

Proven
TRUE

Since
1923

PACKER • THOMAS

Certified Public Accountants & Business Consultants

THE YOUNGSTOWN FOUNDATION

AUDIT OF FINANCIAL STATEMENTS

Years ended December 31, 2017 and 2016

CONTENTS

REPORT OF INDEPENDENT AUDITORS	2
FINANCIAL STATEMENTS	
Statements of assets, liabilities and net assets - modified cash basis	4
Statements of revenue, expenses and changes in net assets - modified cash basis	5
Notes to financial statements	6-16
SUPPLEMENTAL FINANCIAL INFORMATION	
Schedules of operating expenses - modified cash basis	17



REPORT OF INDEPENDENT AUDITORS

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

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, 2017 and 2016, 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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, 2017 and 2016, 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 audits were 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 audits 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.

A handwritten signature in black ink that reads "Rachel Thomas". The signature is written in a cursive, flowing style.

Canfield, Ohio
September 11, 2018

The Youngstown Foundation

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

ASSETS	December 31,	
	2017	2016
INVESTMENTS		
Cash and cash equivalents	\$ 7,449,787	\$ 4,815,903
Common stock	36,129,213	35,208,120
Mutual funds	49,306,251	41,413,017
Corporate bonds	10,486,172	8,715,551
U.S. Government obligations	11,240,615	13,103,590
Alternative investments	323,448	-
TOTAL INVESTMENTS	114,935,486	103,256,181
PROPERTY AND EQUIPMENT		
Furniture and equipment	135,904	135,046
Less accumulated depreciation	(123,282)	(114,677)
NET PROPERTY AND EQUIPMENT	12,622	20,369
TOTAL ASSETS	\$ 114,948,108	\$ 103,276,550
NET ASSETS		
Unrestricted	\$ 41,969,694	\$ 37,843,348
Temporarily restricted	51,289,347	43,744,135
Permanently restricted	21,689,067	21,689,067
TOTAL NET ASSETS	\$ 114,948,108	\$ 103,276,550

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

	Years ended December 31,							
	2017				2016			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES, GAINS, AND OTHER SUPPORT								
Public support	\$ 1,669,443	\$ -	\$ -	\$ 1,669,443	\$ 1,594,587	\$ 341	\$ -	\$ 1,594,928
Investment income	726,422	1,496,027	-	2,222,449	642,027	1,506,582	-	2,148,609
Net realized/unrealized gain (loss) on investments	5,553,928	9,601,864	-	15,155,792	696,322	1,609,580	-	2,305,902
Net assets released from restrictions	3,552,679	(3,552,679)	-	-	11,123,295	(11,123,295)	-	-
TOTAL REVENUE, GAINS, AND OTHER SUPPORT	11,502,472	7,545,212	-	19,047,684	14,056,231	(8,006,792)	-	6,049,439
EXPENSES								
Grants for charitable, scientific, and educational purposes	6,550,547	-	-	6,550,547	6,228,310	-	-	6,228,310
Operating expenses	825,579	-	-	825,579	770,837	-	-	770,837
TOTAL EXPENSES	7,376,126	-	-	7,376,126	6,999,147	-	-	6,999,147
CHANGE IN NET ASSETS	4,126,346	7,545,212	-	11,671,558	7,057,084	(8,006,792)	-	(949,708)
NET ASSETS AT BEGINNING OF YEAR	37,843,348	43,744,135	21,689,067	103,276,550	30,786,264	51,750,927	21,689,067	104,226,258
NET ASSETS AT END OF YEAR	\$ 41,969,694	\$ 51,289,347	\$ 21,689,067	\$ 114,948,108	\$ 37,843,348	\$ 43,744,135	\$ 21,689,067	\$ 103,276,550

The Youngstown Foundation
NOTES TO FINANCIAL STATEMENTS

December 31, 2017 and 2016

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 investments.

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, 2017 and 2016

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 60 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

The Youngstown Foundation
NOTES TO FINANCIAL STATEMENTS

December 31, 2017 and 2016

NOTE C – RESTRICTION ON NET ASSETS (continued)

Endowment Net Asset Composition by Type of Fund as of December 31, 2017:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	\$ -	\$ 51,289,347	\$ 21,689,067	\$ 72,978,414
Board-designated endowment funds	39,975,098	-	-	39,975,098
TOTAL FUNDS	\$ 39,975,098	\$ 51,289,347	\$ 21,689,067	\$ 112,953,512

Endowment Net Asset Composition by Type of Fund as of December 31, 2016:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	\$ -	\$ 43,744,135	\$ 21,689,067	\$ 65,433,202
Board-designated endowment funds	35,510,078	-	-	35,510,078
TOTAL FUNDS	\$ 35,510,078	\$ 43,744,135	\$ 21,689,067	\$ 100,943,280

Changes in Endowment Net Assets for the Years Ended December 31, 2017 and 2016:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets – January 1, 2016	\$ 28,179,601	\$ 51,750,927	\$ 21,689,067	\$ 101,619,595
Investment return	606,673	1,506,582	-	2,113,255
Net realized and unrealized gains on investments	659,200	1,609,580	-	2,268,780
Contributions	13,351	341	-	13,692
Appropriation of endowment assets for expenditure	(361,638)	(4,101,056)	-	(4,462,694)
Transfers	6,412,891	(7,022,239)	-	(609,348)
Endowment net assets – December 31, 2016	\$ 35,510,078	\$ 43,744,135	\$ 21,689,067	\$ 100,943,280
Investment return	683,776	1,496,027	-	2,179,803
Net realized and unrealized gains on investments	5,330,388	9,601,864	-	14,932,252
Contributions	168,625	-	-	168,625
Appropriation of endowment assets for expenditure	(940,836)	(3,552,679)	-	(4,493,515)
Transfers	(776,933)	-	-	(776,933)
Endowment net assets – December 31, 2017	\$ 39,975,098	\$ 51,289,347	\$ 21,689,067	\$ 112,953,512

The Youngstown Foundation
NOTES TO FINANCIAL STATEMENTS

December 31, 2017 and 2016

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, fixed income between 20% and 40%, and alternative assets range between 0% and 10%. 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 the year ended December 31, 2017 and 2016, 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, 2017 and 2016

NOTE C – RESTRICTION ON NET ASSETS (continued)

Temporarily Restricted Net Assets

Temporarily restricted net assets were available for the following purposes:

	2017	2016
The Miriam S. Ullman Fund Monday Musical Club	\$ 2,365,321	\$ 2,102,626
The C. and E. Hine Memorial Fund (for the benefit of crippled children)	35,374,618	30,256,192
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	1,173,390	1,040,884
The Paul and Marguerite Thomas Lecture Series Fund Youngstown State University Scholarships and Lectures	3,092,010	2,808,587
The Lucretia K. Baldwin Fund (for the benefit of neglected and abused children)	93,772	82,669
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	903,848	801,781
The Pearl I. Metz Fund (for the benefit of crippled children)	1,527	786
The William Fink and Lois A. Fink Fund (any activities of the Foundation within the state of Ohio)	192,125	111,365
CARRIED FORWARD	43,196,611	37,204,890

The Youngstown Foundation
NOTES TO FINANCIAL STATEMENTS

December 31, 2017 and 2016

NOTE C – RESTRICTION ON NET ASSETS (continued)

	2017	2016
BROUGHT FORWARD	43,196,611	37,204,890
The Anne K. Christman Fund	2,593,758	2,300,986
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	788,512	631,076
(any activities of the Foundation within the boundaries of Mahoning County, Ohio)		
The Burger Family Fund	10,049	7,867
The Edgar and Freda Rumble Charitable Trust	311,430	228,776
The Edna & Thomas Zimmerman Memorial Fund	309,472	274,410
E. Perry & Grace Beatty Memorial Fund Scholarships	1,305,830	1,119,798
Rudge Memorial Scholarship Fund (for scholarship awards)	11,504	7,223
Charles W. Schafer Fund (for Boardman High School equipment for the musical programs)	5,427	3,584
William H. Kilcawley Fund (for two area churches)	1,437,909	795,340
The W.E. Bliss Fund	1,318,845	1,170,185
Trinity Methodist Church		
YMCA of Youngstown		
Youngstown State University		
Ohio Wesleyan University		
TOTAL	\$ 51,289,347	\$ 43,744,135

The Youngstown Foundation
NOTES TO FINANCIAL STATEMENTS

December 31, 2017 and 2016

NOTE C – RESTRICTION ON NET ASSETS (continued)

Permanently Restricted Net Assets

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

	December 31,	
	2017	2016
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
TOTAL	\$ 21,689,067	\$ 21,689,067

The Youngstown Foundation
NOTES TO FINANCIAL STATEMENTS

December 31, 2017 and 2016

NOTE D – INVESTMENTS

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

	December 31, 2017		December 31, 2016	
	Cost	Fair Value	Cost	Fair Value
Investments:				
Cash and cash equivalents	\$ 7,449,787	\$ 7,449,787	\$ 4,815,903	\$ 4,815,903
Common stock	26,030,180	36,129,213	29,500,682	35,208,120
Mutual funds	39,800,855	49,306,251	36,843,294	41,413,017
Corporate bonds	10,369,653	10,486,172	8,702,880	8,715,551
U.S. Government obligations	11,212,958	11,240,615	13,316,931	13,103,590
Alternative investments	331,302	323,448	-	-
Total Investments	<u>\$ 95,194,735</u>	<u>\$114,935,486</u>	<u>\$ 93,179,690</u>	<u>\$103,256,181</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, 2017 and 2016.

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, 2017 and 2016

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.

Alternative Investments: Valued utilizing evaluated pricing models that vary by asset class and incorporate available trade, bid and other market information and for structured securities, cash flow and, when available, loan performance data. Because many fixed income securities do not trade on a daily basis, the evaluated pricing applications apply available information as applicable through processes such as benchmark curves, benchmarking of like securities, sector groupings, and matrix pricing, to prepare evaluations. In addition, model processes are utilized, such as the Option Adjusted Spread (OAS) model for structured securities to assess interest rate impact and develop prepayment scenarios.

**Assets Measured at Fair Value at December 31, 2017
on a Recurring Basis**

Description	Level 1	Level 2	Level 3
Cash and cash equivalents	\$ -	\$ 7,449,787	\$ -
Common stocks:			
Consumer discretionary	3,789,731	-	-
Consumer staples	2,084,332	-	-
Energy	1,361,127	-	-
Financial	4,721,160	-	-
Healthcare	3,169,993	-	-
Industrials	3,224,044	-	-
Information technology	5,472,849	-	-
Materials	1,222,948	-	-
Real Estate	550,396	-	-
Telecommunication	369,834	-	-
Utilities	845,699	-	-
Exchange traded funds	9,219,712	-	-
Other	97,388	-	-
Mutual funds:			
Fixed income funds	11,464,388	-	-
Equity funds	37,841,863	-	-
Corporate bonds	-	10,486,172	-
U.S. Government obligations	-	11,240,615	-
Alternative investments	-	323,448	-
TOTAL	\$85,435,464	\$29,500,022	\$ -

The Youngstown Foundation
NOTES TO FINANCIAL STATEMENTS

December 31, 2017 and 2016

NOTE E – FAIR VALUE MEASUREMENTS (continued)

**Assets Measured at Fair Value at December 31, 2016
on a Recurring Basis**

Description	Level 1	Level 2	Level 3
Cash and cash equivalents	\$ -	\$ 4,815,903	\$ -
Common stocks:			
Consumer discretionary	3,947,839	-	-
Consumer staples	2,521,919	-	-
Energy	2,099,977	-	-
Financial	5,002,011	-	-
Healthcare	3,559,355	-	-
Industrials	3,924,136	-	-
Information technology	5,444,866	-	-
Materials	916,962	-	-
Real estate	610,288	-	-
Telecommunication	412,512	-	-
Utilities	953,105	-	-
Exchange traded funds	5,712,714	-	-
Other	102,436	-	-
Mutual funds:			
Fixed income funds	9,765,915	-	-
Equity Funds	31,647,102	-	-
Corporate bonds	-	8,715,551	-
U.S. Government obligations	-	13,103,590	-
TOTAL	\$ 76,621,137	\$ 26,635,044	\$ -

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 had the option of renewal for an addition term of five years and has done so in 2016. The Foundation has entered another five year lease with the same terms as the initial agreement. The new lease is in place until March 31, 2022. The five year obligation has been reflected in the following schedule of future minimum payments. Total rent expense under all operating leases amounted to \$22,170 and \$20,803 for the years ended December 31, 2017 and 2016, respectively.

Future minimum payments under all non-cancelable operating leases with initial or remaining terms of one year or more as of December 31, 2017 are as follows:

Year Ending December 31,	Amount
2018	\$ 19,296
2019	19,296
2020	19,296
2021	19,296
2022	4,824
Total minimum lease payments	\$ 82,008

The Youngstown Foundation
NOTES TO FINANCIAL STATEMENTS

December 31, 2017 and 2016

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 \$10,539 for 2017 and \$10,134 for 2016.

NOTE H – RELATED PARTY TRANSACTIONS

The Foundation paid trustee fees to PNC Bank of \$452,575 in 2017 and \$439,268 in 2016.

The Mayor of the City of Youngstown has the opportunity, and has appointed an individual to the Foundation's distribution committee. In the normal course of operations of the Foundation, the City of Youngstown is also a recipient of grant monies.

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 – COMMITMENTS AND CONTINGENCIES

The Foundation entered into a memorandum of understanding with the City of Youngtown to donate \$3,000,000 in support of the construction of a city amphitheater in exchange for naming rights over 20 consecutive years. As of December 31, 2017, \$1,000,000 has been contributed to this project with the remaining \$2,000,000 payable when construction is substantially complete, but no later than December 31, 2020.

NOTE K – 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 11, 2018, 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,	
	2017	2016
COMPENSATION AND RELATED EXPENSES		
Salaries' expense	\$ 210,780	\$ 202,673
Payroll taxes	20,835	16,149
Pension expense	10,539	10,134
TOTAL COMPENSATION AND RELATED EXPENSES	242,154	228,956
Accounting fees	21,700	21,700
Administrative expenses	40,541	12,953
Depreciation expense	8,605	9,322
Insurance expense	4,276	4,421
Legal fees	405	6,663
Membership dues	2,995	2,662
Occupancy expense	22,170	20,803
Parking expense	2,700	2,475
Printing expense	2,519	2,467
Telephone and internet expense	16,369	14,211
Travel and entertainment expense	8,570	4,936
Trustee fees	452,575	439,268
TOTAL OPERATING EXPENSES	\$ 825,579	\$ 770,837



PACKER · THOMAS

Certified Public Accountants & Business Consultants

PROVEN TRUE.

1-800-943-4278
www.packerthomas.com