

**WEST ANNISTON FOUNDATION, INC.**

**AUDITED FINANCIAL STATEMENTS  
AND SUPPLEMENTAL INFORMATION**

**DECEMBER 31, 2015 and 2014**

## BOARD OF DIRECTORS

Dennis Gibson	President
General Jackson	Vice-President
Jacqueline Brown	Secretary
Judy Gooden	Treasurer
Sonnie Evans	Member
Jerry Glover	Member
Beverly Porter	Member
Bud Turner	Member
David Warren	Member
Maria Garcia	Member
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## TABLE OF CONTENTS

	<u>Page</u>
<b>INDEPENDENT AUDITORS' REPORT</b>	1
<b>FINANCIAL SECTION</b>	
Statements of Financial Position	3
Statements of Activities	4
Statements of Cash Flows	6
Notes to Financial Statements	7
<b>SUPPLEMENTAL INFORMATION</b>	
Schedule of Functional Expenses	13

## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors,  
West Anniston Foundation, Inc.

We have audited the accompanying financial statements of West Anniston Foundation, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2015 and 2014, and the related statements of activities 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 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 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 West Anniston Foundation, Inc. as of December 31, 2015 and 2014, and the 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.

### **Other Matter**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of functional expenses on pages 13 through 14 are presented for purposes of additional analysis and are 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 auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Edgar and Associates, LLC*

Anniston, Alabama  
March 14, 2016

***FINANCIAL SECTION***

**WEST ANNISTON FOUNDATION, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2015 and 2014**

	2015	2014
<b>ASSETS</b>		
<u>Current Assets</u>		
Cash	\$ 104,063	\$ 88,413
Investments	707,250	847,983
Accounts Receivable	-	-
Prepaid expenses	1,242	1,111
Other receivable	-	-
Total Current Assets	812,555	937,507
 <u>Property and Equipment</u>		
Land	5,300	5,300
Office furniture	4,311	1,784
Equipment	39,036	36,957
Less: accumulated depreciation	(40,824)	(37,376)
Total Property and Equipment	7,823	6,665
<b>Total Assets</b>	<b>\$ 820,378</b>	<b>\$ 944,172</b>
 <b>LIABILITIES AND NET ASSETS</b>		
<u>Current Liabilities</u>		
Accounts payable	\$ 594	\$ 627
Payroll liabilities	418	418
Total Current Liabilities	1,012	1,045
 <u>Net Assets</u>		
Unrestricted	112,116	95,144
Temporarily restricted	-	-
Permanently restricted	707,250	847,983
Total Net Assets	819,366	943,127
<b>Total Liabilities and Net Assets</b>	<b>\$ 820,378</b>	<b>\$ 944,172</b>

WEST ANNISTON FOUNDATION, INC.  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>PERMANENTLY RESTRICTED</u>	<u>TOTAL</u>
<b>REVENUES, GAINS, AND OTHER SUPPORT</b>				
Grants	\$ -	\$ 66,191	\$ -	\$ 66,191
Realized gain on investments	-	-	12,922	12,922
Dividends	-	-	10,543	10,543
Interest income	-	-	2	2
Other	3,677	-	-	3,677
Unrealized gain on investments				
Released from restrictions	196,191	(66,191)	(130,000)	-
<b>Total Revenues, Gains and Other Support</b>	<u>199,868</u>	<u>-</u>	<u>(106,533)</u>	<u>93,335</u>
<b>EXPENSES</b>				
Program services	124,100	-	-	124,100
Supporting services				
Management and general	57,052	-	34,200	91,252
Fundraising	1,744	-	-	1,744
<b>Total Expenses</b>	<u>182,896</u>	<u>-</u>	<u>34,200</u>	<u>217,096</u>
<b>Change in Net Assets</b>	16,972	-	(140,733)	(123,761)
<b>Net Assets, Beginning</b>	<u>95,144</u>	<u>-</u>	<u>847,983</u>	<u>943,127</u>
<b>Net Assets, Ending</b>	<u>\$ 112,116</u>	<u>\$ -</u>	<u>\$ 707,250</u>	<u>\$ 819,366</u>



WEST ANNISTON FOUNDATION, INC.  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>PERMANENTLY RESTRICTED</u>	<u>TOTAL</u>
<b>REVENUES, GAINS, AND OTHER SUPPORT</b>				
Grants	\$ -	\$ 66,500	\$ -	\$ 66,500
Realized gain on investments	-	-	62,589	62,589
Dividends	-	-	37,770	37,770
Interest income	4	-	2	6
Other	5,300	-	-	5,300
Unrealized gain on investments	-	-	-	-
Released from restrictions	180,161	(66,500)	(113,661)	-
<b>Total Revenues, Gains and Other Support</b>	<u>185,465</u>	<u>-</u>	<u>(13,300)</u>	<u>172,165</u>
<b>EXPENSES</b>				
Program services	113,742	-	-	113,742
Supporting services	-	-	-	-
Management and general	61,869	-	58,124	119,993
Fundraising	-	-	-	-
<b>Total Expenses</b>	<u>175,611</u>	<u>-</u>	<u>58,124</u>	<u>233,735</u>
<b>Change in Net Assets</b>	9,854	-	(71,424)	(61,570)
<b>Net Assets, Beginning</b>	<u>85,290</u>	<u>-</u>	<u>919,407</u>	<u>1,004,697</u>
<b>Net Assets, Ending</b>	<u>\$ 95,144</u>	<u>\$ -</u>	<u>\$ 847,983</u>	<u>\$ 943,127</u>

See Notes to Financial Statements

**WEST ANNISTON FOUNDATION, INC.**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

	<u>2015</u>	<u>2014</u>
Increase (decrease) in net assets	\$ (123,761)	\$ (61,570)
Adjustments to reconcile decrease in net assets to net cash provided by operating activities:		
Depreciation	3,448	866
Donation of property and equipment	-	-
(Increase) decrease in accounts receivable	-	-
(Increase) decrease in prepaid expenses	(131)	(35)
(Increase) decrease in other receivable	-	-
Increase (decrease) in accounts payable	(33)	(196)
Increase (decrease) in payroll liability	<u>-</u>	<u>(256)</u>
Net cash provided (used) by operating activities	(120,477)	(61,191)
Cash flows from investing activities		
Purchase of property and equipment	(4,606)	-
Donation of property and equipment	<u>-</u>	<u>(5,300)</u>
Net cash used by investing activities	(4,606)	(5,300)
Net increase (decrease) in cash and investments	(125,083)	(66,491)
Beginning cash and investments	<u>936,396</u>	<u>1,002,887</u>
Ending cash and investments	<u>\$ 811,313</u>	<u>\$ 936,396</u>
Cash	\$ 104,063	\$ 88,413
Investments	<u>707,250</u>	<u>847,983</u>
	<u>\$ 811,313</u>	<u>\$ 936,396</u>

**WEST ANNISTON FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015 and 2014**

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

**Nature of Activities**

West Anniston Foundation, Inc. (the Organization) is a nonprofit organization organized December 20, 2001, for the purpose of revitalizing and sustaining the West Anniston community by promoting and supporting the health and education of the economically and socially disadvantaged residents and former residents of West Anniston. A Board of Directors governs the Organization.

The major programs of West Anniston Foundation, Inc. address the following: environmental education and support at the local level and technical assistance to the local population. Additionally, the organization provides scholarships and educational support to residents of West Anniston. The major sources of income are grants from Solutia, LLC and earnings from the investment account.

**Basis of Presentation**

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. In 2001, the Organization adopted Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations". Under SFAS No. 117, the Organization is required 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. In addition, the Organization is required to present a statement of cash flows.

**Cash**

Cash consists of amounts in demand deposits.

**Investments**

Investments are assets consisting of stocks and bonds. The Trust Company of Sterne Agee Inc. provides agency services, which include investment management, recordkeeping, and reporting. Investments consist of stocks and bonds. The investments are considered current and can be transferred at the discretion of the Board. Investments in the amount of \$707,250 are restricted by an agreement with the donor, Solutia, LLC.

## **NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

### **Investments – Continued**

Investments consist of Level One Inputs. Corporate bonds are valued based on yields currently available on comparable securities of issuers with similar credit rating. Investments in certain restricted common stocks are valued at the quoted market price for unrestricted common stock less an appropriate discount. If a quoted market price for unrestricted common stock of the issuer is not available, restricted common stocks are valued at a multiple of current stock earnings less an appropriate discount. The multiple chosen is consistent with multiples of similar companies based on current market prices.

### **Prepaid Expenses**

Prepaid expenses consist of insurance policies and other expenses paid in advance.

### **Property and Equipment**

The capitalization policy for fixed assets is \$100. All fixed assets are recorded at historical cost, or if donated, fair market value at the date of donation. Depreciation is provided, using the straight-line method over the estimated useful life of the related asset. The following useful lives are used in determining depreciation:

	<b><u>Estimated Useful Life</u></b>
Leasehold Improvements	25 years
Furniture & Fixtures	7 years
Office Equipment	5 years
Transportation	3 years

## **NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

### **Contributions**

In accordance with SFAS No. 116, "Accounting for Contributions Received and Contributions Made", contributions received are recorded depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in the temporarily or permanently restricted net assets depending on the nature of the restriction. As restrictions expire or conditions of restrictions are satisfied, the assets are reclassified to unrestricted net assets and reported in the statement of revenues and expenses as net assets released from restrictions.

### **Income Taxes**

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and files Form 990 with the Internal Revenue Service.

### **Planned Major Maintenance Activities**

If major maintenance will extend the life of a capital asset, the cost of maintenance is then capitalized. If major maintenance will not extend the life of a capital asset, then the cost of maintenance is expensed. There was no major maintenance as of December 31, 2015.

### **Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

### **Date of Management's Review**

Subsequent events were evaluated through March 14, 2016.

## NOTE B – CASH

Cash consist of funds held in demand deposit accounts. The balances for the years ended December 31, 2015 and 2014 were \$104,063 and \$88,413 respectively.

## NOTE C – INVESTMENTS

Investments consist of stocks and bonds held in an account by Sterne Agee. The Board has designated these funds as an endowment to provide scholarships for students of Calhoun County. The Board approves appropriations from the fund. The balances for the years ended December 31, 2015 and 2014 were \$707,250 and \$847,983 respectively.

Balance at 12/31/14	\$847,983
Dividends earned	10,543
Interest Earned	2
Realized gain	12,922
Unrealized loss	(31,047)
Investment expense	(3,153)
Appropriations	<u>(130,000)</u>
Balance at 12/31/15	<u>\$707,250</u>

## NOTE D – PROPERTY AND EQUIPMENT

At December 31, 2015, the costs and related accumulated depreciation of property and equipment consisted of the following:

	<u>Balance</u> <u>12/31/14</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/15</u>
<u>Capital Assets</u>				
Land	\$ 5,300	\$ -	\$ -	\$ 5,300
Office furniture	1,784	2,527	-	4,311
Equipment	36,957	2,079	-	39,036
Total Capital Assets	<u>44,041</u>	<u>4,606</u>	<u>-</u>	<u>48,647</u>
Less accumulated depreciation	<u>(37,376)</u>	<u>(3,448)</u>	<u>-</u>	<u>(40,824)</u>
Capital Assets, Net	<u>\$ 6,665</u>	<u>\$ 1,158</u>	<u>\$ -</u>	<u>\$ 7,823</u>

## NOTE D – PROPERTY AND EQUIPMENT - Continued

At December 31, 2014, the costs and related accumulated depreciation of property and equipment consisted of the following:

	<u>Balance 12/31/13</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12/31/14</u>
<u>Capital Assets</u>				
Land	\$ -	\$ 5,300	\$ -	\$ 5,300
Office furniture	1,784	-	-	1,784
Equipment	<u>36,957</u>	<u>-</u>	<u>-</u>	<u>36,957</u>
Total Capital Assets	38,741	5,300	-	44,041
Less accumulated depreciation	<u>(36,510)</u>	<u>(866)</u>	<u>-</u>	<u>(37,376)</u>
Capital Assets, Net	\$ <u>2,231</u>	\$ <u>4,434</u>	\$ <u>-</u>	\$ <u>6,665</u>

Depreciation expense for the years ended December 31, 2015 and 2014 was \$3,448 and \$866, respectively.

## NOTE E – RESTRICTED NET ASSETS

Restricted net assets consist of monies received from the settlement with Monsanto and are to be used for specific purposes.

## NOTE F – ACCOUNTS PAYABLE

Accounts payable consists of amounts due to vendors. The balance at December 31, 2015 and 2014 were \$594 and \$627, respectively.

## NOTE G – COMPENSATED ABSENCES

Each employee earns 10 days of vacation per year for the first 3 years and 3 weeks of vacation for 3-10 years of employment. Vacation must be taken by year-end. Employees accrue one day a month of sick leave that can be carried forward each year until reaching a maximum of 90 days. Sick leave is forfeited upon termination. There were no compensated absences recorded at December 31, 2015 and 2014.

## NOTE H – EMPLOYEE BENEFITS

Employee benefits consist of health insurance paid by West Anniston Foundation, Inc.

**NOTE I – ADVERTISING COSTS**

The Organization expenses advertising costs as they are incurred. The Organization has no direct-response advertising costs. Advertising costs for the years ended December 31, 2015 and 2014 was \$1,450 and \$1,516, respectively.



***SUPPLEMENTAL INFORMATION***

**WEST ANNISTON FOUNDATION, INC.**  
**SCHEDULE OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>Program Services</u> Program Expenses	<u>Supporting Services</u> Management and General	<u>Supporting Services</u> Fundraising	Total
Operating Expenses:				
Advertising	\$ 1,450	\$ -	\$ -	\$ 1,450
Bank fees	-	-	-	-
Community outreach	44	-	-	44
Contract labor	57,832	-	-	57,832
Depreciation expense	-	3,448	-	3,448
Donations	19,210	-	-	19,210
Dues and subscriptions	651	-	-	651
Fundraising Event expense	-	-	1,744	1,744
Insurance	-	2,980	-	2,980
Insurance - health	4,821	-	-	4,821
Investment fees	-	3,153	-	3,153
Marketing and promotions	-	-	-	-
Meetings and conferences	2,409	-	-	2,409
Miscellaneous	394	2,381	-	2,775
Office expense	-	2,804	-	2,804
Payroll tax expense	1,363	2,044	-	3,407
Postage and delivery	124	536	-	660
Printing and publication	68	-	-	68
Professional fees	-	4,563	-	4,563
Rent	-	1,800	-	1,800
Repairs and maintenance	-	2,728	-	2,728
Salaries and wages	17,417	26,125	-	43,542
Scholarships	9,000	-	-	9,000
Supplies	5,448	-	-	5,448
Telephone	-	3,447	-	3,447
Travel and entertainment	3,869	-	-	3,869
Utilities	-	4,196	-	4,196
Unrealized loss on investments	-	31,047	-	31,047
<b>Total Operating Expenses</b>	<b>\$ 124,100</b>	<b>\$ 91,252</b>	<b>\$ 1,744</b>	<b>\$ 217,096</b>

**WEST ANNISTON FOUNDATION, INC.**  
**SCHEDULE OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>Program Services</u> Program Expenses	<u>Supporting Services</u> Management and General	<u>Supporting Services</u> Fundraising	Total
Operating Expenses:				
Advertising	\$ 1,516	\$ -	\$ -	\$ 1,516
Bank fees	-	-	-	-
Community outreach	9,736	-	-	9,736
Contract labor	45,549	-	-	45,549
Depreciation expense	-	866	-	866
Donations	10,840	-	-	10,840
Dues and subscriptions	279	-	-	279
Fundraising Event expense	-	-	-	-
Insurance	-	2,955	-	2,955
Insurance - health	6,005	-	-	6,005
Investment fees	-	4,236	-	4,236
Marketing and promotions	-	-	-	-
Meetings and conferences	4,046	-	-	4,046
Miscellaneous	-	2,838	-	2,838
Office expense	-	1,066	-	1,066
Payroll tax expense	1,422	4,205	-	5,627
Postage and delivery	-	1,321	-	1,321
Printing and publication	440	-	-	440
Professional fees	-	4,730	-	4,730
Rent	146	7,200	-	7,346
Repairs and maintenance	-	3,343	-	3,343
Salaries and wages	17,200	29,467	-	46,667
Scholarships	11,000	-	-	11,000
Supplies	2,082	-	-	2,082
Telephone	-	3,878	-	3,878
Travel and entertainment	3,481	-	-	3,481
Utilities	-	-	-	-
Unrealized loss on investments	-	53,888	-	53,888
Total Operating Expenses	<u>\$ 113,742</u>	<u>\$ 119,993</u>	<u>\$ -</u>	<u>\$ 233,735</u>