -	\$ -	\$ 1,731,614	\$ 1,903,010	\$ 467,021	\$ -	\$ 2,370,031
Investment income	2,593,542	1,481,382	-	4,074,924	2,481,991	1,686,907	-	4,168,898
Net realized/unrealized (loss) gain on investments	(2,711,974)	(1,799,964)	-	(4,511,938)	(230,809)	3,766,093	-	3,535,284
Net assets released from restrictions	2,539,251	(2,539,251)	-	-	2,559,987	(2,559,987)	-	-
<b>TOTAL REVENUE, GAINS, AND OTHER SUPPORT</b>	<b>4,152,433</b>	<b>(2,857,833)</b>	<b>-</b>	<b>1,294,600</b>	<b>6,714,179</b>	<b>3,360,034</b>	<b>-</b>	<b>10,074,213</b>
<b>EXPENSES</b>								
Grants for charitable, scientific, and educational purposes	4,254,308	-	-	4,254,308	4,177,583	-	-	4,177,583
Operating expenses	777,525	-	-	777,525	751,938	-	-	751,938
<b>TOTAL EXPENSES</b>	<b>5,031,833</b>	<b>-</b>	<b>-</b>	<b>5,031,833</b>	<b>4,929,521</b>	<b>-</b>	<b>-</b>	<b>4,929,521</b>
<b>CHANGE IN NET ASSETS</b>	<b>(879,400)</b>	<b>(2,857,833)</b>	<b>-</b>	<b>(3,737,233)</b>	<b>1,784,658</b>	<b>3,360,034</b>	<b>-</b>	<b>5,144,692</b>
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<b>31,665,664</b>	<b>54,608,760</b>	<b>21,689,067</b>	<b>107,963,491</b>	<b>29,881,006</b>	<b>51,248,726</b>	<b>21,689,067</b>	<b>102,818,799</b>
<b>NET ASSETS AT END OF YEAR</b>	<b>\$ 30,786,264</b>	<b>\$ 51,750,927</b>	<b>\$ 21,689,067</b>	<b>\$ 104,226,258</b>	<b>\$ 31,665,664</b>	<b>\$ 54,608,760</b>	<b>\$ 21,689,067</b>	<b>\$ 107,963,491</b>

**The Youngstown Foundation**  
**NOTES TO FINANCIAL STATEMENTS**

December 31, 2015 and 2014

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**NOTE A – NATURE OF OPERATIONS**

The Youngstown Foundation (the Foundation) is a charitable entity that provides financial assistance to charitable, scientific and educational institutions that promote the mental, moral and physical well-being of the inhabitants of the City of Youngstown and vicinity.

The Foundation was created by a resolution of the Board of Directors of The Dollar Savings and Trust Company on April 9, 1918. PNC Bank is the sole trustee of the Foundation.

Financial assistance is provided by discretionary and designated distributions from the Foundation. Discretionary disbursements are awarded by the Committee for Distribution of Income (the Committee) which is comprised of six appointed members who are either residents of or live in the vicinity of Youngstown, Ohio. Designated distributions and awards are made as provided by the terms of the governing instruments establishing restricted contributions to the Foundation.

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Accounting**

The financial statements of the Foundation have been prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles and, accordingly, certain revenue and related assets are recognized when received rather than when earned and certain expenses are recognized when paid rather than when the obligation is incurred. However, the financial statements do provide for the recognition of market value changes of securities.

**Cash and Cash Equivalents**

Cash equivalents consist of temporary bank deposits and money market instruments with an original maturity of three months or less as of the purchase date.

**Investments**

Investments in marketable securities and all investments in debt securities are reported at their fair values in the statement of assets, liabilities and net assets. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met, either by passage of time or by use, in the reporting period in which the income and gains are recognized.

**Property and Equipment**

Purchased property and equipment are capitalized at cost. Property and equipment are depreciated over their estimated useful lives using primarily the straight-line method.

**Net Assets**

The Foundation is required to report information regarding their financial position and activities according to three classes of net assets: Unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Temporarily restricted net assets are those whose use has been limited by donor-imposed time restrictions or purpose restrictions. Permanently restricted net assets are net assets required by donor restriction or by law to be maintained by the Foundation in perpetuity. Unrestricted net assets are all other net assets.

**Income Taxes**

The Foundation is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation.

The Youngstown Foundation  
**NOTES TO FINANCIAL STATEMENTS**

December 31, 2015 and 2014

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Use of Estimates**

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets 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.

**NOTE C – RESTRICTION ON NET ASSETS**

**Endowments**

The Foundation's endowment consists of approximately 47 individual funds established for a variety of purposes. Its endowment includes both donor-restricted endowment funds and funds designated by the Distribution Committee to function as endowments. Net assets associated with endowment funds, including funds designated by the Distribution Committee to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Trustee of the Foundation has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the organization and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the organization
- (7) The investment policies of the Foundation

Endowment Net Asset Composition by Type of Fund as of December 31, 2015:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	\$ -	\$ 51,750,927	\$ 21,689,067	\$ 73,439,994
Board-designated endowment funds	28,179,601	-	-	28,179,601
<b>TOTAL FUNDS</b>	<b>\$ 28,179,601</b>	<b>\$ 51,750,927</b>	<b>\$ 21,689,067</b>	<b>\$101,619,595</b>



The Youngstown Foundation  
**NOTES TO FINANCIAL STATEMENTS**

December 31, 2015 and 2014

**NOTE C – RESTRICTION ON NET ASSETS (continued)**

Endowment Net Asset Composition by Type of Fund as of December 31, 2014:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	\$ -	\$ 54,608,760	\$ 21,689,067	\$ 76,297,827
Board-designated endowment funds	29,107,656	-	-	29,107,656
<b>TOTAL FUNDS</b>	<b>\$ 29,107,656</b>	<b>\$ 54,608,760</b>	<b>\$ 21,689,067</b>	<b>\$ 105,405,483</b>

Changes in Endowment Net Assets for the Years Ended December 31, 2015 and 2014:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>Endowment net assets – January 1, 2014</b>	<b>\$ 27,618,532</b>	<b>\$ 51,248,726</b>	<b>\$ 21,689,067</b>	<b>\$ 100,556,325</b>
Investment return	2,439,938	1,686,907	-	4,126,845
Net realized and unrealized gains (losses) on investments	(358,408)	3,766,093	-	3,407,685
Contributions	437,877	476,639	-	914,516
Appropriation of endowment assets for expenditure	(228,193)	(2,569,605)	-	(2,797,798)
Transfers	(802,090)	-	-	(802,090)
<b>Endowment net assets – December 31, 2014</b>	<b>\$ 29,107,656</b>	<b>\$ 54,608,760</b>	<b>\$ 21,689,067</b>	<b>\$ 105,405,483</b>
Investment return	2,558,103	1,481,382	-	4,039,485
Net realized and unrealized gains (losses) on investments	(2,684,961)	(1,799,964)	-	(4,484,925)
Contributions	223,278	-	-	223,278
Appropriation of endowment assets for expenditure	(293,897)	(2,539,251)	-	(2,833,148)
Transfers	(730,578)	-	-	(730,578)
<b>Endowment net assets – December 31, 2015</b>	<b>\$ 28,179,601</b>	<b>\$ 51,750,927</b>	<b>\$ 21,689,067</b>	<b>\$ 101,619,595</b>

The Youngstown Foundation  
**NOTES TO FINANCIAL STATEMENTS**

December 31, 2015 and 2014

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**NOTE C – RESTRICTION ON NET ASSETS (continued)**

In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted funds. The overall purpose is to invest the funds to maximize the long term return of financial assets consistent with the fiduciary standards of a prudent investor. As a result, the maintenance and growth of the funds are the primary objectives of the Foundation. The Foundation's ability to achieve these returns will depend upon the ability to accept a moderate amount of risk, recognizing that a reasonable degree of volatility in market value is necessary to achieve long-term capital appreciation. The Foundation's investment policy specifies that equities range between 50% and 70% of the total account and fixed income between 30% and 50%. Investments are benchmarked against S & P 500 and Barclay's Intermediate G/C.

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk restraints.

The Foundation has established a spending policy whereas up to 4% of its endowment fund's previous three year average ending market value may be utilized during December 31, 2015 and 2014, respectively. In establishing this policy, the Foundation considered the long-term expected return rate of its endowment. Accordingly, over the long-term, the Foundation expects the current spending policy to allow its endowment to grow at the highest rate possible. This is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

The Youngstown Foundation  
**NOTES TO FINANCIAL STATEMENTS**

December 31, 2015 and 2014

**NOTE C – RESTRICTION ON NET ASSETS (continued)**

**Temporarily Restricted Net Assets**

Temporarily restricted net assets were available for the following purposes:

	2015	2014
The Miriam S. Ullman Fund Monday Musical Club	\$ 2,100,796	\$ 2,193,223
The C. and E. Hine Memorial Fund (for the benefit of crippled children)	30,536,122	32,527,901
The Leila M. Sharp Fund YMCA of Youngstown YWCA of Youngstown St. Elizabeth Hospital Medical Center The Board of Education of Montgomery City Missouri Youngstown Area Goodwill Industries Western Reserve Health Foundation	1,040,426	1,085,346
The Paul and Marguerite Thomas Lecture Series Fund Youngstown State University Scholarships and Lectures	2,719,078	2,883,169
The Lucretia K. Baldwin Fund (for the benefit of neglected and abused children)	82,571	86,600
The Arnold D. Stambaugh Fund The Salvation Army of Youngstown Greater Western Reserve Council of the Boy Scouts of America Boys and Girls Club of Youngstown YMCA of Youngstown Youngstown State University	801,187	836,643
The Pearl I. Metz Fund (for the benefit of crippled children)	784	549
The William Fink and Lois A. Fink Fund (any activities of the Foundation within the state of Ohio)	110,227	137,693
CARRIED FORWARD	37,391,191	39,751,124

The Youngstown Foundation  
**NOTES TO FINANCIAL STATEMENTS**

December 31, 2015 and 2014

**NOTE C – RESTRICTION ON NET ASSETS (continued)**

	2015	2014
BROUGHT FORWARD	37,391,191	39,751,124
The Anne K. Christman Fund	2,308,758	2,401,174
Hiram College		
Camp Fitch		
Youngstown Area Goodwill Industries		
Rescue Mission of Youngstown		
Boys and Girls Club of Youngstown		
Paisley House		
NEOUCOM Medical Foundation		
Mahoning Valley Association of Churches		
Junior Achievement of Mahoning Valley		
Greater Western Reserve Council of the Boy Scouts of America		
Jubilee Gardens		
United Way of Youngstown		
The James Campbell Fund	629,090	683,544
(any activities of the Foundation within the boundaries of Mahoning County, Ohio)		
The Burger Family Fund	7,390	7,549
The Edgar and Freda Rumble Charitable Trust	228,285	258,822
The Edna & Thomas Zimmerman Memorial Fund	274,288	287,946
E. Perry & Grace Beatty Memorial Fund Scholarships	1,147,470	1,161,075
Joyce and Walter "Buzz" Pishkur Fund	12,154	12,282
Michael Kusalaba Fund	7,771,911	7,869,385
(any activities of the Foundation)		
Rudge Memorial Scholarship Fund	7,023	8,407
(for scholarship awards)		
Charles W. Schafer Fund	3,182	3,316
(for Boardman High School equipment for the musical programs)		
William H. Kilcawley Fund	788,748	939,258
(for two area churches and The Youngstown Foundation Distribution Committee)		
CARRIED FORWARD	50,569,490	53,383,882

The Youngstown Foundation  
**NOTES TO FINANCIAL STATEMENTS**

December 31, 2015 and 2014

**NOTE C – RESTRICTION ON NET ASSETS (continued)**

	2015	2014
BROUGHT FORWARD	50,569,490	53,383,882
The W.E. Bliss Fund	1,181,437	1,224,878
Trinity Methodist Church		
YMCA of Youngstown		
Youngstown State University		
Ohio Wesleyan University		
<b>TOTAL</b>	<b>\$51,750,927</b>	<b>\$54,608,760</b>

**Permanently Restricted Net Assets**

Permanently restricted net assets were restricted for endowment with the income restricted for the following purposes:

	December 31,	
	2015	2014
The Burger Family Scholarship Fund (for scholarship awards)	\$ 5,257	\$ 5,257
The C. and E. Hine Memorial Fund (for the benefit of crippled children)	15,831,193	15,831,193
Rudge Memorial Scholarship Fund (for scholarship awards)	25,000	25,000
Charles W. Schafer Fund (for Boardman High School equipment for the musical programs)	7,500	7,500
William H. Kilcawley Fund (for two area churches and The Youngstown Foundation Distribution Committee)	4,232,493	4,232,493
The Edgar B. & Freda L. Rumble Fund (for benefit of the Mahoning Valley Rescue Mission and the First Presbyterian Church of Youngstown)	464,283	464,283
The Pearl I. Metz Fund (for the benefit of crippled children)	5,000	5,000
The James Campbell Fund (any activities of the Foundation within the boundaries of Mahoning County, Ohio)	598,897	598,897
The William Fink and Lois A. Fink Fund (any activities of the Foundation within the state of Ohio)	519,444	519,444
<b>TOTAL</b>	<b>\$ 21,689,067</b>	<b>\$ 21,689,067</b>

The Youngstown Foundation  
**NOTES TO FINANCIAL STATEMENTS**

December 31, 2015 and 2014

**NOTE D – INVESTMENTS**

Investments are stated at fair value based on quoted market prices and consist of the following:

	December 31, 2015		December 31, 2014	
	Cost	Fair Value	Cost	Fair Value
Investments:				
Cash and cash equivalents	\$ 7,232,111	\$ 7,232,111	\$ 7,296,837	\$ 7,296,837
Common stock	24,607,714	29,841,505	21,837,051	29,489,191
Mutual funds	40,912,323	45,739,661	40,912,323	49,802,522
Corporate bonds	8,758,184	8,540,926	7,128,037	7,320,811
U.S. Government obligations	12,757,953	12,842,364	13,800,474	14,015,117
Total Investments	<u>\$94,268,285</u>	<u>\$104,196,567</u>	<u>\$ 90,974,722</u>	<u>\$107,924,478</u>

**NOTE E – FAIR VALUE MEASUREMENTS**

The Foundation has characterized its financial instruments, based on the priority of the inputs used to value the financial instruments, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities [Level 1], and the lowest priority to unobservable inputs [Level 3]. If the inputs used to measure the investments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the financial instruments.

Financial instruments recorded in the statement of net assets are categorized based on the inputs to valuation techniques as follows:

Level 1: These are financial instruments where values are based on unadjusted quoted prices for identical assets in an active market that the Foundation has the ability to access.

Level 2: These are financial instruments where values are based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the financial instruments.

Level 3: These are financial instruments where values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. These inputs reflect assumptions of management about assumptions market participants would use in pricing the financial instruments.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2015 and 2014.

*Common Stock:* Valued at the closed price reported on the active market on which the individual securities are traded.

The Youngstown Foundation  
**NOTES TO FINANCIAL STATEMENTS**

December 31, 2015 and 2014

**NOTE E – FAIR VALUE MEASUREMENTS (continued)**

*Mutual Funds:* Valued at quoted market prices which represent the net asset value (NAV) of shares held at year end.

*Corporate Bonds:* Certain corporate bonds are valued at the closing price reported on the active market on which the bond is traded. Other corporate bonds are valued based on yields currently available on comparable securities of issuers with similar credit ratings. When quoted prices are not available for identical or similar bonds, the bond is valued under a discounted cash flows approach that maximized observable inputs, such as current yields of similar instruments, but includes adjustments for certain risks that may not be observable, such as credit and liquidity risks.

*U.S. Government Obligations:* Valued on the basis of market valuations primarily furnished by an independent pricing services which employs various evaluation methods, utilizing the most appropriate method of each security. Such market valuations may represent the last quoted price on the securities' major trading exchange, quotes received from dealers or market makers in the relevant securities, or matrix pricing.

**Assets Measured at Fair Value at December 31, 2015  
on a Recurring Basis**

Description	Level 1	Level 2	Level 3
Cash and cash equivalents	\$ -	\$ 7,232,111	\$ -
Common stocks:			
Consumer discretionary	4,040,158		
Consumer staples	2,727,609		
Energy	1,623,025		
Financial	4,480,139		
Healthcare	3,193,554		
Industrials	3,682,882		
Information technology	4,327,260		
Materials	1,044,462		
Telecommunication	791,059		
Utilities	762,456		
Exchange traded funds	3,168,901		
Mutual funds:			
Fixed income funds	9,368,507		
Equity funds	36,371,154		
Corporate bonds	-	8,540,926	-
U.S. Government obligations	-	12,842,364	-
<b>TOTAL</b>	<b>\$ 75,581,166</b>	<b>\$28,615,401</b>	<b>\$ -</b>

The Youngstown Foundation  
**NOTES TO FINANCIAL STATEMENTS**

December 31, 2015 and 2014

**NOTE E – FAIR VALUE MEASUREMENTS (continued)**

<b>Assets Measured at Fair Value at December 31, 2014 on a Recurring Basis</b>			
Description	Level 1	Level 2	Level 3
Cash and cash equivalents	\$ -	\$ 7,296,837	\$ -
Common stocks:			
Consumer discretionary	4,092,207		
Consumer staples	2,511,014		
Energy	1,598,005		
Financial	5,362,727		
Healthcare	3,443,819		
Industrials	3,081,151		
Information technology	4,334,403		
Materials	779,650		
Telecommunication	197,520		
Utilities	622,821		
Exchange traded funds	3,465,874		
Mutual funds:			
Fixed income funds	9,969,902		
Equity Funds	39,832,620		
Corporate bonds	-	7,320,811	-
U.S. Government obligations	-	14,015,117	-
<b>TOTAL</b>	<b>\$ 79,291,713</b>	<b>\$ 28,632,765</b>	<b>\$ -</b>

**NOTE F – LEASES**

**Operating Leases**

The Foundation leases office space and certain equipment through operating leases. In February 2012, The Foundation relocated their office space and entered into a five year and one month operating lease. The Foundation has the option of renewal for an addition term of five years. The initial five year obligation has been reflected in the following schedule of future minimum payments. Total rent expense under all operating leases amounted to \$20,676 and \$20,404 for the years ended December 31, 2015 and 2014, respectively.



The Youngstown Foundation  
**NOTES TO FINANCIAL STATEMENTS**

December 31, 2015 and 2014

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**NOTE F – LEASES (continued)**

Future minimum payments under all non-cancelable operating leases with initial or remaining terms of one year or more as of December 31, 2015 are as follows:

Year Ending December 31,	Amount
2016	\$ 19,526
2017	4,824
Total minimum lease payments	\$ 24,350

**NOTE G – PENSION PLAN**

The Foundation has a Simplified Employee Pension (SEP) which is a defined contribution pension plan that covers all of its employees. Foundation contributions to the plan are discretionary as determined by the Committee. Total pension expense charged to operations was \$9,271 for 2015 and \$8,411 for 2014.

**NOTE H – RELATED PARTY TRANSACTIONS**

The Foundation paid trustee fees to PNC Bank of \$458,017 in 2015 and \$452,056 in 2014.

**NOTE I – CONCENTRATION OF CREDIT RISK**

The Foundation maintains its cash in various financial institutions which, at times, may exceed federally insured limits. The Foundation has not experienced any losses from such accounts, and management believes the Foundation is not exposed to significant credit risk related to bank deposit accounts.

The Foundation maintains a major portion of its funds in investment securities. Investment securities are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risks associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will change will occur in the near term and that such changes could materially affect the Foundations' account balances and the amounts reported in the statement of assets, liabilities and net assets.

**NOTE J – SUBSEQUENT EVENTS**

The Foundation evaluated events occurring subsequent to the date of the financial statements in determining the accounting for and disclosure of transactions and events that affect the financial statements. Subsequent events have been evaluated through September 13, 2016, which is the date the financial statements were available to be issued.

The Youngstown Foundation

**SCHEDULES OF OPERATING EXPENSES -- MODIFIED  
CASH BASIS**

	Years ended December 31,	
	2015	2014
<b>COMPENSATION AND RELATED EXPENSES</b>		
Salaries' expense	\$ 185,411	\$ 168,214
Payroll taxes	14,246	14,311
Pension expense	9,271	8,411
<b>TOTAL COMPENSATION AND RELATED EXPENSES</b>	<b>208,928</b>	<b>190,936</b>
Accounting fees	21,700	21,700
Administrative expenses	11,331	13,226
Depreciation expense	9,322	9,032
Insurance expense	4,347	4,230
Legal fees	221	1,238
Membership dues	15,375	14,119
Occupancy expense	20,676	20,404
Parking expense	2,700	2,700
Printing expense	6,248	3,922
Telephone and internet expense	12,624	10,252
Travel and entertainment expense	6,036	8,123
Trustee fees	458,017	452,056
<b>TOTAL OPERATING EXPENSES</b>	<b>\$ 777,525</b>	<b>\$ 751,938</b>



**PACKER · THOMAS**

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