Financial Statements

December 31, 2015



Independent Auditors' Report

Board of Directors Association of Black Foundation Executives, Inc.

We have audited the accompanying financial statements of the Association of Black Foundation Executives, Inc. which comprise the statement of financial position as of December 31, 2015, and the related statements of activities, functional expenses and cash flows for the year 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.

Auditors' 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 auditors' 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.

Board of Directors Association of Black Foundation Executives, Inc.Page 2

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Association of Black Foundation Executives, Inc. as of December 31, 2015, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

PKF O'Connor Davies LLP

We have previously audited the Association of Black Foundation Executives, Inc.'s December 31, 2014 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 22, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2014 is consistent, in all material respects, with the audited financial statement from which it has been derived.

June 17, 2016

Statement of Financial Position December 31, 2015 (with comparative amounts at December 31, 2014)

	2015	2014
ASSETS		
Cash	\$ 274,103	\$ 677,633
Investments	298,200	296,710
Contributions and pledges receivable, net	1,052,264	407,008
Prepaid expenses and other assets	66,605	50,150
Furniture and equipment, net of accumulated depreciation	0.070	0.700
of \$90,940 and \$90,123	2,670	2,733
	\$ 1,693,842	\$ 1,434,234
	<u>ψ 1,093,042</u>	ψ 1,434,234
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 105,640	\$ 90,739
Deferred revenue	122,917	166,643
Total Liabilities	228,557	257,382
Net Assets		
Unrestricted	265,900	513,490
Temporarily restricted	1,199,385	663,362
Total Net Assets	1,465,285	1,176,852
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	<u>\$1,693,842</u>	<u>\$ 1,434,234</u>

Statement of Activities Year Ended December 31, 2015 (with summarized totals for the year ended December 31, 2014)

	2015			2014
		Temporarily		
	Unrestricted	Restricted	Total	Total
SUPPORT AND REVENUE				
Contributions	\$ 242,495	\$ 1,619,462	\$ 1,861,957	\$ 671,981
Membership and other fees	664,653	-	664,653	372,168
Interest and dividends	1,509	-	1,509	2,195
Net assets released from restrictions	1,083,439	(1,083,439)		
Total Support and Revenue	1,992,096	536,023	2,528,119	1,046,344
EXPENSES				
Program services	1,747,739	-	1,747,739	1,397,556
Management and general	290,628	-	290,628	335,644
Fundraising	201,319	<u> </u>	201,319	146,256
Total Expenses	2,239,686		2,239,686	1,879,456
Change in Net Assets	(247,590)	536,023	288,433	(833,112)
NET ASSETS				
Beginning of year	513,490	663,362	1,176,852	2,009,964
End of year	\$ 265,900	\$ 1,199,385	\$ 1,465,285	\$ 1,176,852

Statement of Functional Expenses Year Ended December 31, 2015 (with summarized totals for the year ended December 31, 2014)

	2015			2014	
	Program	Management			
	Services	and General	Fundraising	Total	Total
Personnel Expenses					
Salaries and wages	\$ 464,139	\$ 154,019	\$ 127,297	\$ 745,455	\$ 715,607
Payroll taxes and employee benefits	120,507	39,989	33,050	193,546	130,389
Total Personnel Expenses	584,646	194,008	160,347	939,001	845,996
Professional fees	658,308	14,805	7,277	680,390	651,604
Office supplies and expenses	5,658	5,896	-	11,554	6,899
Occupancy	39,607	13,143	10,863	63,613	64,628
Organization meetings and travel	409,767	41,203	4,882	455,852	246,316
Insurance	3,718	1,234	1,019	5,971	5,713
Staff development	13,610	4,517	3,733	21,860	374
Telephone and answering machines	15,494	5,142	4,249	24,885	18,618
Printing and publication	7,108	1,320	5,189	13,617	14,004
Postage and shipping	3,501	1,162	960	5,623	5,453
Repairs and maintenance	429	627	-	1,056	414
Bank charges and merchant fees	2,112	2,739	1,557	6,408	4,435
Honoraria and grants	384	-	-	384	2,003
Membership dues	575	3,895	470	4,940	3,790
Miscellaneous	2,313	768	634	3,715	4,933
Total Expenses Before Deprecation	1,747,230	290,459	201,180	2,238,869	1,875,180
Depreciation	509	169	139	817	4,276
Total Expenses	\$ 1,747,739	\$ 290,628	\$ 201,319	\$ 2,239,686	\$ 1,879,456

Statement of Cash Flows Year Ended December 31, 2015 (with comparative amounts for the year ended December 31, 2014)

	2015			2014	
CASH FLOWS FROM OPERATING ACTIVITIES					
Change in net assets	\$	288,433	\$	(833,112)	
Adjustments to reconcile change in net assets to					
net cash from operating activities					
Depreciation		817		4,276	
Discount on pledges receivable		4,244		492	
Changes in operating assets and liabilities					
Contributions and pledges receivable		(649,500)		842,733	
Prepaid expenses and other assets		(16,455)		(41,340)	
Accounts payable and accrued expenses		14,901		(36,681)	
Deferred revenue	_	(43,726)	_	54,976	
Net Cash from Operating Activities	_	(401,286)	_	(8,656)	
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of furniture and equipment		(754)		(3,094)	
Purchase of investments		(1,490)		(1,488)	
Net Cash from Investing Activities		(2,244)		(4,582)	
Net Change in Cash		(403,530)		(13,238)	
CASH					
Beginning of year		677,633		690,871	
End of year	\$	274,103	\$	677,633	

Notes to Financial Statements
December 31, 2015

1. Organization

The Association of Black Foundation Executives, Inc. (the "Association") was incorporated as a not-for-profit organization in 1971 under the laws of the State of Indiana.

The Association is a membership organization of men and women who are on the staff or boards of corporate and foundation grant making organizations. The Association was established to:

- Encourage increased grant making that addresses issues and problems facing African Americans.
- Promote the status and number of African Americans as grant making professionals.
- Help corporations and foundations improve their performance in supporting efforts of African Americans to address social, economic, and educational problems.
- Assist its members in doing their jobs more effectively.

The Association is substantially funded through grant awards, institutional and individual membership dues and registration fees. Its primary service is to promote sustainable philanthropy in Black communities and encourage Black leadership and participation within organized philanthropy.

The Association is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code, and has been classified as an organization that is not a private foundation.

2. Summary of Significant Accounting Policies

Basis of Presentation and Use of Estimates

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (US GAAP), which requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly actual results could differ from those estimates.

Investments

Investments consist of four 1-year certificates of deposits with varying maturity dates. Certificates of deposits are carried at cost plus accrued interest, which approximates fair value.

Promises to Give

Unconditional promises to give are recognized as revenues when pledged. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

Notes to Financial Statements
December 31, 2015

2. Summary of Significant Accounting Policies (continued)

Promises to Give (continued)

Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using rates applicable to the years in which the promises are received and consider market and credit risk as applicable. Amortization of the discount is included in contribution revenue over the life of the pledge.

Furniture and Equipment

Furniture and equipment are carried at cost or, if donated, fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful life of 5 years.

When assets are retired or disposed of, the cost and related accumulated depreciation are removed from the accounts and any gain or loss is reflected as an increase or decrease in unrestricted net assets.

Deferred Revenue

The Association recognizes membership fees revenue in the year to which they apply. Membership fees revenue received in advance are recorded as deferred revenue and are recognized in the periods when earned.

Net Asset Presentation

Net assets and revenues are classified based on the existence or absence of donor imposed restrictions. Unrestricted amounts are those currently available at the discretion of the board for use in the Association's operations. Temporarily restricted amounts are those which are stipulated by donors for specific purposes or time. Permanently restricted amounts result from contributions and other inflows of assets whose use by the Association is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Association. At December 31, 2015, there were no permanently restricted net assets.

Support Recognition

The Association reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Notes to Financial Statements
December 31, 2015

2. Summary of Significant Accounting Policies (continued)

Functional Allocation of Expenses

The cost of providing program and other activities has been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated between programs and other activities.

Comparative Financial Statements

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with US GAAP.

Accounting for Uncertainty in Income Taxes

The Association recognizes the effect of tax positions when they are more likely than not to be sustained. Management is not aware of any violations of its tax status as an organization exempt from income tax, nor of any exposure to unrelated business income tax that would require disclosure and/or recognition in the financial statements. The Association is no longer subject to examinations by the applicable taxing jurisdictions for periods prior to 2012.

Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is June 16, 2016.

3. Concentration of Credit Risk

The Association's financial instruments that are potentially exposed to concentration of credit risk consist of cash and investments (consisting of certificate of deposits) and contributions and pledges receivables. The Association places its cash and investments with quality financial institutions in the United States. At times, cash balances may be in excess of Federal Deposit Insurance Corporation insurance level. The Association routinely assesses the financial strength of its cash and cash equivalents. As a consequence, concentrations of credit risk are limited. Concentrations of credit risk with respect to contributions and pledges receivables are generally diversified due to the large number of entities composing the Association's donor base.

Notes to Financial Statements December 31, 2015

4. Contributions and Pledges Receivables

Unconditional promises to give are included in the financial statements as contributions and pledges receivables, net of present value discount of 3.26% and 2.52% for 2015 and 2014 of expected future cash flows. Management expects contributions and pledges receivable at December 31, to be collected in the following periods:

	2015		2014
One year or less	\$ 907,000	\$	387,500
Two to three years	150,000		20,000
	1,057,000		407,500
Less: present value discount	(4,736)	_	(492)
	<u>\$1,052,264</u>	\$	407,008

Management reviewed the collectable status of its contributions and pledges receivable and deemed an allowance to be unnecessary at December 31, 2015 and 2014.

5. Temporarily Restricted Net Assets

At December 31, temporarily restricted net assets are available for the following:

	2015	2014
Time restrictions	\$ 837,844	\$ 376,174
Catalyzing Community Change	57,314	237,188
Campaign for Black Men and Boys	273,127	-
Connecting Leaders Fellowship	-	50,000
Responsive Philanthropy in the Black Community	31,100	-
	\$1,199,385	\$ 663,362

Notes to Financial Statements December 31, 2015

5. Temporarily Restricted Net Assets (continued)

Net assets released from restriction for the years ended December 31, consist of the following:

	2015	2014
Time restrictions	\$ 634,086	\$ 798,653
Catalyzing Community Change	179,874	62,812
Black Philanthropic Network	20,000	50,000
Campaign for Black Men and Boys	154,479	144,061
Connecting Leaders Fellowship	50,000	95,143
Responsive Philanthropy in the Black Community	-	285,204
Smart Investing	45,000	
	\$1,083,439	\$1,435,873

6. Pension Plan

The Association maintains a 401(k) defined contribution pension plan covering eligible employees. The Association can make voluntary contributions to the plan with annual contributions of an amount equal to one hundred percent of the elective deferral not exceeding four percent of the participants' compensation. The Association made contributions to the plan of \$9,867 and \$0 in 2015 and 2014.

7. Lease Commitment

The Association has a 7-year lease that expires in December 2016 for its office space. The remaining minimum lease payments are \$64,440.

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