

313 Second St.
Marietta, OH 45750
740.373.0056

1907 Grand Central Ave.
Vienna, WV 26105
304.422.2203

104 South Sugar St.
St. Clairsville, OH 43950
740.695.1569

1310 Market Street, Suite 300
Wheeling, WV 26003
304.232.1358



OGLEBAY FOUNDATION, INC. AND AFFILIATE
Regular Audit
For the Years Ended December 31, 2016 and 2015

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OGLEBAY FOUNDATION, INC. AND AFFILIATE

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INDEPENDENT AUDITOR'S REPORT

March 15, 2017

Oglebay Foundation, Inc. and Affiliate
465 Lodge Drive
Wheeling, West Virginia 26003

To the Board of Trustees:

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of the **Oglebay Foundation, Inc. and Affiliate**, Wheeling, West Virginia (the "Foundation") and its subsidiaries, which comprise the consolidated statements of financial position as of December 31, 2016 and 2015, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 Foundation's internal control.

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Auditor's Responsibility (Continued)

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 consolidated financial statements.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Oglebay Foundation, Inc. and Affiliate and its subsidiaries as of December 31, 2016 and 2015, and the changes in their net assets and their cash flows for the years then ended in accordance with the accounting principles generally accepted in the United States of America.

A handwritten signature in cursive script that reads "Perry & Associates CPAs A.C.".

Perry and Associates
Certified Public Accountants, A.C.
Marietta, Ohio

Oglebay Foundation, Inc. and Affiliate
Consolidated Statements of Financial Position
As of December 31, 2016 and 2015

	2016	2015
Assets		
Current Assets:		
Cash & Cash Equivalents	\$ 831,277	\$ 1,480,882
Agency Funds Held - Scholarships - See Note 1	33,380	35,610
Investments at Fair Market Value		
Wesbanco	5,717,250	6,164,217
Bloch WP Golf Trust	20,998	13,534
Chris Hess Trust	517,415	466,209
Hooff Unrestricted	1,234,886	926,815
Hupp Cottage Endowment Fund	97,383	137,524
OPCA Trust	123,168	114,671
McCamic	471,184	407,789
Total Investments at Fair Market Value	8,182,284	8,230,759
Merrill Lynch Money Market Account	530,988	5,241,731
Market Value of Annuities (Potter, Henry, Schafer)	(1,060)	6,069
Deposits and Stock in Transit	5,127	-
Due from The Parks System Trust Fund	36,000	18,000
Current Portion of Contributions Receivable	50,000	60,000
Prepaid Insurances and Workers Compensation	17,446	5,878
Total Current Assets	9,685,442	15,078,929
Contributions Receivable, Net of Discounts - See Note 3	1,210,011	1,901,165
Fixed Assets		
Land	2,381,451	2,118,951
Land Improvements - Depreciable	9,295,368	9,295,368
Accumulated Depreciation	(7,436,295)	(6,971,526)
Total Net Fixed Assets	4,240,524	4,442,793
Total Non-Current Assets	5,450,535	6,343,958
Total Assets	\$ 15,135,977	\$ 21,422,887
Liabilities		
Current Liabilities:		
Accounts Payable	\$ -	\$ 100
Payroll Liabilities	6,674	1,619
Grants Payable	776,708	221,451
Potter & Schafer Annuities	1,874	7,595
Accrued Payroll Expense	111,036	103,256
Due to Agency Fund - Scholarships	33,380	35,610
Deferred Income	-	75,000
Current Portion of Deferred Pledge	50,000	50,000
Total Current Liabilities	979,672	494,631
Long-Term Liabilities:		
Deferred Pledge	50,000	100,000
Total Non-Current Liabilities	50,000	100,000
Total Liabilities	1,029,672	594,631
Net Assets		
Unrestricted	7,960,780	8,879,934
Temporarily Restricted	6,145,525	11,948,322
Total Net Assets	14,106,305	20,828,256
Total Liabilities and Net Assets	\$ 15,135,977	\$ 21,422,887

The notes to the consolidated financial statements are an integral part of this statement

Oglebay Foundation, Inc. and Affiliate
Consolidated Statements of Activities
For the Years Ended December 31, 2016 and 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total 2016</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total 2015</u>
Operating Revenue						
Contributions	\$ 444,368	\$ 1,464,012	\$ 1,908,380	\$ 1,747,109	\$ 1,983,996	\$ 3,731,105
Interest Income	15,437	80,459	95,896	23,670	69,372	93,042
Dividend Income	45,161	116,108	161,269	191	30,062	30,253
Rental and Lease Income	-	-	-	423,409	-	423,409
Natural Gas Income	82,924	-	82,924	267,276	-	267,276
Revenue from Wheeling Park Commission Cottages	-	84,261	84,261	-	81,729	81,729
Management Services to The Parks System Trust Fund	18,000	-	18,000	18,000	-	18,000
Miscellaneous Revenue	50,907	-	50,907	-	-	-
Total Operating Revenue	656,797	1,744,840	2,401,637	2,479,655	2,165,159	4,644,814
Net Assets Released From Restriction	7,678,647	(7,678,647)	-	1,503,602	(1,503,602)	-
Expenditures						
Payroll & Payroll Taxes	338,648	-	338,648	308,858	-	308,858
Employee Benefits	60,631	-	60,631	60,937	-	60,937
Interest Expense	-	-	-	10,591	-	10,591
Independent Contractor	18,836	-	18,836	12,240	-	12,240
Office Expenses	23,846	-	23,846	41,037	-	41,037
Development	44,384	-	44,384	73,218	-	73,218
Marketing	5,727	-	5,727	26,172	-	26,172
Travel and Training	10,182	-	10,182	10,675	-	10,675
Rent, Utilities, Information Technology and Finance	9,000	-	9,000	9,000	-	9,000
Insurance and Fire Service Fees	19,662	-	19,662	20,622	-	20,622
Bank, Credit Card and NIP Fees	20,219	-	20,219	12,962	-	12,962
Audit and Legal Fees	32,059	-	32,059	29,953	-	29,953
Total Expenditures	583,194	-	583,194	616,265	-	616,265
Net Revenue from Operations	7,752,250	(5,933,807)	1,818,443	3,366,992	661,557	4,028,549
Other Revenues and Expenses						
Grants to Wheeling Park Commission	(8,251,404)	-	(8,251,404)	(1,413,931)	-	(1,413,931)
Other Grants	(3,460)	-	(3,460)	(4,125)	-	(4,125)
Design and Architectural Fees	(1,210)	-	(1,210)	(52,265)	-	(52,265)
Change in Value of Split Interest Agreements	-	(90)	(90)	-	(1,473)	(1,473)
Change in Value of Charitable Remainder Trust	-	(73,082)	(73,082)	-	89,821	89,821
Discounts on Contribution and Pledges Receivable	-	-	-	-	(61,340)	(61,340)
Net Gains (Losses) from Sales of Investment Assets	(92,648)	(633)	(93,281)	127,142	551,174	678,316
Unrealized Gains (Losses)	142,086	204,815	346,901	(250,864)	(900,240)	(1,151,104)
Depreciation	(464,768)	-	(464,768)	(464,768)	-	(464,768)
Net Other Revenues and Expenses	(8,671,404)	131,010	(8,540,394)	(2,058,811)	(322,058)	(2,380,869)
Change in Net Assets Before Extraordinary Items	(919,154)	(5,802,797)	(6,721,951)	1,308,181	339,499	1,647,680
Extraordinary Income (Expense)	-	-	-	1,213,470	(661,841)	551,629
Beginning Balance Net Assets	8,879,934	11,948,322	20,828,256	6,358,283	12,270,664	18,628,947
Ending Balance Net Assets	\$ 7,960,780	\$ 6,145,525	\$ 14,106,305	\$ 8,879,934	\$ 11,948,322	\$ 20,828,256

The notes to the consolidated financial statements are an integral part of this statement

Oglebay Foundation, Inc. and Affiliate
Consolidated Statements of Cash Flows
For the Years Ended December 31, 2016 and 2015

	2016	2015
Cash Flows from Operating and Non-Operating Activities:		
Increase (Decrease) in Net Assets	\$ (6,721,951)	\$ 2,199,309
Adjustments to Reconcile Increase (Decrease) in Net Assets to Net Cash Provided (Used) by Operating and Non-Operating Activities:		
Extraordinary Items	-	(551,629)
Depreciation	464,768	464,768
Realized (Gain) Loss on Sale of Investments	(93,281)	(678,316)
Unrealized (Gain) Loss on Sale of Investments	346,901	1,151,104
(Gain) Loss on Other Assets (Annuities, Remainder Trust)	(73,172)	(27,008)
Change in Assets and Liabilities:		
(Increase) Decrease in Receivable	(18,000)	(18,000)
(Increase) Decrease in Prepaids and Other	(11,568)	(830)
(Increase) Decrease in Contributions Receivable	701,154	(563,996)
Increase (Decrease) in Deferred Income and Pledges	(125,000)	(5,068)
Increase (Decrease) in Payables	560,041	15,477
Net Cash Provided by (Used by) Operating and Non-Operating Activities	(4,970,108)	1,985,811
Cash Flows from Investing Activities:		
Proceeds of Investment Securities	4,710,743	-
Purchases of Investment Securities	(392,470)	(1,206,821)
Net Cash Provided by (Used by) Investing Activities	4,318,273	(1,206,821)
Cash Flows from Financing Activities:		
Payments on Long-Term Debt	-	(75,132)
Net Cash Provided by (Used by) Financing Activities	-	(75,132)
Net Increase/(Decrease) in Cash and Cash Equivalents	(651,835)	703,858
Cash and Cash Equivalents - January 1	1,516,492	812,634
Cash and Cash Equivalents - December 31	\$ 864,657	\$ 1,516,492

The notes to the consolidated financial statements are an integral part of this statement

Oglebay Foundation, Inc. and Affiliate
Notes to the Consolidated Financial Statements
For the Years Ended December 31, 2016 and 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization's Activities: The Oglebay Foundation, Inc. ("the Foundation") and Affiliate is a West Virginia non-profit corporation that was created in 1996 for the purpose of promoting the social welfare of the people of Wheeling and Ohio County, West Virginia by developing, maintaining, improving, expanding, enhancing, supporting, preserving, encouraging or sustaining Oglebay Park and Wheeling Park, public parks operated and owned by the Wheeling Park Commission, a public corporation and agency of the City of Wheeling, West Virginia, and their recreational and cultural facilities and activities for use by the general public within Ohio County, West Virginia, and The Parks System Foundation of Wheeling, which is organized for charitable and educational purposes.

Oglebay Foundation, Inc. and Affiliate also serves to supervise, aid, encourage and advise in the maintenance and operation of Oglebay Park, Wheeling Park and their recreational facilities for use by the general public; to acquire hold, improve, preserve, develop and restore facilities and real estate for recreational use purposes by the general public; and to assist nonprofit, tax exempt or public agencies and organizations in the preservation and restoration of recreational facilities in and around Ohio County, West Virginia.

Grants and contributions from the general public fund the purpose of the organization.

Basis of Accounting: Oglebay Foundation, Inc. and Affiliate prepares its financial statements using the accrual basis of accounting and in accordance with accounting principles generally accepted in the United States of America.

Principles of Consolidation: The consolidated financial statements as of December 31, 2016 and 2015 include the accounts of Oglebay Foundation, Inc. and its controlled affiliate, Oglebay Foundation Properties, Inc. It is the policy of the Foundation to eliminate intercompany transactions for purposes of consolidated financial reporting. There were no intercompany transactions during 2016 and 2015. All amounts on the consolidated financial statements relate solely to Oglebay Foundation, Inc. except for the following accounts that relate to Oglebay Foundation Properties, Inc.

Assets	2016	2015
Investments	\$ 554,307	\$ 539,281
Land	1,768,951	1,768,951
Land Improvements	9,052,780	9,052,780
Less: Accumulated Depreciation	(7,266,521)	(6,801,753)
Net Fixed Assets	<u>3,555,210</u>	<u>4,019,978</u>
Total Assets	<u>4,109,517</u>	<u>4,559,259</u>
Liabilities	<u>-</u>	<u>-</u>
Net Assets	<u>\$ 4,109,517</u>	<u>\$ 4,559,259</u>

Oglebay Foundation, Inc. and Affiliate
Notes to the Consolidated Financial Statements
For the Years Ended December 31, 2016 and 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenues	<u>2016</u>	<u>2015</u>
Gas Royalties	\$ 15,026	\$ 106,831
Expenses		
Depreciation	<u>464,768</u>	<u>464,768</u>
Change in Net Assets	<u><u>\$ (449,742)</u></u>	<u><u>\$ (357,937)</u></u>

Net Assets: Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Foundation and changes therein are classified and reported as follows:

Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Foundation and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Foundation or Trustees. Generally, the donors of these assets permit the use of all or part of the income earned on any related investments for general or specific purposes.

Net assets with voluntary designations by the governing board of the organization are considered to be unrestricted under the guidelines of FASB ASC 958-205-45-2.

Concentration of Credit Risk: Financial instruments that potentially subject the Foundation to credit risk include cash on deposit with one financial institution, which was insured for up to \$250,000 by the U.S. Federal Deposit Insurance Corporation. At December 31, 2016 uninsured deposits amounted to \$504,955. Management believes the credit risk related to these deposits is minimal.

Investments: The Foundation accounts for its investments in marketable securities at their stated fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets.

Accounting for Contributions: The Foundation adopted the provisions of FASB ASC 958-30 and FASB ASC 958-605 relative to the recording of split-interest agreements, remainder trusts and pledges.

Statement of Cash Flows: For the purposes of the Statement of Cash Flows, cash equivalents include time deposits, certificates of deposit, and all highly liquid debt instruments with original maturities of three months or less.

Oglebay Foundation, Inc. and Affiliate
Notes to the Consolidated Financial Statements
For the Years Ended December 31, 2016 and 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Public Support: The Foundation accounts for contributions received in accordance with FASB ASC 958-605-25. In accordance with FASB ASC 958-605-25, contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence and/or nature of any donor restrictions.

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received.

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

Fixed Assets: Fixed assets including land, land improvements, and buildings are recorded at acquisition cost or, in the case of contributed assets, at their fair market value at the date of the contribution. Land improvements are depreciated using the straight-line method over 20 years. Oglebay Foundation, Inc. and Affiliate reviews its fixed assets for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Recoverability is measured by a comparison of the carrying amount to the future net undiscounted cash flow expected to be generated by the fixed assets and any estimated proceeds from the eventual disposition of the fixed assets. If the fixed assets are considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount exceeds the fair value of such fixed assets. There were no impairment losses recognized in 2016 and 2015.

Income Taxes: The Foundation is exempt from Federal income taxes under section 501 (c)(3) of the Internal Revenue Code, except for taxes on unrelated business income. Management has analyzed the tax positions taken by the Organization, and has concluded that as of December 31, 2016, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Foundation is subject to routine audits by taxing jurisdictions, however, there are currently no audits for any tax periods in progress. The Foundation's Federal Return of Organization Exempt from Income Tax (Form 990) for the tax years 2013, 2014, and 2015 are subject to examination by the IRS, generally for three years after they were filed.

Agency Funds: The Foundation holds funds restricted for scholarships. These funds are reported as agency funds in the financial statements.

Oglebay Foundation, Inc. and Affiliate
Notes to the Consolidated Financial Statements
For the Years Ended December 31, 2016 and 2015

2. CONTRIBUTIONS RECEIVABLE

Unconditional Promises: Unconditional promises to give are recorded as receivables and revenue when received. The Foundation distinguishes between contributions received for each net asset category in accordance with donor-imposed restrictions. Pledges receivable with due dates extending beyond one year are discounted using a discount rate of 4%. All contributions receivable are believed to be collectible by management. Included in contributions receivable are the following unconditional promises to give:

	<u>2016</u>	<u>2015</u>
Unconditional promise to give before unamortized discount	\$ 528,344	\$ 1,157,322
Less: Unamortized discount	(41,998)	(61,340)
Net unconditional promise to give	<u>\$ 486,346</u>	<u>\$ 1,095,982</u>
Amounts due in:		
Less than one year	\$ 50,000	\$ 60,000
More than one year	\$ 478,344	\$ 1,097,322

Charitable Remainder Trust: Oglebay Foundation, Inc. is the beneficiary of the irrevocable assignment of interest of a charitable remainder unitrust. Oglebay Foundation, Inc. is the sole beneficiary upon the death of the last survivor of the Trustors. The agreement also provides for annual annuity payments to the Trustors. The contribution receivable in remainder trust is stated at the net present value of future cash flows expected to be received from the trust based on terms in effect at each year- end, applicable life expectancy tables, and a discount rate of 4.0%.

3. INVESTMENTS

Investments at December 31, 2016 and 2015 were comprised of the following:

	<u>Cost</u>	<u>Fair Value</u>
December 31, 2016		
Cash and Cash Equivalents	\$ 790,141	\$ 790,141
Equity	4,194,302	4,543,389
Other Assets	3,383,252	3,379,742
Total	<u>\$ 8,367,695</u>	<u>\$ 8,713,272</u>
December 31, 2015		
Cash and Cash Equivalents	\$ 5,998,251	\$ 5,998,251
Equity	4,499,255	4,587,919
Other Assets	2,965,824	2,886,320
Total	<u>\$ 13,463,330</u>	<u>\$ 13,472,490</u>

Oglebay Foundation, Inc. and Affiliate
Notes to the Consolidated Financial Statements
For the Years Ended December 31, 2016 and 2015

4. RESTRICTIONS ON NET ASSETS

Temporarily restricted net assets at December 31, 2016 and 2015 are available for the following:

	<u>2016</u>	<u>2015</u>
Operations and improvements of Oglebay Park and Wheeling Park	\$ 6,145,525	\$ 11,948,322

Net Assets Released from Restriction: Net assets were released from restrictions during the fiscal year ended December 31, 2016 and 2015 by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors.

5. RELATED PARTY

Certain board members of Oglebay Foundation, Inc. are also Trustees of the Parks System Trust Fund of Wheeling and Commissioners of the Wheeling Park Commission. As a result of common management, these entities are considered related parties, as defined by FASB ASC 850-10-50-1. Related party transactions can be summarized as follows:

	<u>2016</u>	<u>2015</u>
Balance at December 31:		
Grants payable to Wheeling Park Commission	\$ 776,708	\$ 221,451
Receivable from the Parks System Trust Fund of Wheeling	36,000	18,000
Total for the year ended December 31:		
Grants to Wheeling Park Commission	8,251,404	1,413,931
Interest payments to the Parks System Trust Fund of Wheeling	-	10,591
Lease payments from Wheeling Park Commission	-	423,409

The Foundation receives a portion of the revenues from certain cottage rentals at Wheeling Park Commission as per donor instruction. The funds are temporarily restricted for the maintenance of the cottages.

6. FUNCTIONAL EXPENSES

Expenses of the Foundation are categorized by functional classification as follows:

	<u>2016</u>	<u>2015</u>
Program	\$ 9,031,897	\$ 3,303,420
Management and General	94,749	111,287
Fundraising	343,843	350,564
Extraordinary Expense	-	661,841
	<u>\$ 9,470,489</u>	<u>\$ 4,427,112</u>

Oglebay Foundation, Inc. and Affiliate
Notes to the Consolidated Financial Statements
For the Years Ended December 31, 2016 and 2015

7. LEASES

Oglebay Foundation, Inc. and Oglebay Foundation Properties, Inc. have each entered into a lease agreement to drill for oil and gas on land owned by the organizations. Each lease agreement commenced October 20, 2009 for a period of five years. At the commencement of the lease, each organization was paid a lump sum for the rights to drill the land over the five year term. These amounts were recorded as deferred income to be amortized over the life of the agreements. As of December 31, 2016, the leases are fully amortized. The terms of the agreements also provide for royalty payments at a rate of 14% of the proceeds from all oil and gas produced and sold from such land. Royalty payments will be recognized as revenue in the year earned.

8. FAIR VALUE MEASUREMENTS

The Foundation reports investments in marketable securities at fair value. Market price observability is impacted by a number of factors, including the type of investment, the characteristics specific to the investment, and the state of the marketplace (including the existence and transparency of transactions between market participants). Investments with readily-available actively quoted prices or for which fair value can be measured from actively-quoted prices in an orderly market will generally have a higher degree of market price observability and a lesser degree of judgment used in measuring fair value.

Investments measured and reported at fair value are classified and disclosed in one of the following categories based on inputs. The fair value hierarchy defines three levels of input, as follows:

Level 1: Valuations based on quoted prices (unadjusted) in an active market that are accessible at the measurement date for identical assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.

Level 2: Valuations based on observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities, quoted prices in inactive markets, or model-derived valuations in which all significant inputs are observable or can be derived principally from or corroborated with observable market data.

Level 3: Valuations based on unobservable inputs are used when little or no market data is available. The fair value hierarchy gives lowest priority to Level 3 inputs.

In determining the fair value, the Foundation utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible in its assessment of fair value.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the determination of which category within the fair value hierarchy is appropriate for any given investment is based on the lowest level of input that is significant to the fair value measurement. The Foundation's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the investment.

Oglebay Foundation, Inc. and Affiliate
Notes to the Consolidated Financial Statements
For the Years Ended December 31, 2016 and 2015

8. FAIR VALUE MEASUREMENTS (continued)

Fair values of assets at December 31, 2016 are as follows:

	Total	(Level 1)	(Level 2)	(Level 3)
Investments:				
Cash and cash equivalents	\$ 790,141	\$ 790,141	\$ -	\$ -
Equities	4,543,389	4,543,389	-	-
Alternative investment assets	3,379,742	3,379,742	-	-
Gift annuity	(1,060)	(1,060)	-	-
Contributions receivable	1,260,011	-	-	1,260,011
Annuity liability	1,874	-	-	1,874
Total	\$ 9,974,097	\$ 8,712,212	\$ -	\$ 1,261,885

Fair values of assets at December 31, 2015 are as follows:

	Total	(Level 1)	(Level 2)	(Level 3)
Investments:				
Cash and cash equivalents	\$ 5,998,251	\$ 5,998,251	\$ -	\$ -
Equities	4,587,919	4,587,919	-	-
Alternative investment assets	2,886,320	2,886,320	-	-
Gift annuity	6,069	6,069	-	-
Contribution receivable	1,961,165	-	-	1,961,165
Annuity liability	7,595	-	-	7,595
Total	\$ 15,447,319	\$ 13,478,559	\$ -	\$ 1,968,760

All assets have been valued using a market approach, with the exception of Level 3 assets. Level 3 assets are valued using the income approach. Fair values for assets in Level 1 are based on unadjusted quoted market prices within active markets. Fair values for assets in Level 2 are based primarily on quoted prices for similar assets in active or inactive markets. Fair values for assets in Level 3 are calculated using assumptions about discounted cash flow and other present value techniques. There were no changes in valuation techniques during the current year.

Fair Value Measurements Using: Significant Unobservable Inputs (Level 3)	Contributions	Annuity
	Receivable	Liability
January 1, 2015	\$ 1,397,169	\$ 15,405
Total gains or losses (realized and unrealized)	(219,900)	-
Purchases, issuances and settlements	755,415	(6,337)
Time value adjustments	28,481	(1,473)
December 31, 2015	1,961,165	7,595
Total gains or losses (realized and unrealized)	89,738	-
Purchases, issuances and settlements	(717,810)	(5,631)
Time value adjustments	(73,082)	(90)
December 31, 2016	<u>\$ 1,260,011</u>	<u>\$ 1,874</u>

Oglebay Foundation, Inc. and Affiliate
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For the Years Ended December 31, 2016 and 2015

9. RETIREMENT PLAN

Oglebay Foundation, Inc. provides a defined contribution retirement plan administered by WesBanco Bank, Inc. covering salaried employees with over one year of continuous service who have attained the age of twenty-one. Effective January 1, 1994, the contribution amount may vary at the discretion of Oglebay Foundation, Inc. ranging from 0% to a maximum of 15% of salaries of covered employees. Contribution amounts for 2016 and 2015 were 6%.

Pension expense reflected on the Statements of Activities amounted to \$8,850 and \$11,693 for the years ended December 31, 2016 and 2015, respectively.

10. SUBSEQUENT EVENTS

Events that occur after the balance sheet date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the balance sheet date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the balance sheet date require disclosure in the accompanying notes.

Management evaluated the activity of the organization through March 17, 2017 (the date the financial statements were available to be issued) and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.