

**Association of Black Foundation
Executives, Inc.**

Financial Statements

December 31, 2014

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, 2014, 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
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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, 2014, 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

We have previously audited the Association of Black Foundation Executives, Inc.'s December 31, 2013 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated July 24, 2014. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2013 is consistent, in all material respects, with the audited financial statement from which it has been derived.

O'Connor Davies, LLP

June 22, 2015

Association of Black Foundation Executives, Inc.

Statement of Financial Position
December 31, 2014
(with comparative amounts at December 31, 2013)

	<u>2014</u>	<u>2013</u>
ASSETS		
Cash and cash equivalents	\$ 677,633	\$ 690,871
Investments	296,710	295,222
Contributions and pledges receivable, net	407,008	1,250,233
Prepaid expenses and other assets	50,150	8,810
Property and equipment, net of accumulated depreciation of \$90,123 and \$85,847	<u>2,733</u>	<u>3,915</u>
	<u>\$1,434,234</u>	<u>\$2,249,051</u>
 LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 90,739	\$ 127,420
Deferred revenue	<u>166,643</u>	<u>111,667</u>
Total Liabilities	<u>257,382</u>	<u>239,087</u>
 Net Assets		
Unrestricted	513,490	388,310
Temporarily restricted	<u>663,362</u>	<u>1,621,654</u>
Total Net Assets	<u>1,176,852</u>	<u>2,009,964</u>
	<u>\$1,434,234</u>	<u>\$2,249,051</u>

See notes to financial statements

Association of Black Foundation Executives, Inc.

Statement of Activities

Year Ended December 31, 2014

(with summarized comparative totals for the year ended December 31, 2013)

	2014			2013
	Unrestricted	Temporarily Restricted	Total	Total
SUPPORT AND REVENUE				
Contributions	\$ 194,400	\$ 477,581	\$ 671,981	\$ 1,884,386
Membership and other fees	372,168	-	372,168	136,993
Interest and dividends	2,195	-	2,195	2,166
Net assets released from restrictions	1,435,873	(1,435,873)	-	-
Total Support and Revenue	<u>2,004,636</u>	<u>(958,292)</u>	<u>1,046,344</u>	<u>2,023,545</u>
 EXPENSES				
Program services	1,397,556	-	1,397,556	1,176,632
Management and general	335,644	-	335,644	251,750
Fundraising	146,256	-	146,256	221,351
Total Expenses	<u>1,879,456</u>	<u>-</u>	<u>1,879,456</u>	<u>1,649,733</u>
Change in Net Assets	125,180	(958,292)	(833,112)	373,812
 NET ASSETS				
Beginning of year	<u>388,310</u>	<u>1,621,654</u>	<u>2,009,964</u>	<u>1,636,152</u>
End of year	<u>\$ 513,490</u>	<u>\$ 663,362</u>	<u>\$ 1,176,852</u>	<u>\$ 2,009,964</u>

See notes to financial statements

Association of Black Foundation Executives, Inc.

Statement of Functional Expenses
Year Ended December 31, 2014
(with summarized comparative totals for the year ended December 31, 2013)

	2014			2013
	Program Services	Management and General	Fundraising	Total
Personnel expenses				
Salaries and wages	\$ 480,653	\$ 150,730	\$ 84,224	\$ 715,607
Payroll taxes and employee benefits	<u>87,583</u>	<u>27,460</u>	<u>15,346</u>	<u>130,389</u>
Total Personnel Expense	568,236	178,190	99,570	845,996
Professional fees	544,733	87,087	19,784	651,604
Office supplies and expenses	1,435	3,473	1,991	6,899
Occupancy	44,237	12,640	7,751	64,628
Organization meetings and travel	215,053	27,532	3,731	246,316
Insurance	3,371	857	1,485	5,713
Staff development	225	149	-	374
Telephone and answering machines	2,531	10,267	5,820	18,618
Printing and publication	7,077	3,411	3,516	14,004
Postage and shipping	1,557	2,499	1,397	5,453
Repairs and maintenance	108	306	-	414
Bank charges and merchant fees	-	4,435	-	4,435
Honoraria and grants	2,003	-	-	2,003
Membership dues	475	2,995	320	3,790
Miscellaneous	<u>3,314</u>	<u>1,039</u>	<u>580</u>	<u>4,933</u>
Total Expenses Before Depreciation	1,394,355	334,880	145,945	1,875,180
Depreciation	<u>3,201</u>	<u>764</u>	<u>311</u>	<u>4,276</u>
Total Expenses	<u>\$ 1,397,556</u>	<u>\$ 335,644</u>	<u>\$ 146,256</u>	<u>\$ 1,879,456</u>
				<u>\$ 1,649,733</u>

See notes to financial statements

Association of Black Foundation Executives, Inc.

Statement of Cash Flows
Year Ended December 31, 2014
(with comparative amounts for the year ended December 31, 2013)

	<u>2014</u>	<u>2013</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (833,112)	\$ 373,812
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation	4,276	10,901
Discount on pledges receivable	492	3,073
Changes in operating assets and liabilities		
Contributions and pledges receivable	842,733	(398,604)
Prepaid expenses and other assets	(41,340)	(1,138)
Accounts payable and accrued expenses	(36,681)	52,397
Deferred revenue	54,976	45,367
Net Cash from Operating Activities	<u>(8,656)</u>	<u>85,808</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(3,094)	-
Purchase of investments	<u>(1,488)</u>	<u>(21,505)</u>
Net Cash from Investing Activities	<u>(4,582)</u>	<u>(21,505)</u>
Net Change in Cash and Cash Equivalents	(13,238)	64,303
CASH AND CASH EQUIVALENTS		
Beginning of year	<u>690,871</u>	<u>626,568</u>
End of year	<u>\$ 677,633</u>	<u>\$ 690,871</u>

See notes to financial statements

Association of Black Foundation Executives, Inc.

Notes to Financial Statements
December 31, 2014

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 is classified as other than 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 ("U.S. 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.

Cash and Cash Equivalents

Cash and cash equivalents include highly liquid investments with maturities of three months or less at the time of purchase.

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.

Association of Black Foundation Executives, Inc.

Notes to Financial Statements
December 31, 2014

2. Summary of Significant Accounting Policies (continued)

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.

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.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation. Donated assets are stated at the fair value of the asset at the time of gift. Depreciation is computed using the straight-line method over the estimated useful life of 5 years.

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. When a donor 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. 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, 2014, 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.

Association of Black Foundation Executives, Inc.

Notes to Financial Statements
December 31, 2014

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 U.S. GAAP.

Reclassification

Certain amounts in the 2013 financial statements have been reclassified to conform to the 2014 presentation.

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. The Association is no longer subject to examinations by the applicable taxing jurisdictions for periods prior to 2011.

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 22, 2015.

3. Concentration of Credit Risk

The Association's financial instruments that are potentially exposed to concentration of credit risk consist of cash and cash equivalents (including certificate of deposits) and contributions and pledges receivables. The Association places its cash and cash equivalents with quality financial institutions in the United States. At times, cash balances may be in excess of Federal Deposit Insurance Corporation ("FDIC") insurance limits. 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.

Association of Black Foundation Executives, Inc.

Notes to Financial Statements
December 31, 2014

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 2.52% for 2014 and 2013 of expected future cash flows. Management expects contributions and pledges receivable at December 31, to be collected in the following periods:

	<u>2014</u>	<u>2013</u>
One year or less	\$ 387,500	\$ 1,128,306
Two to three years	<u>20,000</u>	<u>125,000</u>
	407,500	1,253,306
Less: present value discount	<u>(492)</u>	<u>(3,073)</u>
	<u>\$ 407,008</u>	<u>\$ 1,250,233</u>

Management reviewed the collectable status of its contributions and pledges receivable and deemed an allowance to be unnecessary at December 31, 2014 and 2013.

5. Temporarily Restricted Net Assets

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

	<u>2014</u>	<u>2013</u>
Time restrictions	\$ 376,174	\$ 967,246
Catalyzing Community Change	237,188	-
Campaign for Black Men and Boys	-	74,061
Connecting Leaders Fellowship	50,000	145,143
Responsive Philanthropy in the Black Community	<u>-</u>	<u>435,204</u>
	<u>\$ 663,362</u>	<u>\$ 1,621,654</u>

Association of Black Foundation Executives, Inc.

Notes to Financial Statements
December 31, 2014

5. Temporarily Restricted Net Assets (continued)

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

	<u>2014</u>	<u>2013</u>
Time restrictions	\$ 798,653	\$ 685,320
2025 Campaign	-	4,340
Catalyzing Community Change	62,812	-
Black Philanthropic Network	50,000	-
Campaign for Black Men and Boys	144,061	180,630
Connecting Leaders Fellowship	95,143	174,857
Responsive Philanthropy in the Black Community	285,204	233,955
	<u>\$ 1,435,873</u>	<u>\$ 1,279,102</u>

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 did not make contributions to the plan in 2014 and 2013.

7. Lease Commitment

The Association has a 7-year lease that expires in December 2016 for its office space. Minimum lease payments are as follows:

2015	\$ 63,000
2016	<u>64,440</u>
	<u>\$ 127,440</u>

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