

THE COLUMBUS FOUNDATION

COMBINED FINANCIAL STATEMENTS

December 31, 2017 and 2016

To the Governing Committee/Board of Trustees of
The Columbus Foundation

Independent Auditor's Report

Report on the Financial Statements

We have audited the accompanying combined financial statements of The Columbus Foundation (the Foundations) as defined in Note 1 of these financial statements which comprise the combined statements of financial position as of December 31, 2017 and 2016, and the related combined statements of activities and cash flows for the years then ended and the related combined notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these combined 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 combined 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.

(1)

Opinion

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of The Columbus Foundation as of December 31, 2017 and 2016, 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.

John Gerlach & Company LLP

Columbus, Ohio
July 11, 2018

THE COLUMBUS FOUNDATION

COMBINED STATEMENTS OF FINANCIAL POSITION

December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
ASSETS:		
Cash and cash equivalents	\$ 120,586,813	\$ 164,217,520
Dividends and interest receivable	683,712	844,013
Investments	2,134,606,399	1,837,987,362
Property and equipment, net	10,474,754	10,785,870
Other	635,934	127,892
TOTAL ASSETS	<u>\$ 2,266,987,612</u>	<u>\$ 2,013,962,657</u>
LIABILITIES AND NET ASSETS:		
Grants payable	\$ 27,442,329	\$ 34,954,899
Charitable gift annuities liability	1,616,344	1,240,146
Organization endowment funds held for others	179,652,427	158,174,884
Other accrued liabilities	653,759	568,022
Total liabilities	<u>209,364,859</u>	<u>194,937,951</u>
Net Assets:		
Unrestricted	2,057,622,753	1,819,024,706
Total net assets	<u>2,057,622,753</u>	<u>1,819,024,706</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,266,987,612</u>	<u>\$ 2,013,962,657</u>

See Notes to Financial Statements

THE COLUMBUS FOUNDATION

COMBINED STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2017

	<u>All Funds</u>	<u>Organization Endowment Funds Held For Others</u>	<u>Net Of Organization Endowment Funds</u>
UNRESTRICTED REVENUES AND GAINS:			
Operating Revenues:			
Public support - new donations and bequests	\$ 205,317,126	\$ 16,997,042	\$ 188,320,084
Interest, dividends and other income (net of trustee banks' fees)	59,804,811	6,655,016	53,149,795
Refunded and adjusted grants for prior years	102,050	700	101,350
Net unrealized and realized gain on investments	210,857,836	14,362,412	196,495,424
 Total unrestricted revenues and gains	 <u>476,081,823</u>	 <u>38,015,170</u>	 <u>438,066,653</u>
EXPENSES:			
Grants approved, net of rescinds	205,485,314	17,417,790	188,067,524
Transfer to/from endowment funds	-	(914,029)	914,029
Gift annuities expense	23,869	-	23,869
Unrelated business income tax expense	83,786	-	83,786
Administrative expenses:			
Operating expenses	9,815,317	-	9,815,317
Fund expenses	597,947	33,866	564,081
 Total expenses	 <u>216,006,233</u>	 <u>16,537,627</u>	 <u>199,468,606</u>
 CHANGE IN UNRESTRICTED NET ASSETS	 <u>260,075,590</u>	 <u>21,477,543</u>	 <u>238,598,047</u>
 NET ASSETS AT BEGINNING OF YEAR	 1,977,199,590	 158,174,884	 1,819,024,706
 NET ASSETS AT END OF YEAR	 <u>\$ 2,237,275,180</u>	 <u>\$ 179,652,427</u>	 <u>\$ 2,057,622,753</u>

See Notes to Financial Statements

THE COLUMBUS FOUNDATION

COMBINED STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2016

	<u>All Funds</u>	<u>Organization Endowment Funds Held For Others</u>	<u>Net Of Organization Endowment Funds</u>
UNRESTRICTED REVENUES AND GAINS:			
Operating Revenues:			
Public support - new donations and bequests	\$ 314,655,634	\$ 12,437,635	\$ 302,217,999
Interest, dividends and other income (net of trustee banks' fees)	43,993,024	4,825,571	39,167,453
Refunded and adjusted grants for prior years	202,184	373	201,811
Net unrealized and realized gain on investments	125,230,237	7,153,140	118,077,097
 Total unrestricted revenues and gains	 <u>484,081,079</u>	 <u>24,416,719</u>	 <u>459,664,360</u>
EXPENSES:			
Grants approved, net of rescinds	218,386,630	22,697,699	195,688,931
Transfer to/from endowment funds	-	(578,136)	578,136
Gift annuities expense	7,491	-	7,491
Unrelated business income tax expense	41,482	-	41,482
Administrative expenses:			
Operating expenses	9,294,463	-	9,294,463
Fund expenses	457,071	27,321	429,750
 Total expenses	 <u>228,187,137</u>	 <u>22,146,884</u>	 <u>206,040,253</u>
 CHANGE IN UNRESTRICTED NET ASSETS	 <u>255,893,942</u>	 <u>2,269,835</u>	 <u>253,624,107</u>
 NET ASSETS AT BEGINNING OF YEAR	 1,721,305,648	 155,905,049	 1,565,400,599
 NET ASSETS AT END OF YEAR	 <u>\$ 1,977,199,590</u>	 <u>\$ 158,174,884</u>	 <u>\$ 1,819,024,706</u>

See Notes to Financial Statements

THE COLUMBUS FOUNDATION

COMBINED STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in unrestricted net assets	\$ 238,598,047	\$ 253,624,107
Adjustments to reconcile change in unrestricted net assets to net cash provided (used) by operating activities:		
Net unrealized and realized gain on investments	(196,495,424)	(118,077,097)
Gifts received in the form of investments	(84,880,376)	(207,486,333)
Depreciation expense	800,301	538,700
Changes in operating assets and liabilities:		
Decrease in dividends and interest receivable	160,301	271,311
Increase in other assets	(508,042)	(6,608)
Increase (decrease) in grants payable	(7,512,570)	12,581,350
Increase (decrease) in charitable gift annuities liability	376,198	(192,841)
Increase in organization endowment funds held for others	21,477,543	2,269,835
Increase (decrease) in other accrued liabilities	85,737	(318,475)
Net cash provided (used) by operating activities	<u>(27,898,285)</u>	<u>(56,796,051)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of investments	(497,249,142)	(366,318,151)
Proceeds from sale or maturities of investments	482,005,905	470,311,007
Property additions	(489,185)	(1,308,777)
Net cash provided (used) by investing activities	<u>(15,732,422)</u>	<u>102,684,079</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	<u>(43,630,707)</u>	<u>45,888,028</u>
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	164,217,520	118,329,492
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 120,586,813</u>	<u>\$ 164,217,520</u>

See Notes to Financial Statements

THE COLUMBUS FOUNDATION

NOTES TO COMBINED FINANCIAL STATEMENTS

December 31, 2017

1. DESCRIPTION OF THE FOUNDATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of the Foundations - The Columbus Foundation exercises significant control over the supporting entities under Section 509(a)(3) of the Internal Revenue Code. Accordingly, the Governing Committee/Boards of Trustees have elected to present combined financial statements which include the following supporting foundations (collectively referred to as The Foundations):

The Columbus Foundation
Battelle Charities
Borror Family Foundation
Central Benefits Health Care Foundation
Columbus Youth Foundation
Community Foundations, Inc.
Community Gifts Foundation
Crane Family Foundation
The William H. Davis, Dorothy M. Davis and William C. Davis Foundation
The Paul G. Duke Foundation, Inc.
The FG Foundation
The John B. and Dareth Gerlach Foundation
The John J. and Pauline Gerlach Foundation
Greer Foundation
Hinson Family Trust
Ingram-White Castle Foundation
Isabelle Ridgway Foundation
Kidd Family Foundation
The Arthur and Sara Jo Kobacker, Alfred and Ida Kobacker Foundation
L Brands Foundation
The Marsh Family Foundation
The John H. McConnell Foundation
Meuse Family Foundation
The Moritz Family Foundation
Roush Family Foundation
James A. and Kathleen C. Rutherford Foundation
The Shackelford Family Foundation
The Siemer Family Foundation
Siemer Institute
Trinity Foundation
Margaret and Robert Walter Foundation
The Robert F. Wolfe and Edgar T. Wolfe Foundation

The Foundations are vehicles for the receipt and distribution of charitable funds primarily in Ohio.

The Foundations investments are comprised of approximately 2,600 component funds organized in seven fund types: unrestricted, field of interest, designated, scholarship, organization endowment, donor advised, and administrative. Each fund type is used for charitable purposes in the community pursuant to the authority of the Governing Committee/Boards of Trustees of The Foundations.

THE COLUMBUS FOUNDATION

NOTES TO COMBINED FINANCIAL STATEMENTS

December 31, 2017

1. DESCRIPTION OF THE FOUNDATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Battelle Charities was established in 2001. This foundation provides grants in support of encouraging technological and scientific innovation and economic development for the benefit of mankind.

Borrer Family Foundation was established in 2004. This foundation provides grants and support of services to meet the needs of the community.

The Central Benefits Health Care Foundation was established in 1997. This foundation supports programs that provide preventative health care to indigent children and adults in the original Central Ohio service area of Central Benefits Mutual Insurance Company.

The Columbus Youth Foundation was established in 1976. This foundation awards grants to agencies serving sick, underprivileged, and disabled youth.

Community Foundations, Inc. was established in 1988 and is recognized by the Internal Revenue Service as a public charity for the receipt and distribution of charitable funds primarily in Ohio, but generally outside central Ohio.

The Community Gifts Foundation was established in 1998 with broad charitable interests.

Crane Family Foundation was established in 2009. This foundation has broad charitable interests, with grants made primarily in the central Ohio region.

The William H. Davis, Dorothy M. Davis and William C. Davis Foundation was established in 1993 with broad charitable interests.

The Paul G. Duke Foundation, Inc. was established in 1983. This foundation's mission is to be a catalyst to enhance the quality of life in the Miami County area.

The FG Foundation was established in 2002. This foundation awards grants for education and other broad charitable purposes.

The John B. and Dareth Gerlach Foundation was established in 1998. It has a broad philanthropic purpose and makes gifts and grants primarily in the Columbus, Ohio region.

The John J. and Pauline Gerlach Foundation was established in 1996. It has a broad philanthropic purpose and makes gifts and grants primarily in the Columbus, Ohio region.

The Greer Foundation was established in 1995. It has a broad philanthropic mission.

The Hinson Family Trust was established in 2000. This foundation provides grants to organizations that increase opportunity and the quality of life for men, women and children primarily in the central Ohio area.

The Ingram-White Castle Foundation was established in 1981 and awards grants primarily to strengthen education and human services.

The Isabelle Ridgway Foundation was established in 2017. This foundation's mission is to improve the quality of life and the systems that impact aging African Americans in central Ohio.

THE COLUMBUS FOUNDATION

NOTES TO COMBINED FINANCIAL STATEMENTS

December 31, 2017

1. DESCRIPTION OF THE FOUNDATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Kidd Family Foundation was established in 1999. This foundation has broad charitable interests.

The Arthur and Sara Jo Kobacker, Alfred and Ida Kobacker Foundation was established in 1993. This foundation makes grants to organizations for programs that improve the community.

L Brands Foundation was established in 1993. It has a broad philanthropic purpose and makes gifts and grants primarily to organizations benefiting women, children, and the communities in which they live.

The Marsh Family Foundation was established in 1993. This foundation awards grants to be used for charitable, scientific, educational, public, and cultural purposes.

The John H. McConnell Foundation was established in 1989. This foundation provides grants in support of educational projects, health and research programs, and civic activities.

The Meuse Family Foundation was established in 2002. This foundation awards grants to be used for charitable, educational, scientific, religious, public and cultural purposes.

The Moritz Family Foundation was established in 2004. This foundation has broad philanthropic interests.

The Roush Family Foundation was established in 2000. This foundation provides grants in support of services to meet the needs of the community.

The James A. and Kathleen C. Rutherford Foundation was established in 1996. This foundation, among other charitable activities, grants college scholarships to deserving or needy students and provides other forms of assistance to indigent or underprivileged persons, particularly children.

The Shackelford Family Foundation was established in 1996. This foundation's focus is primarily on educational issues and the distribution of funds to eligible organizations involved in educational issues.

The Siemer Family Foundation was established in 1997. The primary focus of this foundation is on people in need and the distribution of funds to eligible organizations involved in services/programs which benefit them.

The Siemer Institute was established in 2017. This foundation provides grants for local and national programs, and provides program coordination and program support for the reduction of student mobility for school-aged children and prevention of homelessness for families.

The Trinity Foundation was established in 2007. The foundation provides grants in support of services to meet the needs of the community.

The Margaret and Robert Walter Foundation was established in 1997. This foundation has a broad philanthropic mission.

The Robert F. Wolfe and Edgar T. Wolfe Foundation was established in 1989. This foundation has a broad philanthropic mission.

THE COLUMBUS FOUNDATION

NOTES TO COMBINED FINANCIAL STATEMENTS

December 31, 2017

1. DESCRIPTION OF THE FOUNDATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Summary of Significant Accounting Policies:

Financial Statements - The combined financial statements for the Foundations have been prepared on the accrual basis of accounting, which means that revenues are recognized as they are earned and expenses are recognized as they are incurred whether or not cash is received or paid out at that time.

Bequests and Grants - Bequests and gifts are recorded when all requirements for the transfer of the assets to the Foundations have been met, appropriate court orders have been issued and the assets have been received.

Grants made by the Foundations are recorded in the financial statements at the time the grants are approved by the Governing Committee of The Columbus Foundation or the appropriate Board of Trustees for the supporting foundations. Payments are made when requested by the grantee and any contingencies, such as obtaining matching funds, have been met by the grantee.

Investments – Investments in marketable securities are recorded at fair market value (see Note 2). Investments other than marketable securities are recorded at the lower of cost or fair market value (see Note 2).

Investments for The Columbus Foundation primarily consist of marketable securities (see Note 2), mortgage and notes receivable, real estate, interests in limited partnerships, privately held common stock and leases and are administered by various money managers, investment firms and mutual fund investment agents. These investment agents are responsible for custody and investment management under supervision of the Board of Trustees.

Investments of the supporting foundations are administered by investment agents chosen by the respective Boards of Trustees. The investment agents report the assigned values and market values of the investments and are responsible for custody and investment management under supervision of the Boards of Trustees. The Columbus Foundation provides administrative and reporting support as needed.

Real estate investments at December 31, 2017 and 2016 consist of land, residential properties and commercial properties, recorded at appraised values when received, which are managed by various property managers for the trustee administrators.

Carrying values of leases at December 31, 2017 and 2016 are stated at the net present value of estimated future cash flows for long-term leases of commercial property which have been assigned to the Foundations.

Limited partnerships consist of certain real estate located in central Ohio and family partnerships which are recorded at the total fair market value when received as determined by independent appraisals.

Other investments at December 31, 2017 and 2016 consist of insurance policies and other miscellaneous investments.

Market value information is based on closing prices at December 31, 2017 and 2016 for those securities traded on national stock exchanges or determined by the trustee for those securities not traded on national exchanges. Dividend and interest income from investments is accrued as the income is earned.

THE COLUMBUS FOUNDATION

NOTES TO COMBINED FINANCIAL STATEMENTS

December 31, 2017

1. DESCRIPTION OF THE FOUNDATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of Estimates - The preparation of the financial statements of the Foundations in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets at the date of the financial statements, as well as their related disclosures. Such estimates and assumptions also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates are used in determining the useful lives of property and equipment and calculating the present value of the payments expected to be made to beneficiaries relating to charitable gift annuity agreements.

Income Taxes - Each of the foundations are recognized as exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code, and, therefore, have made no provision for federal, state, or local income tax in the accompanying financial statements for income from exempt activities. However, income from certain activities not directly related to the Foundations tax-exempt purpose is subject to taxation as unrelated business income.

The Foundations have adopted the provisions of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) relating to uncertain tax positions. Management has reviewed its current and past income tax positions and has determined, based on clear and unambiguous tax law and regulations, that the tax positions taken are certain and that there is no likelihood that a material tax assessment would be made if the respective government agency examined tax returns subject to audit. Accordingly, no provision for the effects of uncertain tax positions has been recorded.

Investment Policy - The investment policies vary by foundation but in general fall into one of the following parameters and/or policies:

- A) Funds designated as permanent and/or endowed assets, which include component funds covered under The Columbus Foundation's "spending rule" and certain supporting foundations of The Columbus Foundation, are invested utilizing generally a 50% - 80% equity exposure. Individual securities, primarily no-load mutual funds, and certain "alternative" investments are employed. Mutual fund selections include various no-load mutual funds, including a pre-approved selection of funds from the Vanguard Family of Mutual Funds.
- B) Funds designated as non-permanent foundation assets, which include donor advised and organization endowment funds of The Columbus Foundation and Community Foundations, Inc. as well as certain supporting foundations of The Columbus Foundation, are invested based upon the donor's or supporting foundation board's expected time horizon for suggesting distributions or approving grants from the fund or supporting foundation. The assets of these component funds or supporting foundations may be invested with equity exposures that can have: 0%, 30%-40%, 60%-70% and up to 100% equity exposure. Individual securities and no-load mutual funds, including a pre-approved selection of funds from the Vanguard Family of Mutual Funds, as chosen by the foundations' investment agent(s), are used to invest these assets.

THE COLUMBUS FOUNDATION

NOTES TO COMBINED FINANCIAL STATEMENTS

December 31, 2017

1. DESCRIPTION OF THE FOUNDATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(continued)

Summary of Significant Accounting Policies (continued):

Spending Policy - Spending policies vary by foundation but in general fall into one of the following parameters and/or policies:

- A) No formal spending policy and spending may be made from both the income and principal of the fund.
- B) Only the income (dividends and interest) is spent.
- C) A “spending rule” utilizing a calculation, that employs a single historical market value point in time or a series of historical market value points in time, to which a spending rate varying between 4.00% and 5.50% is applied.

Each foundation included in these combined financial statements has received its own separate audit. Each of the audited financial statements includes information concerning its specific investment and spending policies.

Cash and Cash Equivalents - Cash in excess of daily requirements is generally invested in savings and cash management (money market) accounts with maturities of three months or less.

Property and equipment - Property and equipment acquisitions are recorded at cost or, if donated, at fair market value at date of donation. Depreciation is computed on the straight-line basis over the estimated lives of the assets.

Net Assets - Accounting standards provide that if the governing body of an organization has the ability to remove a donor restriction, the contributions should be classified as unrestricted net assets. Accordingly, the financial statements classify all net assets that The Foundations have obtained variance power from the donor as unrestricted.

THE COLUMBUS FOUNDATION

NOTES TO COMBINED FINANCIAL STATEMENTS

December 31, 2017

2. INVESTMENTS

Investments consist of the following:

	<u>2017</u>	<u>2016</u>
Marketable securities:		
Certificates of deposit	\$ 2,259,410	\$ 2,964,357
Federal obligations	17,733,850	18,629,696
Corporate note obligations	40,269,990	61,752,632
Preferred stocks	1,309,029	1,082,352
Common stocks	498,806,514	455,563,806
Mutual funds	1,378,614,078	1,097,448,075
Alternative investments	10,667,441	15,455,089
Total marketable securities	<u>1,949,660,312</u>	<u>1,652,896,007</u>
Privately held common stock	150,689,286	155,906,022
Mortgage and notes receivable	10,249,002	9,019,470
Real estate	3,641,601	3,672,703
Leases	612,981	632,981
Interest in limited partnerships	16,942,658	13,171,692
Other investments	2,810,559	2,688,487
Total investments	<u>\$ 2,134,606,399</u>	<u>\$ 1,837,987,362</u>

3. ASSETS AND LIABILITIES – FAIR VALUE INFORMATION

In May 2015, the FASB issued Accounting Standards Update (ASU) No. 2015-07, Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent), which amends the disclosure requirements of Accounting Standards Codification Topic 820, Fair Value Measurements and Disclosures, for reporting entities that measure the fair value of an investment using the net asset value (NAV) per share (or its equivalent) as a practical expedient. The amendments in ASU 2015-07 remove the requirement to categorize within the fair value hierarchy and make certain disclosure for all investments for which fair value is measured using NAV per share as a practical expedient. The Foundation adopted ASU 2015-07 for its fiscal year ended December 31, 2017, and has applied the amendments retrospectively to all periods presented.

In accordance with the Fair Value Measurements and Disclosures Topic of FASB ASC, all financial instruments that are being measured and reported on a fair value basis must be classified and disclosed in one of the following three categories unless the financial instrument is being measured using NAV per share as a practical expedient:

Level 1: Quoted market prices in active markets for identical assets or liabilities.

Level 2: Observable market based inputs or unobservable inputs that are corroborated by market data.

Level 3: Unobservable inputs that are not corroborated by market data.

THE COLUMBUS FOUNDATION

NOTES TO COMBINED FINANCIAL STATEMENTS

December 31, 2017

3. ASSETS AND LIABILITIES – FAIR VALUE INFORMATION (continued)

Assets measured at fair value on a recurring basis or NAV per share as a practical expedient were as follows:

Description	December 31, 2017				
	Total	Level 1	Level 2	Level 3	NAV
Marketable securities:					
Certificates of deposit	\$ 2,259,410	\$ 2,259,410	\$ -	\$ -	\$ -
Federal obligations	17,733,850	17,733,850	-	-	-
Corporate note obligations	40,269,990	40,269,990	-	-	-
Preferred stocks	1,309,029	1,309,029	-	-	-
Common stocks - domestic	478,193,670	478,193,670	-	-	-
Common stocks - international	20,612,844	20,612,844	-	-	-
Mutual funds - bonds	342,917,310	342,917,310	-	-	-
Mutual funds - equity	1,035,696,768	1,035,696,768	-	-	-
Alternative investments:					
Mutual funds	929,231	929,231	-	-	-
Fund of funds	237,710	-	237,710	-	-
Hedge funds	7,721,095	-	-	115,714	7,605,381
Private equity	1,779,405	-	-	-	1,779,405
Total	\$ 1,949,660,312	\$ 1,939,922,102	\$ 237,710	\$ 115,714	\$ 9,384,786

The changes in Level 3 assets measured at fair value on a recurring basis are summarized as follows:

	Marketable securities
Beginning balance at January 1, 2017	\$ 2,609,136
Total unrealized gain (loss) included in change in net assets	(1,283)
Sales	(47,235)
Purchases	-
Transfers in and/or out of Level 3	(2,444,904)
Ending balance at December 31, 2017	\$ 115,714

THE COLUMBUS FOUNDATION

NOTES TO COMBINED FINANCIAL STATEMENTS

December 31, 2017

3. ASSETS AND LIABILITIES – FAIR VALUE INFORMATION (continued)

Unrealized gains included in change in net assets for the year ended December 31, 2017 are reported in net unrealized and realized gain on investments.

Level 2 assets held in alternative investments were valued using the market approach and were determined using the quoted market prices of similar assets. Level 3 assets held in alternative investments were valued using unobservable inputs due to limited market activity and require significant judgment or estimation.

Description	December 31, 2016				
	Total	Level 1	Level 2	Level 3	NAV
Marketable securities:					
Certificates of deposit	\$ 2,964,357	\$ 2,964,357	\$ -	\$ -	\$ -
Federal obligations	18,629,696	18,629,696	-	-	-
Corporate note obligations	61,752,632	61,752,632	-	-	-
Preferred stocks	1,082,352	1,082,352	-	-	-
Common stocks - domestic	438,551,425	438,551,425	-	-	-
Common stocks - international	17,012,381	17,012,381	-	-	-
Mutual funds - bonds	278,673,452	278,673,452	-	-	-
Mutual funds - equity	818,774,623	818,774,623	-	-	-
Alternative investments:					
Mutual funds	4,383,906	4,383,906	-	-	-
Fund of funds	784,769	-	784,769	-	-
Hedge funds	6,046,888	-	-	164,231	5,882,657
Private equity	4,239,526	-	-	2,444,905	1,794,621
Total	<u>\$ 1,652,896,007</u>	<u>\$ 1,641,824,824</u>	<u>\$ 784,769</u>	<u>\$ 2,609,136</u>	<u>\$ 7,677,278</u>

4. PROPERTY AND EQUIPMENT

A summary of these assets follows:

	2017	2016
Land	\$ 3,669,294	\$ 3,669,294
Building and building improvements	9,581,193	9,626,089
Furniture and equipment	3,360,158	3,588,193
	<u>16,610,645</u>	<u>16,883,576</u>
Less accumulated depreciation	6,135,891	6,097,706
Total	<u>\$ 10,474,754</u>	<u>\$ 10,785,870</u>

THE COLUMBUS FOUNDATION

NOTES TO COMBINED FINANCIAL STATEMENTS

December 31, 2017

5. GRANTS

Grants approved and paid in 2017 and those committed for future payment consist of the following at December 31, 2017:

	Unpaid Balance Jan. 1, 2017	2017 Grants		Prior Year Grants Rescinded	Unpaid Balance Dec. 31, 2017
		Approved	Paid		
Advancing Philanthropy	\$ 678,314	\$ 5,677,973	\$ 6,078,170	\$ 43,618	\$ 234,499
Arts	433,500	32,872,842	32,915,246	-	391,096
Conservation	1,310,063	9,715,437	10,009,058	2,875	1,013,567
Education	9,652,895	72,610,879	72,821,777	420,561	9,021,436
Gifts of Kindness	-	520,206	520,206	-	-
Health	17,206,023	18,590,909	22,844,986	240,470	12,711,476
Religion	26,149	6,698,389	6,709,341	-	15,197
Social Services	4,303,724	43,033,631	44,527,195	589,207	2,220,953
Urban Affairs	1,344,231	17,092,162	16,571,905	30,383	1,834,105
Total	<u>34,954,899</u>	<u>206,812,428</u>	<u>212,997,884</u>	<u>1,327,114</u>	<u>27,442,329</u>
Net Organization Endowment Grants	-	17,417,790	17,417,790	-	-
Net Grants	<u>\$ 34,954,899</u>	<u>\$ 189,394,638</u>	<u>\$ 195,580,094</u>	<u>\$ 1,327,114</u>	<u>\$ 27,442,329</u>

Grants payable at December 31, 2017 are scheduled to be disbursed as follows:

<u>Year Ending</u>	<u>Amount</u>
2018	\$ 12,273,005
2019	6,988,558
2020	6,277,016
2021	1,403,750
2022	100,000
Thereafter	400,000
Total	<u>\$ 27,442,329</u>

THE COLUMBUS FOUNDATION

NOTES TO COMBINED FINANCIAL STATEMENTS

December 31, 2017

5. GRANTS (continued)

Grants approved and paid in 2016 and those committed for future payment consist of the following at December 31, 2016:

	Unpaid Balance Jan. 1, 2016	2016 Grants		Prior Year Grants Rescinded	Unpaid Balance Dec. 31, 2016
		Approved	Paid		
Advancing Philanthropy	\$ 239,508	\$ 2,920,592	\$ 2,418,785	\$ 63,001	\$ 678,314
Arts	557,831	47,128,965	47,253,296	-	433,500
Conservation	1,582,999	6,258,084	6,531,020	-	1,310,063
Education	12,399,030	67,023,635	69,258,765	511,005	9,652,895
Health	971,433	34,156,718	17,877,753	44,375	17,206,023
Religion	84,049	5,340,125	5,398,025	-	26,149
Social Services	5,012,288	38,676,780	38,750,127	635,217	4,303,724
Urban Affairs	1,526,411	18,157,543	18,317,509	22,214	1,344,231
Total	<u>22,373,549</u>	<u>219,662,442</u>	<u>205,805,280</u>	<u>1,275,812</u>	<u>34,954,899</u>
Net Organization					
Endowment Grants	-	22,697,699	22,697,699	-	-
Net Grants	<u>\$ 22,373,549</u>	<u>\$ 196,964,743</u>	<u>\$ 183,107,581</u>	<u>\$ 1,275,812</u>	<u>\$ 34,954,899</u>

6. CHARITABLE GIFT ANNUITIES

As of December 31, 2017, The Columbus Foundation as a part of its development program, has issued a total of seventy-two charitable gift annuity contracts. These annuity contracts are general obligations of The Columbus Foundation.

The Columbus Foundation records gift revenue in the year the contract is issued using the fair value of the assets less the present value of the payments expected to be made to the beneficiaries. Annual adjustments are made to the liability to reflect changes in expected future year payments. Gift annuity assets are separately invested. Approximately 40% is invested in a stock index fund and the balance in a bond index fund.

7. ORGANIZATION ENDOWMENT FUNDS HELD FOR OTHERS

The Foundations receive and distribute assets under certain agency and intermediary arrangements. FASB ASC 958-605 establishes standards for transactions in which a recipient organization accepts a contribution from a donor and agrees to transfer those assets, the return on investment of those assets, or both, to another entity that is specified by the donor. This pronouncement specifically requires that if a not-for-profit organization establishes a fund at a recipient organization with its own funds and specifies itself or its affiliate as the beneficiary of that fund, the recipient organization must account for the transfer of such assets as a liability. In accordance with this pronouncement, a liability has been established, which is equivalent to the funds current fair market value. The funds are also recorded as assets of The Foundations because they maintain variance power and legal ownership of organization endowment funds.

THE COLUMBUS FOUNDATION

NOTES TO COMBINED FINANCIAL STATEMENTS

December 31, 2017

8. FUNCTIONAL EXPENSES AND RETIREMENT PLAN INFORMATION

The Foundations operating expenses in 2017 and 2016 were \$9,815,317 and \$9,294,463, respectively. Included in operating expenses was \$800,301 and \$538,700 of depreciation expense at December 31, 2017 and 2016, respectively. On a functional basis, these operating expenses were classified as:

	<u>2017</u>	<u>2016</u>
Grantmaking	\$ 2,903,658	\$ 3,198,622
Development	3,176,555	3,057,985
Philanthropic Services	2,414,832	1,246,357
Fund Management	482,964	631,950
Special Projects	837,308	1,159,549
	<u>\$ 9,815,317</u>	<u>\$ 9,294,463</u>

The Columbus Foundation sponsors a traditional 401(k) profit sharing plan. The plan covers employees who are 21 years of age and have one year of eligible service. Employer contributions are made on a monthly basis equivalent to 10% of each participant's compensation and are subject to the annual 401(a)(17) annual compensation limit. The plan also allows for voluntary employee contributions. Total plan expense for 2017 and 2016 amounted to \$462,762 and \$405,012, respectively.

9. CONCENTRATION OF ECONOMIC RISK

The Foundations invest their assets with a variety of financial institutions, brokerages, and families of mutual funds. Because fluctuations in both the stock and bond markets will from time to time impact the value of the Foundations' assets, the selected investments by these entities are conservative in nature and diversified to minimize the impact of these market value fluctuations.

The Foundations maintain cash and money market funds in various financial institutions and certain deposits exceed federally insured limits. The Foundations have not experienced any losses in such accounts.

10. SUBSEQUENT EVENTS

Subsequent events have been evaluated through July 11, 2018 which is the date the financial statements were available to be issued.

THE COLUMBUS FOUNDATION

NOTES TO COMBINED FINANCIAL STATEMENTS

December 31, 2017

11. TOTAL ASSETS

Total assets by foundation at December 31, 2017 and 2016 are as follows:

	<u>2017</u>	<u>2016</u>
The Columbus Foundation	\$ 1,740,107,304	\$ 1,518,009,431
Battelle Charities	393,007	417,015
Borrer Family Foundation	813,037	843,239
Central Benefits Health Care Foundation	8,293,837	7,345,071
Columbus Youth Foundation	3,596,811	3,234,892
Community Foundations, Inc.	66,822,565	60,988,690
Community Gifts Foundation	1,086,335	1,129,228
Crane Family Foundation	4,271,627	4,107,599
The William H. Davis, Dorothy M. Davis and William C. Davis Foundation	42,678,909	38,997,132
The Paul G. Duke Foundation, Inc.	8,687,588	10,030,241
The FG Foundation	5,374,617	5,874,354
The John B. and Dareth Gerlach Foundation	20,336,751	18,320,499
The John J. and Pauline Gerlach Foundation	57,275,098	62,187,322
Greer Foundation	3,428,179	1,100,700
Hinson Family Trust	1,235,007	1,184,942
Ingram-White Castle Foundation	52,074,462	45,773,655
Isabelle Ridgway Foundation	351	-
Kidd Family Foundation	1,785,704	1,563,388
The Arthur and Sara Jo Kobacker, Alfred and Ida Kobacker Foundation	3,449,906	2,801,560
L Brands Foundation	15,951,857	38,594,195
The Marsh Family Foundation	1,170,207	1,092,300
The John H. McConnell Foundation	2,788,418	2,511,376
Meuse Family Foundation	5,655,140	5,689,916
The Moritz Family Foundation	2,257,164	2,015,589
Roush Family Foundation	2,621,533	893,670
James A. and Kathleen C. Rutherford Foundation	2,055,513	1,826,969
The Shackelford Family Foundation	9,930,960	8,837,069
Siemer Family Foundation	32,984,856	25,058,249
Siemer Institute	7,632,873	-
Trinity Foundation	3,647	2,979,026
Margaret and Robert Walter Foundation	75,763,192	64,675,542
The Robert F. Wolfe and Edgar T. Wolfe Foundation	87,267,159	79,673,218
Subtotal	<u>2,267,793,614</u>	<u>2,017,756,077</u>
Less inter-foundation balances	(806,002)	(3,793,420)
Total	<u>\$ 2,266,987,612</u>	<u>\$ 2,013,962,657</u>

THE COLUMBUS FOUNDATION

NOTES TO COMBINED FINANCIAL STATEMENTS

December 31, 2017

12. PUBLIC SUPPORT - NEW DONATIONS AND BEQUESTS

Total public support - new donations and bequests by foundation for the years ended December 31, 2017 and 2016 were:

	<u>2017</u>	<u>2016</u>
The Columbus Foundation	\$ 181,411,602	\$ 313,711,665
Borrer Family Foundation	44,166	23,036
Central Benefits Health Care Foundation	30,496	1,545
Community Foundations, Inc.	1,935,481	3,290,388
Columbus Youth Foundation	140	-
Crane Family Foundation	120	-
John B. and Dareth Gerlach Foundation	3,202,875	-
Greer Foundation	1,830,609	-
Ingram-White Castle Foundation	1,275	500
Isabelle Ridgway Foundation	500	-
Kidd Family Foundation	2,733	2,500
Arthur and Sara Jo Kobacker, Alfred and Ida Kobacker Foundation	141,776	45,942
Meuse Family Foundation	20,000	226,038
Roush Family Foundation	1,644,522	-
Siemer Family Foundation	18,755,000	5,650,826
Siemer Institute	11,306,259	-
Margaret and Robert Walter Foundation	4,127,444	2,900,745
Subtotal	<u>224,454,998</u>	<u>325,853,185</u>
Less inter-foundation balances	(19,137,872)	(11,197,551)
Less new donations and bequests received for organization endowment funds	(16,997,042)	(12,437,635)
Total	<u>\$ 188,320,084</u>	<u>\$ 302,217,999</u>