

**The WHAS Crusade for Children, Inc.**

**Financial Statements**

**Years Ended August 31, 2016 and 2015**

**The WHAS Crusade for Children, Inc.**

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August 31, 2016 and 2015

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## **Independent Auditor's Report**

To the Board of Directors  
**The WHAS Crusade for Children, Inc.**

We have audited the accompanying financial statements of The WHAS Crusade for Children, Inc. ("the Crusade"), which comprise the statements of financial position as of August 31, 2016 and 2015, 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 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.

**Kentucky**  
**Indiana**  
**Ohio**

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## Independent Auditor's Report (Continued)

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The WHAS Crusade for Children, Inc. as of August 31, 2016 and 2015, 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.

A handwritten signature in black ink that reads "Mungy Chilton Madley, LLP". The signature is written in a cursive, flowing style.

Louisville, Kentucky  
November 8, 2016

**The WHAS Crusade for Children, Inc.**  
**Statements of Financial Position**  
**August 31, 2016 and 2015**

	<u>2016</u>	<u>2015</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 3,126,585	\$ 2,986,456
Pledges receivable	196,838	354,766
Interest receivable	22,872	20,008
Prepaid expenses	11,611	11,796
Property and equipment, net	68,806	80,581
Investments	22,291,757	20,962,284
Cash surrender value of life insurance	23,238	22,115
Beneficial interest in charitable trusts	<u>1,586,100</u>	<u>1,601,156</u>
Total Assets	<u>\$ 27,327,807</u>	<u>\$ 26,039,162</u>
<b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
Accounts payable	\$ 16,488	\$ 26,559
Grants payable	7,143,535	6,748,040
Accrued expenses	<u>42,757</u>	<u>35,905</u>
Total Liabilities	7,202,780	6,810,504
<b>Net Assets</b>		
Unrestricted		
Undesignated	17,972	17,972
Designated for endowment	<u>16,695,544</u>	<u>15,812,274</u>
	16,713,516	15,830,246
Temporarily restricted	671,001	654,406
Permanently restricted	<u>2,740,510</u>	<u>2,744,006</u>
	<u>20,125,027</u>	<u>19,228,658</u>
Total Liabilities and Net Assets	<u>\$ 27,327,807</u>	<u>\$ 26,039,162</u>

See accompanying notes.

**The WHAS Crusade for Children, Inc.**  
**Statements of Activities and Changes in Net Assets**  
**Years Ended August 31, 2016 and 2015**

	2016				2015			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Operating Support and Revenues								
Contributions	\$ 5,472,137	\$ 190,000	\$ -	\$ 5,662,137	\$ 6,463,515	\$ 150,000	\$ -	\$ 6,613,515
In-kind contributions	647,355	-	-	647,355	642,630	-	-	642,630
Investment income, net	15,816	-	-	15,816	17,892	-	-	17,892
Change in beneficial interest in charitable trusts	-	(299)	-	(299)	-	(42,296)	-	(42,296)
Released from restrictions	358,860	(358,860)	-	-	59,700	(59,700)	-	-
Total Operating Support and Revenues	6,494,168	(169,159)	-	6,325,009	7,183,737	48,004	-	7,231,741
Operating Expenses								
Program services	5,215,245	-	-	5,215,245	5,516,013	-	-	5,516,013
Supporting services								
Management and general	610,147	-	-	610,147	569,612	-	-	569,612
Fundraising	869,836	-	-	869,836	854,838	-	-	854,838
Endowment	223	-	-	223	991	-	-	991
	1,480,206	-	-	1,480,206	1,425,441	-	-	1,425,441
Total Operating Expenses	6,695,451	-	-	6,695,451	6,941,454	-	-	6,941,454
Changes in Net Assets from Operations	(201,283)	(169,159)	-	(370,442)	242,283	48,004	-	290,287
Other Revenues and Expenses								
Endowment								
Contributions	-	-	11,261	11,261	-	-	24,987	24,987
Net realized/unrealized gain (loss)	757,206	87,785	-	844,991	(327,519)	(26,178)	-	(353,697)
Investment income, net	327,347	97,969	-	425,316	264,696	86,483	-	351,179
Change in beneficial interest in charitable trusts	-	-	(14,757)	(14,757)	-	-	(94,482)	(94,482)
Total Other Revenues and Expenses	1,084,553	185,754	(3,496)	1,266,811	(62,823)	60,305	(69,495)	(72,013)
Loss on Bad Debt	-	-	-	-	-	-	-	-
Changes in Net Assets	883,270	16,595	(3,496)	896,369	179,460	108,309	(69,495)	218,274
Net Assets at Beginning of Year	15,830,246	654,406	2,744,006	19,228,658	15,650,786	546,097	2,813,501	19,010,384
Net Assets at End of Year	\$ 16,713,516	\$ 671,001	\$ 2,740,510	\$ 20,125,027	\$ 15,830,246	\$ 654,406	\$ 2,744,006	\$ 19,228,658

See accompanying notes.

**The WHAS Crusade for Children, Inc.**  
**Statement of Functional Expenses**  
**Year Ended August 31, 2016**

	Program Services	Supporting Services			Total	Total
		Management and General	Fundraising	Endowment		
Expenses:						
Grants to recipient organizations (tote board 2016)	\$ 5,465,933	\$ -	\$ -	\$ -	\$ -	\$ 5,465,933
Returned grants	(250,688)	-	-	-	-	(250,688)
Salaries and benefits	-	418,337	192,466	-	610,803	610,803
Depreciation	-	11,775	-	-	11,775	11,775
Fundraising	-	-	10,926	-	10,926	10,926
Meetings, luncheons and travel	-	33,778	4,073	-	37,851	37,851
Miscellaneous	-	33,133	4,660	-	37,793	37,793
Postage and delivery	-	8,606	-	-	8,606	8,606
Production and engineering	-	3,764	28,961	-	32,725	32,725
Professional services	-	22,434	-	-	22,434	22,434
Supplies	-	12,732	46,983	-	59,715	59,715
Walk of Fame	-	-	-	223	223	223
<b>Total Expenses</b>	<b>5,215,245</b>	<b>544,559</b>	<b>288,069</b>	<b>223</b>	<b>832,851</b>	<b>6,048,096</b>
In-kind Expenses:						
Food - in-kind	-	-	12,320	-	12,320	12,320
Office rent - in-kind	-	51,400	-	-	51,400	51,400
Production and engineering - in-kind	-	-	559,910	-	559,910	559,910
Professional services - in-kind	-	7,320	9,537	-	16,857	16,857
Supplies - in-kind	-	6,868	-	-	6,868	6,868
<b>Total In-kind Expenses</b>	<b>-</b>	<b>65,588</b>	<b>581,767</b>	<b>-</b>	<b>647,355</b>	<b>647,355</b>
<b>Total Expenses and In-kind Expenses</b>	<b>\$ 5,215,245</b>	<b>\$ 610,147</b>	<b>\$ 869,836</b>	<b>\$ 223</b>	<b>\$ 1,480,206</b>	<b>\$ 6,695,451</b>

See accompanying notes.

**The WHAS Crusade for Children, Inc.**  
**Statement of Functional Expenses**  
**Year Ended August 31, 2015**

	Program Services	Supporting Services			Total	Total
		Management and General	Fundraising	Endowment		
Expenses:						
Grants to recipient organizations (tote board 2015)	\$ 5,674,721	\$ -	\$ -	\$ -	\$ -	\$ 5,674,721
Returned grants	(158,708)	-	-	-	-	(158,708)
Salaries and benefits	-	409,651	182,866	-	592,517	592,517
Depreciation	-	12,756	-	-	12,756	12,756
Fundraising	-	-	11,773	-	11,773	11,773
Meetings, luncheons and travel	-	9,790	6,159	-	15,949	15,949
Miscellaneous	-	31,770	331	-	32,101	32,101
Postage and delivery	-	9,969	-	-	9,969	9,969
Production and engineering	-	4,448	32,286	-	36,734	36,734
Professional services	-	12,896	14,000	-	26,896	26,896
Supplies	-	10,213	32,912	-	43,125	43,125
Walk of fame	-	-	-	991	991	991
<b>Total Expenses</b>	<b>5,516,013</b>	<b>501,493</b>	<b>280,327</b>	<b>991</b>	<b>782,811</b>	<b>6,298,824</b>
In-kind Expenses:						
Food - in-kind	-	-	7,950	-	7,950	7,950
Office rent - in-kind	-	51,400	-	-	51,400	51,400
Production and engineering - in-kind	-	-	559,910	-	559,910	559,910
Professional services - in-kind	-	8,601	6,651	-	15,252	15,252
Supplies - in-kind	-	8,118	-	-	8,118	8,118
<b>Total In-kind Expenses</b>	<b>-</b>	<b>68,119</b>	<b>574,511</b>	<b>-</b>	<b>642,630</b>	<b>642,630</b>
<b>Total Expenses and In-kind Expense</b>	<b>\$ 5,516,013</b>	<b>\$ 569,612</b>	<b>\$ 854,838</b>	<b>\$ 991</b>	<b>\$ 1,425,441</b>	<b>\$ 6,941,454</b>

See accompanying notes.



**The WHAS Crusade for Children, Inc.**  
**Statements of Cash Flows**  
**Years Ended August 31, 2016 and 2015**

	<u>2016</u>	<u>2015</u>
Cash Flows from Operating Activities		
Changes in Net Assets	\$ 896,369	\$ 218,274
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	11,775	12,756
Net realized/unrealized (gain) loss	(844,991)	353,697
Increase in cash value of life insurance	(1,123)	(1,071)
Change in beneficial interest in charitable trusts	15,056	136,778
Contributions restricted for long-term investment	(11,261)	(24,987)
Changes in:		
Pledges receivable	157,928	(191,586)
Other receivable	-	1,384,594
Interest receivable	(2,864)	2,233
Prepaid expenses	185	(330)
Accounts payable	(10,071)	19,076
Grants payable	395,495	(407,757)
Accrued expenses	6,852	11,802
Net Cash Provided by Operating Activities	<u>613,350</u>	<u>1,513,479</u>
Cash Flows from Investing Activities		
Sales and maturities of investments	1,496,503	1,989,636
Purchases of investments	<u>(1,980,985)</u>	<u>(4,108,941)</u>
Net Cash Used in Investing Activities	<u>(484,482)</u>	<u>(2,119,305)</u>
Cash Flows from Financing Activities		
Proceeds from contributions restricted for investment in endowment	<u>11,261</u>	<u>25,987</u>
Cash Provided by Financing Activities	<u>11,261</u>	<u>25,987</u>
Increase (Decrease) in Cash and Cash Equivalents	140,129	(579,839)
Cash and Cash Equivalents at Beginning of Year	<u>2,986,456</u>	<u>3,566,295</u>
Cash and Cash Equivalents at End of Year	<u>\$ 3,126,585</u>	<u>\$ 2,986,456</u>

See accompanying notes.

**The WHAS Crusade for Children, Inc.**  
**Notes to Financial Statements**  
**August 31, 2016 and 2015**

**Note A - Nature of Operations**

The WHAS Crusade for Children, Inc. ("the Crusade") is a Kentucky not-for-profit corporation which was established for the benefit of special needs children in the Kentucky and Indiana areas. All activities of the Crusade are directed toward fundraising from the general public. It is the policy of the Crusade to distribute the annual total of tote board funds.

**Note B - Summary of Significant Accounting Policies**

1. Basis of Accounting: The financial statements of the Crusade have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("GAAP"). The Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") is the sole source of authoritative GAAP. The significant accounting policies are described below to enhance the usefulness of the financial statements to the reader.
2. Accounting Estimates: The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements. Actual results could differ from those estimates.
3. Donor Imposed Restrictions: The Crusade records and reports its assets, liabilities, net assets, revenues, gains and losses, and other support based on the existence or absence of donor-imposed restrictions.

The Crusade reports gifts of cash 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 is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities and changes in net assets as net assets released from restrictions.

The Crusade reports gifts as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Crusade reports expirations of donor restrictions when the long-lived assets are placed in service. Permanently restricted net assets include those contributions and other inflows of assets whose use by the Crusade is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Crusade.

4. Cash and Cash Equivalents: The Crusade considers all short term investments with original maturities of three months or less when purchased, that are not designated for a specific purpose, to be cash equivalents. The Crusade occasionally maintains balances with its bank in excess of federally insured limits.
5. Property and Equipment: The Crusade records all purchases of long-lived, tangible furniture and equipment and leasehold improvements at cost. Depreciation is provided using the straight-line method over the estimated useful lives of the respective assets ranging from 3 to 20 years. Depreciation expense was \$11,775 and \$12,756 for the years ended August 31, 2016 and 2015, respectively. It is the Crusade's policy to capitalize property and equipment over \$1,000. Lesser amounts are expensed.

**The WHAS Crusade for Children, Inc.**  
**Notes to Financial Statements (Continued)**  
**August 31, 2016 and 2015**

**Note B - Summary of Significant Accounting Policies (Continued)**

6. Investments: Investments in marketable securities are recorded at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Net realized and unrealized gains and losses are reflected in the statements of activities and changes in net assets. Receipt of donated investments is recorded at the quoted market value of the investment at the time of donation. Investment income is net of investment fees of \$77,730 and \$76,281 for the years ended August 31, 2016 and 2015, respectively.

Investment securities are exposed to various risks, such as interest rate, market and credit. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in risks in the near term would result in material changes in the fair value of investments and net assets of the Crusade.

7. Income Taxes: The Crusade is exempt from federal taxes under Section 501(c)(3) of Internal Revenue Code and is classified as an organization that is not a private foundation. Accordingly, no provision for income taxes is included in the financial statements.

The Crusade evaluates the recognition and measurement of uncertain income tax positions using the "more-likely-than-not" approach as defined in the ASC. No liability for uncertain income tax positions has been recorded in the accompanying financial statements.

8. Recent Accounting Pronouncements: In August 2016, the FASB issued Accounting Standards Update No. 2016-14 (ASU 2016-14), Presentation of Financial Statements of Not-for-Profit Entities. This updated guidance changes presentation and disclosure requirements for not-for-profit entities to provide more relevant information about their resources (and the changes in those resources) to donors, grantors, creditors and other users. This guidance included qualitative and quantitative requirements in the following areas: 1) net asset classes; 2) investment return; 3) expenses; 4) liquidity and availability of resources; and 5) presentation of operating cash flows. This standard is effective for annual reporting periods beginning after December 15, 2017. Early adoption is permitted. The Crusade is currently evaluating this guidance and its related impact on the Crusade's financial statements.
9. Reclassifications: Certain amounts in the 2015 financial statements have been reclassified to conform to the 2016 presentation. These reclassifications had no effect on previously reported net assets.
10. Subsequent Events: Subsequent events for the Crusade have been considered through the date of the Independent Auditor's Report, which represents the date the financial statements were available to be issued.

**Note C - Pledges Receivable**

Pledges receivable at August 31, 2016 and 2015 consists of Crusade weekend pledges. All pledges receivable are expected to be collected within the next year. No provision for doubtful accounts has been included at August 31, 2016 and 2015, as management considers all amounts to be fully collectible.

**The WHAS Crusade for Children, Inc.**  
**Notes to Financial Statements (Continued)**  
**August 31, 2016 and 2015**

**Note D - Property and Equipment**

Property and equipment consist of the following at August 31, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Computers and software	\$ 79,717	\$ 79,717
Equipment	36,688	36,688
Furniture and fixtures	14,536	14,536
Leasehold improvements	<u>130,934</u>	<u>130,934</u>
	261,875	261,875
Less accumulated depreciation	<u>(193,069)</u>	<u>(181,294)</u>
	<u>\$ 68,806</u>	<u>\$ 80,581</u>

**Note E - Beneficial Interest in Charitable Trusts**

The Crusade is a beneficiary of six charitable trusts. Under the Maxie Ray Ford Trust, the Crusade receives 15% of the annual income of the trust through July 2033. The Crusade records its beneficial interest in this trust at the present value of the estimated future cash flows discounted at 2.23% and 2.93% at August 31, 2016 and 2015, respectively. Distributions from the trust totaled \$1,147 and \$1,424 for the years ended August 31, 2016 and 2015, respectively.

Under the Hutchison Memorial Trust, the Crusade receives 10% of the annual income of the trust. The Crusade records its beneficial interest in this trust at the present value of the estimated future cash flows which approximates 10% of the fair value of the trust. Distributions from the trust totaled \$1,332 and \$1,272 for the years ended August 31, 2016 and 2015, respectively.

Under the Mary Flynn, Crusade Nurse Trust, the Crusade receives 25% of the annual income of the trust. The Crusade records its beneficial interest in this trust at the present value of the estimated future cash flows which approximates 25% of the fair value of the trust. Distributions from the trust totaled \$8,047 and \$8,102 for the years ended August 31, 2016 and 2015, respectively.

Under the Schmidt-Messmer Perpetual Trust, the Crusade receives 14.29% of the annual income of the trust. The Crusade records its beneficial interest in this trust at the present value of the estimated future cash flows which approximates 14.29% of the fair value of the trust. Distributions from the trust totaled \$47,245 and \$45,339 for the years ended August 31, 2016 and 2015, respectively.

Under the Joan H. Mayhugh Trust, the Crusade will receive 25% of the income and principal of the trust upon the death of Joan H. Mayhugh. The Crusade records its beneficial interest in this trust at the present value of the estimated future cash flows which approximates 25% of the fair value of the trust.

Under the Reva Newman Perpetual Charitable Trust, the Crusade receives 33.33% of the annual income of the trust. The Crusade records its beneficial interest in this trust at the present value of the estimated future cash flows which approximates 33.33% of the fair value of the trust. Distributions from the trust totaled \$1,863 and \$5,227 for the years ended August 31, 2016 and 2015, respectively.

**The WHAS Crusade for Children, Inc.**  
**Notes to Financial Statements (Continued)**  
**August 31, 2016 and 2015**

**Note F - Fair Value Measurement**

The ASC defines fair value, provides a framework for measuring fair value, and expands disclosures required for fair value measurements. The provisions also establish a fair value hierarchy that prioritizes observable and unobservable inputs used to measure fair value into three broad levels. These levels, in order of highest to lowest priority are described below:

Level 1 - Quoted prices (unadjusted) in active markets that are accessible at the measurement date for identical assets or liabilities.

Level 2 - Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3 - Unobservable inputs that are supported by little or no market activity and are significant to the fair value of the assets or liabilities. Level 3 includes values determined using pricing models, discounted cash flow methodologies, or similar techniques reflecting the Crusade's own assumptions.

The following is a description of the valuation methodologies used for the assets measured at fair value. There have been no changes in the methodologies used to determine fair value at August 31, 2016 and 2015.

*Mutual funds:* Valued at the net asset value of the shares held by the Crusade at year-end.

*Stocks:* Valued at the quoted market price of the shares held by the Crusade at year-end.

*Certificates of deposit:* Valued using cost, which approximates fair value.

*Money market:* Valued using cost, which approximates fair value.

*Limited partnership:* The estimated fair values are based on the fair values of the partnership's underlying assets as reported to the partners.

*Beneficial interest in charitable trust:* Valued at the present value of the estimated future cash flows.

**The WHAS Crusade for Children, Inc.**  
**Notes to Financial Statements (Continued)**  
**August 31, 2016 and 2015**

**Note F - Fair Value Measurement (Continued)**

The following table sets forth by level, within the fair value hierarchy, the Crusade's assets at fair value as of August 31, 2016:

Investments at Fair Value as of August 31, 2016				
	Level 1	Level 2	Level 3	Total
Mutual funds	\$ 12,502,738	\$ -	\$ -	\$ 12,502,738
Stocks	6,180,313	-	-	6,180,313
Certificates of deposit	1,752,364	-	-	1,752,364
Money market	1,839,957	-	-	1,839,957
Limited partnership	-	-	16,385	16,385
	<u>\$ 22,275,372</u>	<u>\$ -</u>	<u>\$ 16,385</u>	<u>\$ 22,291,757</u>

  

Other Assets at Fair Value as of August 31, 2016				
	Level 1	Level 2	Level 3	Total
Beneficial interest in charitable trusts	\$ -	\$ 1,586,100	\$ -	\$ 1,586,100
	<u>\$ -</u>	<u>\$ 1,586,100</u>	<u>\$ -</u>	<u>\$ 1,586,100</u>

The following table sets forth by level, within the fair value hierarchy, the Crusade's assets at fair value as of August 31, 2015:

Investments at Fair Value as of August 31, 2015				
	Level 1	Level 2	Level 3	Total
Mutual funds	\$ 11,781,631	\$ -	\$ -	\$ 11,781,631
Stocks	6,977,141	-	-	6,977,141
Certificates of deposit	1,994,538	-	-	1,994,538
Money market	192,452	-	-	192,452
Limited partnership	-	-	16,522	16,522
	<u>\$ 20,945,762</u>	<u>\$ -</u>	<u>\$ 16,522</u>	<u>\$ 20,962,284</u>

  

Other Assets at Fair Value as of August 31, 2015				
	Level 1	Level 2	Level 3	Total
Beneficial interest in charitable trusts	\$ -	\$ 1,601,156	\$ -	\$ 1,601,156
	<u>\$ -</u>	<u>\$ 1,601,156</u>	<u>\$ -</u>	<u>\$ 1,601,156</u>

**The WHAS Crusade for Children, Inc.**  
**Notes to Financial Statements (Continued)**  
**August 31, 2016 and 2015**

**Note F - Fair Value Measurement (Continued)**

The changes in the investment measured at fair value for which the Crusade has used Level 3 inputs to determine fair value are as follows for the years ended August 31, 2016 and 2015:

	2016	2015
Balance at beginning of year	\$ 16,522	\$ 16,461
Investment income	2,135	1,929
Distributions	(2,272)	(1,868)
Balance at End of Year	\$ 16,385	\$ 16,522

**Note G - Endowments**

The Crusade's endowment consists of two individual funds established to support operations and the beneficial interest in three trusts held by third party investment companies from which the income is to be used for operations. One fund is donor restricted and the other is designated by the board of directors to function as an endowment. As required by GAAP, net assets associated with endowment funds, including funds designated by the board of directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The ASC provides guidance on the net asset classification of donor-restricted endowment funds that are subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 ("UPMIFA").

The Crusade has interpreted UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. The Crusade classifies as permanently restricted net assets the original value of gifts donated to the permanent endowment and accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment that is not classified as permanently restricted net assets is classified as temporarily restricted until appropriated for expenditure. The income from the permanently restricted net assets is expendable to support the operations of the Crusade.

**The WHAS Crusade for Children, Inc.**  
**Notes to Financial Statements (Continued)**  
**August 31, 2016 and 2015**

**Note G - Endowments (Continued)**

Endowment net asset composition as of August 31, 2016 and 2015 consists of the following:

	August 31, 2016			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Endowment net assets				
Donor restricted	\$ -	\$ -	\$ 2,740,510	\$ 2,740,510
Board designated	16,695,544	-	-	16,695,544
Total	<u>\$ 16,695,544</u>	<u>\$ -</u>	<u>\$ 2,740,510</u>	<u>\$ 19,436,054</u>
	August 31, 2015			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Endowment net assets				
Donor restricted	\$ -	\$ -	\$ 2,744,006	\$ 2,744,006
Board designated	15,812,274	-	-	15,812,274
Total	<u>\$ 15,812,274</u>	<u>\$ -</u>	<u>\$ 2,744,006</u>	<u>\$ 18,556,280</u>

Changes in the endowment net assets for the year ended August 31, 2016 are as follows:

	August 31, 2016			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Endowment net assets,				
Beginning of year	\$ 15,812,274	\$ -	\$ 2,744,006	\$ 18,556,280
Investment return:				
Investment income	327,347	97,969	-	425,316
Net appreciation (depreciation)	757,206	87,785	(14,757)	830,234
Total Investment Return	1,084,553	185,754	(14,757)	1,255,550
Contributions	215,121	-	11,261	226,382
Appropriation for the tote board	(150,000)	-	-	(150,000)
Appropriation for expenditures	(266,404)	(185,754)	-	(452,158)
Endowment Net Assets,				
End of Year	<u>\$ 16,695,544</u>	<u>\$ -</u>	<u>\$ 2,740,510</u>	<u>\$ 19,436,054</u>



**The WHAS Crusade for Children, Inc.**  
**Notes to Financial Statements (Continued)**  
**August 31, 2016 and 2015**

**Note G - Endowments (Continued)**

Changes in the endowment net assets for the year ended August 31, 2015 are as follows:

	August 31, 2015			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Endowment net assets, Beginning of year	\$ 15,632,814	\$ -	\$ 2,813,501	\$ 18,446,315
Investment return:				
Investment income	264,696	86,483	-	351,179
Net depreciation	<u>(327,519)</u>	<u>(26,178)</u>	<u>(94,482)</u>	<u>(448,179)</u>
Total Investment Return	(62,823)	60,305	(94,482)	(97,000)
Contributions	602,652	-	24,987	627,639
Appropriation for the tote board	(150,000)	-	-	(150,000)
Appropriation for expenditures	<u>(210,369)</u>	<u>(60,305)</u>	<u>-</u>	<u>(270,674)</u>
Endowment Net Assets, End of Year	<u>\$ 15,812,274</u>	<u>\$ -</u>	<u>\$ 2,744,006</u>	<u>\$ 18,556,280</u>

The primary objective of the investments of the endowment fund is to provide for long-term growth of principal and income without undue exposure to risk. This will eventually enable the endowment to cover the Crusade's operating costs, while making more grants to support children with special needs in the region.

Income available for spending is determined by a total return system. The amount to be spent in the coming year is calculated each August 31 and is reviewed and approved by the Crusade board of directors.

**Note H - Grants Payable**

Grants payable consist of amounts the board of directors has approved for future distribution. The following table summarizes the activity during the years ended August 31, 2016 and 2015:

	2016	2015
Beginning grants payable	\$ 6,748,040	\$ 7,155,797
Grants awarded or adjusted	5,465,933	5,674,721
Distributions to grantees	(4,819,750)	(5,923,770)
Return to savings	<u>(250,688)</u>	<u>(158,708)</u>
Ending Grants Payable	<u>\$ 7,143,535</u>	<u>\$ 6,748,040</u>

**The WHAS Crusade for Children, Inc.**  
**Notes to Financial Statements (Continued)**  
**August 31, 2016 and 2015**

**Note I - Temporarily Restricted Net Assets**

Temporarily restricted net assets at August 31, 2016 and 2015 consist of the following:

	<u>2016</u>	<u>2015</u>
Restricted for medical research	\$ 374,450	\$ 372,596
Restricted as to purpose	166,949	150,000
Restricted by time	<u>129,602</u>	<u>131,810</u>
	<u>\$ 671,001</u>	<u>\$ 654,406</u>

**Note J - Contributed Services, Facilities and Property and Equipment**

During 2015 Tegna, Inc. (d/b/a WHAS-TV) spun off from Gannett Company (formerly d/b/a WHAS-TV). The Crusade receives support from WHAS-TV in the form of free air time for the telethon, office space and certain other management and administrative services. For each of the years ended August 31, 2016 and 2015, the Crusade received \$542,400 of contributed services and facilities from WHAS-TV. The Crusade also receives support from iHeartMedia, Inc. in the form of free air time for the telethon. For each of the years ended August 31, 2016 and 2015, the Crusade received \$54,910 from iHeartMedia, Inc. The Crusade also receives donated food, supplies and professional services from others. The value of these in-kind donations was \$50,045 and \$45,320 for the years ended August 31, 2016 and 2015, respectively.

**Note K - Profit Savings Plan**

The Crusade provides a 401(k) Savings Plan for all regular full-time employees. Employees are eligible to participate upon the date of hire. Employees can contribute funds on a pre-tax basis up to the maximum amount allowable per IRS regulations. For each of the years ended August 31, 2016 and 2015, the Crusade made a matching contribution of \$0.50 per dollar up to 5% of the employee's compensation. Matching contributions totaled \$13,514 and \$13,850 for the years ended August 31, 2016 and 2015, respectively.

**Note L - Concentrations**

During the year ended August 31, 2015 the Crusade received 11% of its contribution revenue from one bequest.