

GERMAN VILLAGE SOCIETY

FINANCIAL STATEMENTS

December 31, 2017 and 2016



CONTENTS

	PAGE
Independent Auditor's Report.....	1 - 2
Statements of Financial Position.....	3
Statements of Activities and Changes in Net Assets.....	4 - 5
Statements of Functional Expenses.....	6 - 7
Statements of Cash Flows.....	8
Notes to Financial Statements.....	9 - 14



July 6, 2018

Board of Trustees
German Village Society
Columbus, Ohio

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of German Village Society, which comprise the statements of financial position as of December 31, 2017 and 2016, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our 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 audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of German Village Society as of December 31, 2017 and 2016, and the activities and changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Hill, Barth & King LLC
Certified Public Accountants

GERMAN VILLAGE SOCIETY
STATEMENTS OF FINANCIAL POSITION
Years Ended December 31, 2017 and 2016

	2017	2016
CURRENT ASSETS		
Cash and cash equivalents	\$ 472,648	\$ 480,327
Accounts receivable	23,828	2,821
Unconditional promises to give		
Without donor restrictions	5,450	-
With donor restrictions	13,175	-
Prepaid expenses	175	1,020
Inventory	16,421	-
TOTAL CURRENT ASSETS	531,697	484,168
PROPERTY AND EQUIPMENT, net	272,109	269,545
NON-CURRENT ASSETS		
Cash and cash equivalents, restricted	25	14,526
Unconditional promises to give long-term		
Without donor restrictions	64,370	-
With donor restrictions	38,675	-
Investments	679,884	573,257
TOTAL NON-CURRENT ASSETS	782,954	587,783
	\$ 1,586,760	\$ 1,341,496
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 21,413	\$ 9,823
Deferred membership dues	24,170	62,670
Other current liabilities	-	3,369
TOTAL CURRENT LIABILITIES	45,583	75,862
NET ASSETS		
Unrestricted	573,060	397,523
Unrestricted net assets - board designated	764,419	666,288
Temporarily restricted net assets	10,875	9,000
Permanently restricted net assets	192,823	192,823
	1,541,177	1,265,634
	\$ 1,586,760	\$ 1,341,496

See accompanying notes to financial statements

GERMAN VILLAGE SOCIETY

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

Year Ended December 31, 2017

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUE				
Event income	\$ 361,888	\$ -	\$ -	\$ 361,888
Program revenue	10,769	-	-	10,769
Grants	19,140	-	-	19,140
Contributions	231,937	2,375	-	234,312
Membership dues	157,259	-	-	157,259
Miscellaneous income	27,823	-	-	27,823
Merchandise	25,495	-	-	25,495
In-kind gifts	133,219	-	-	133,219
Net assets released from restriction	500	(500)	-	-
Investment gain	97,994	-	-	97,994
TOTAL REVENUE	1,066,024	1,875	-	1,067,899
EXPENSES				
Total program services costs	328,598	-	-	328,598
Event costs	170,369	-	-	170,369
Management and administrative costs	293,389	-	-	293,389
TOTAL EXPENSES	792,356	-	-	792,356
INCREASE IN NET ASSETS	273,668	1,875	-	275,543
BEGINNING NET ASSET BALANCES	1,063,811	9,000	192,823	1,265,634
END OF YEAR NET ASSET BALANCES	\$ 1,337,479	\$ 10,875	\$ 192,823	\$ 1,541,177

See accompanying notes to financial statements

GERMAN VILLAGE SOCIETY

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS (CONTINUED)

Year Ended December 31, 2016

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUE				
Event income	\$ 325,217	\$ -	\$ -	\$ 325,217
Program revenue	9,197	-	-	9,197
Grants	4,847	-	-	4,847
Contributions	58,185	3,150	-	61,335
Membership dues	134,737	-	-	134,737
Miscellaneous income	18,344	-	-	18,344
Merchandise	11,254	-	-	11,254
In-kind gifts	177,018	-	-	177,018
Net assets released from restriction	500	(500)	-	-
Investment income	43,819	-	-	43,819
TOTAL REVENUE	783,118	2,650	-	785,768
EXPENSES				
Total program service costs	273,054	-	-	273,054
Event costs	231,343	-	-	231,343
Management and administrative costs	228,558	-	-	228,558
TOTAL EXPENSES	732,955	-	-	732,955
INCREASE IN NET ASSETS	50,163	2,650	-	52,813
BEGINNING NET ASSET BALANCES	1,013,648	6,350	192,823	1,212,821
END OF YEAR NET ASSET BALANCES	\$ 1,063,811	\$ 9,000	\$ 192,823	\$ 1,265,634

See accompanying notes to financial statements

GERMAN VILLAGE SOCIETY

STATEMENTS OF FUNCTIONAL EXPENSES

Year Ended December 31, 2017

	<u>Program</u>	<u>Events</u>	<u>Administrative</u>	<u>Total</u>
Salary, wages, and benefits	\$ 129,100	\$ 68,348	\$ 55,691	\$ 253,139
In-kind expenses	33,245	32,791	67,183	133,219
Contract labor	28,135	1,437	-	29,572
Program fees	13,459	1,642	979	16,080
Cost of goods sold	11,432	-	-	11,432
Depreciation	-	-	46,259	46,259
Advertising	19,724	6,147	545	26,416
Printing	22,254	11,755	1,762	35,771
Supplies	6,910	1,992	3,240	12,142
Professional fees	26,000	-	22,165	48,165
Computer expenses	3,098	-	18,580	21,678
Catering expenses	3,745	5,065	1,596	10,406
Equipment rental	277	9,821	3,297	13,395
Utilities	-	-	13,935	13,935
Taxes and licenses	10,925	6,753	5,001	22,679
Projects from strategic plan	9,200	-	-	9,200
Repairs and maintenance	1,300	-	17,605	18,905
Cleaning	-	-	12,139	12,139
Bank charges	3,074	4,224	6,028	13,326
Transportation	795	8,384	294	9,473
Dues and membership	1,526	-	1,275	2,801
Insurance	566	2,880	9,063	12,509
Postage	1,609	1,193	3,819	6,621
Awards	1,096	5,082	919	7,097
Security	-	2,352	594	2,946
Storage	175	-	1,020	1,195
Payroll fees	953	503	400	1,856
TOTAL EXPENSES	<u>\$ 328,598</u>	<u>\$ 170,369</u>	<u>\$ 293,389</u>	<u>\$ 792,356</u>

See accompanying notes to financial statements

GERMAN VILLAGE SOCIETY

STATEMENTS OF FUNCTIONAL EXPENSES (CONTINUED)

Year Ended December 31, 2016

	<u>Program</u>	<u>Events</u>	<u>Administrative</u>	<u>Total</u>
Salary, wages, and benefits	\$ 96,147	\$ 58,524	\$ 54,344	\$ 209,015
In-kind expenses	55,850	120,668	500	177,018
Contract labor	53,317	2,670	1,500	57,487
Program fees	3,492	200	244	3,936
Depreciation	-	-	44,327	44,327
Advertising	12,023	6,005	1,828	19,856
Printing	26,475	10,603	4,930	42,008
Supplies	8,385	5,512	5,288	19,185
Professional fees	-	-	21,400	21,400
Computer expenses	2,844	-	11,891	14,735
Catering expenses	2,886	1,076	1,193	5,155
Equipment rental	656	4,117	6,186	10,959
Utilities	-	-	12,697	12,697
Taxes and licenses	1,905	780	14,714	17,399
Repairs and maintenance	3,041	-	12,690	15,731
Cleaning	226	1,772	10,912	12,910
Bank charges	1,355	4,501	6,332	12,188
Transportation	179	8,173	186	8,538
Dues and membership	1,167	-	2,685	3,852
Insurance	394	2,560	9,411	12,365
Postage	389	1,125	2,230	3,744
Awards	2,323	871	862	4,056
Security	-	2,186	475	2,661
Storage	-	-	1,020	1,020
Payroll fees	-	-	713	713
TOTAL EXPENSES	<u>\$ 273,054</u>	<u>\$ 231,343</u>	<u>\$ 228,558</u>	<u>\$ 732,955</u>

See accompanying notes to financial statements

GERMAN VILLAGE SOCIETY

STATEMENTS OF CASH FLOWS

Years Ended December 31, 2017 and 2016

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in net assets	\$ 275,543	\$ 52,813
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
Depreciation	46,259	44,327
Gain on investments	(97,994)	(43,819)
(Increase) decrease in		
Accounts receivable	(21,007)	6,323
Unconditional promises to give without restrictions	(69,820)	-
Unconditional promises to give with restrictions	(51,850)	-
Other receivables	-	1,062
Prepaid expenses	845	(321)
Inventory	(16,421)	-
Increase (decrease) in		
Accounts payable	11,590	4,164
Prepaid membership dues	(38,500)	73
Other current liabilities	(3,369)	3,279
NET CASH PROVIDED BY OPERATING ACTIVITIES	35,276	67,901
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(183,850)	(261,253)
Investment sale proceeds	175,217	253,229
Purchases of property and equipment	(48,823)	(29,200)
NET CASH USED IN INVESTING ACTIVITIES	(57,456)	(37,224)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(22,180)	30,677
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	494,853	464,176
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 472,673	\$ 494,853

See accompanying notes to financial statements

GERMAN VILLAGE SOCIETY
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2017 and 2016

NOTE A - ORGANIZATION AND PURPOSE

German Village Society (the Society) is an Ohio nonprofit corporation, which was formed for the purpose of promoting the historic preservation, reconstruction, improvement, and redevelopment of the South Side of Columbus known as German Village. Programs and events include tours, maintaining various gardens and parks, art festival, business community events, Haus and Garten Tour, various holiday events, and entertainment. Expenses of the Society are separated and reported based on the functionality of the expenditure incurred. Program expenses are directly related to the purpose of the Society, event expenses are incurred to raise funds to be used to further the programs of the Society, and administrative expenses are costs incurred to run and oversee the Society functions not directly related to Society programs and events.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of significant accounting policies followed in the preparation of these financial statements. These policies conform to accounting principles generally accepted in the United States of America, and have been applied on a consistent basis.

Method of Accounting

The accounting records are maintained on the accrual basis.

Cash and Cash Equivalents

For purposes of the Statements of Cash Flows, the Society considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents. This includes both unrestricted and board designated accounts.

Promises to Give and Receivables

Contributions are recognized when the donor makes a promise to donate to the Society that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor restricted contributions are reported as increases in temporarily restricted or permanently restricted net assets depending on the nature of the restrictions. Board designated net assets are classified as unrestricted net assets.

Contributions expected to be collected in the future years are reported as restricted contributions. When the gift is collected, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statements of Activities as net assets released from restrictions.

The Society will occasionally have amounts owed to them from members and sponsors. These amounts, if any, are reflected as receivables on the Statements of Financial Position.

Historical experience is that all material amounts have been collected for promises to give and receivables. The Society uses the direct write off method to write off any uncollectible amounts. While this is not a U.S. generally accepted accounting method, the difference compared to the allowance method is not material.

GERMAN VILLAGE SOCIETY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year Ended December 31, 2017 and 2016

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment

Property and equipment are stated at cost and depreciated over their estimated useful lives ranging from five to thirty nine years using the straight-line method. The Society follows the practice of capitalizing all expenditures for these assets of \$3,000 or greater. The cost of additions and improvements and renewals, which substantially extend the useful life of a particular asset, are capitalized. Repair and maintenance expenditures are charged to operations in the period incurred.

Inventory

Inventories consist of books and are stated at the lower of cost or net realizable value.

Use of Estimates

Management uses estimates and assumptions in preparing these financial statements in accordance with U.S. generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

Financial Statement Presentation

The Society is required under Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-210-45, Other Presentation Matters (Statements of Financial Position), to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. However, the Society does not use fund accounting. Temporarily restricted net assets include cash held in an account for various special projects and activities. The temporary restriction is from the use for the intended purpose. Permanently restricted assets include money market and security funds held in an investment account referred to as the Huntington Garten fund.

At December 31, 2017, the assets in board designated, temporarily restricted and permanent funds were as follows:

Description	Amount	Statement of Financial Position Classification
Meeting Haus - Warner Funds	\$ 226,997	Investments and Cash
Village Singers Funds	11,106	Investments
Board designated	339,661	Cash
Meeting Haus - Maintenance Funds	197,530	Investments and Cash
Total board designated and temporarily restricted funds	\$ 775,294	
Huntington Bank - Garten Fund	\$ 192,823	Investments

The above amounts are reflected as cash and cash equivalents, board designated and total non-current assets on the Statement of Financial Position.

GERMAN VILLAGE SOCIETY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year Ended December 31, 2017 and 2016

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions

Under FASB ASC 958-605-15, Revenue Recognition, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions. Uncollectible contributions are written off as incurred. The difference using this method and the allowance for uncollectible contributions is not material. No contributions were written off during 2017 or 2016.

In-kind gifts are valued at fair market value as of the date of the gift.

Income Taxes

The Society is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and is classified by the Internal Revenue Service as other than a private foundation.

Concentration of Credit Risk

The Society will have amounts in their bank accounts in excess of the federally insured limit at various times throughout the year. Any amounts in excess of the insured amount may not be recovered should the institution fail. The amounts in excess of the insured limits were \$388,636 and \$293,306 at December 31, 2017 and 2016, respectively.

Advertising Costs

Costs of advertising are expensed as incurred. Advertising costs are further allocated between program, administrative, and fundraising (events) activities. Advertising costs expensed during the years ended December 31, 2017 and 2016 were \$26,416 and \$19,856, respectively.

Subsequent Events

Management evaluated all activity of the Society through July 6, 2018, the date the financial statements were available to be issued, and concluded that no subsequent events have occurred that would require recognition or disclosure in the financial statements or notes.

NOTE C - FAIR VALUE

FASB ASC 820 establishes a framework for measuring fair value, which provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described in the table below:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Society has the ability to access.

Level 2 - Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, Level 2 inputs must be observable for substantially the full term of the asset or liability.

GERMAN VILLAGE SOCIETY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year Ended December 31, 2017 and 2016

NOTE C - FAIR VALUE (CONTINUED)

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

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.

Equity securities: Valued at the traded price of the security on the securities market at year-end.

Fixed income securities: Valued at the traded price of the security on the securities market at year-end.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Society believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Society's assets at fair value:

Investments consisted of the following holdings at December 31, 2017:

2017	Fair Value	Level 1
Equities	\$ 615,482	\$ 615,482
Fixed income	64,402	64,402
Total	\$ 679,884	\$ 679,884

Investments consisted of the following holdings at December 31, 2016:

2016	Fair Value	Level 1
Equities	\$ 410,274	\$ 410,274
Fixed income	162,983	162,983
Total	\$ 573,257	\$ 573,257

GERMAN VILLAGE SOCIETY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year Ended December 31, 2017 and 2016

NOTE D - PROMISES TO GIVE

Unconditional promises to give consists of the following at December 31:

	2017
Promises without donor restrictions	\$ 100,350
Promises with donor restrictions	
Restricted to Schiller Park	13,500
Restricted to 3rd Street Project	6,000
Restricted to German Village Guest Haus	11,850
Gross unconditional promises to give	131,700
Unamortized discount	(10,030)
Net unconditional promises to give	\$ 121,670
Amounts due in:	
Less than one year	\$ 18,625
One to five years	113,075
Total	\$ 131,700

Unconditional promises to give due in more than one year are recognized at fair value, using present value techniques and a discount rate of 2.0%, when the donor makes an unconditional promise to give to the Society.

NOTE E - PROPERTY AND EQUIPMENT

Depreciation is provided using the straight-line method over the estimated useful lives as follows:

Building costs	31 to 39 years
Improvements	10 to 20 years
Equipment and furnishings	5 to 7 years

	2017	2016
Buildings	\$ 799,991	\$ 799,991
Leasehold improvements	163,249	114,425
Website design	29,200	29,200
Office equipment	241,938	241,938
	1,234,378	1,185,554
Accumulated depreciation	(962,269)	(916,009)
	\$ 272,109	\$ 269,545

Depreciation expense of \$46,259 and \$44,327 were recorded for the years ended December 31, 2017 and 2016, respectively.

GERMAN VILLAGE SOCIETY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year Ended December 31, 2017 and 2016

NOTE F - OPERATING LEASE

The Society leases a copier under an operating lease that expires in May 2021. The future minimum payments are as follows:

2018	\$	2,220
2019		2,220
2020		2,220
2021		925
	\$	<u>7,585</u>

Rent expense for all operating leases was \$13,395 and \$10,959 for the years ended December 31, 2017 and 2016, respectively.