



**OGLEBAY FOUNDATION, INC. AND AFFILIATE**  
**Regular Audit**  
**For the Years Ended December 31, 2018 and 2017**

313 Second St.  
Marietta, OH 45750  
740 373 0056

1907 Grand Central Ave.  
Vienna, WV 26105  
304 422 2203

150 W. Main St., #A  
St. Clairsville, OH 43950  
740 695 1569

1310 Market St., #300  
Wheeling, WV 26003  
304 232 1358

749 Wheeling Ave., #300  
Cambridge, OH 43725  
740 435 3417

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OGLEBAY FOUNDATION, INC. AND AFFILIATE

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313 Second St.  
Marietta, Oh 45750  
740.373.0056

1907 Grand Central Ave.  
Vienna, WV 26105  
304.422.2203

150 West Main St.  
St. Clairsville, OH 43950  
740.695.1569

1310 Market St., Suite 300  
Wheeling, WV 26003  
304.232.1358

749 Wheeling Ave., Suite 300  
Cambridge, OH 43725  
740.435.3417

## INDEPENDENT AUDITOR'S REPORT

April 25, 2019

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, 2018 and 2017, and the related consolidated statements of activities, functional expenses 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 Foundation'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.

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.

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***Auditor's Responsibility (Continued)***

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, 2018 and 2017, 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.

***Emphasis of Matter***

As discussed in Note 1 to the financial statements, in 2018, Oglebay Foundation, Inc. and Affiliate adopted new accounting guidance, ASU 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. Our opinion is not modified with respect to this matter.



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

**Oglebay Foundation, Inc. and Affiliate**  
**Consolidated Statements of Financial Position**  
**As of December 31, 2018 and 2017**

	<b>2018</b>	<b>2017</b>
<b>Assets</b>		
<b>Current Assets:</b>		
<b>Cash &amp; Cash Equivalents</b>	\$ 1,132,904	\$ 652,316
<b>Agency Funds Held - Scholarships - See Note 1</b>	24,249	27,769
<b>Investments at Fair Market Value</b>		
Wesbanco	6,118,251	6,133,415
Bloch WP Golf Endowment Trust	483,784	26,532
Chris Hess Trust	314,677	734,829
Hooff Unrestricted	916,677	1,212,392
Hupp Cottage Endowment Fund	107,716	112,244
OPCA Trust	131,117	139,998
McCamic Endowment	518,052	538,181
<b>Total Investments at Fair Market Value</b>	<b>8,590,274</b>	<b>8,897,591</b>
<b>Merrill Lynch Money Market Account</b>	-	14
<b>Market Value of Annuities (Potter, Henry, Schafer)</b>	4	-
<b>Deposits and Stock in Transit</b>	-	5,127
<b>Due from The Parks System Trust Fund</b>	-	12,000
<b>Current Portion of Contributions Receivable</b>	-	50,000
<b>Prepaid Insurances and Workers Compensation</b>	5,327	-
<b>Miscellaneous Receivable</b>	-	13,200
<b>Total Current Assets</b>	<b>9,752,758</b>	<b>9,658,017</b>
<b>Contributions Receivable, Net of Discounts - See Note 2</b>	<b>704,338</b>	<b>797,526</b>
<b>Fixed Assets</b>		
Land	2,381,451	2,381,451
Land Improvements - Depreciable	9,295,368	9,295,368
Construction in Progress	17,450	-
Accumulated Depreciation	(8,365,832)	(7,901,063)
<b>Total Net Fixed Assets</b>	<b>3,328,437</b>	<b>3,775,756</b>
<b>Total Non-Current Assets</b>	<b>4,032,775</b>	<b>4,573,282</b>
<b>Total Assets</b>	<b>\$ 13,785,533</b>	<b>\$ 14,231,299</b>
<b>Liabilities</b>		
<b>Current Liabilities:</b>		
<b>Payroll Liabilities</b>	\$ 7,166	\$ 6,950
<b>Grants Payable</b>	397,822	280,017
<b>Potter &amp; Schafer Annuities</b>	7	757
<b>Accrued Payroll Expense</b>	154,755	134,388
<b>Due to Agency Fund - Scholarships</b>	24,249	27,767
<b>Current Portion of Deferred Pledge</b>	-	50,000
<b>Total Current Liabilities</b>	<b>583,999</b>	<b>499,879</b>
<b>Total Liabilities</b>	<b>583,999</b>	<b>499,879</b>
<b>Net Assets</b>		
Without Donor Restriction	7,359,644	7,526,466
With Donor Restriction	5,841,890	6,204,954
<b>Total Net Assets</b>	<b>13,201,534</b>	<b>13,731,420</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 13,785,533</b>	<b>\$ 14,231,299</b>

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

<b>Oglebay Foundation, Inc. and Affiliate</b>						
<b>Consolidated Statements of Activities</b>						
<b>For the Years Ended December 31, 2018 and 2017</b>						
	<b>Without Donor Restriction</b>	<b>With Donor Restriction</b>	<b>Total 2018</b>	<b>Without Donor Restriction</b>	<b>With Donor Restriction</b>	<b>Total 2017</b>
<b>Operating Revenue</b>						
Contributions	\$ 593,522	\$ 1,498,230	\$ 2,091,752	\$ 201,313	\$ 1,452,300	\$ 1,653,613
Interest Income	13,493	103,897	117,390	8,904	92,933	101,837
Dividend Income	43,661	198,728	242,389	61,635	336,273	397,908
Total Rental Income	12,000	-	12,000	-	-	-
Natural Gas Income	593,108	-	593,108	471,838	-	471,838
Revenue from Wheeling Park Commission Cottages	-	98,118	98,118	-	67,921	67,921
Management Services to The Parks System Trust Fund	18,000	-	18,000	18,000	-	18,000
<b>Total Operating Revenue</b>	<b>1,273,784</b>	<b>1,898,973</b>	<b>3,172,757</b>	<b>761,690</b>	<b>1,949,427</b>	<b>2,711,117</b>
<b>Net Assets Released From Restriction</b>	<b>1,898,638</b>	<b>(1,898,638)</b>	<b>-</b>	<b>1,948,346</b>	<b>(1,948,346)</b>	<b>-</b>
<b>Expenditures</b>						
Payroll & Payroll Taxes	313,457	-	313,457	348,845	-	348,845
Employee Benefits	59,972	-	59,972	57,166	-	57,166
Interest Expense	-	-	-	2	-	2
Independent Contractor	37,492	-	37,492	26,918	-	26,918
Office Expenses	23,198	-	23,198	42,739	-	42,739
Development	70,948	-	70,948	76,017	-	76,017
Marketing	5,484	-	5,484	9,360	-	9,360
Travel and Training	2,676	-	2,676	7,023	-	7,023
Rent, Utilities, Information Technology and Finance	9,750	-	9,750	8,250	-	8,250
Insurance and Fire Service Fees	25,970	-	25,970	16,311	-	16,311
Bank, Credit Card and NIP Fees	20,464	-	20,464	19,229	-	19,229
Audit and Legal Fees	32,247	-	32,247	33,205	-	33,205
<b>Total Expenditures</b>	<b>601,658</b>	<b>-</b>	<b>601,658</b>	<b>645,065</b>	<b>-</b>	<b>645,065</b>
Net Revenue from Operations	2,570,764	335	2,571,099	2,064,971	1,081	2,066,052
<b>Other Revenues and Expenses</b>						
Grants to Wheeling Park Commission	(2,234,531)	-	(2,234,531)	(2,179,845)	-	(2,179,845)
Other Grants	(4,840)	-	(4,840)	(3,438)	-	(3,438)
Design and Architectural Fees	-	-	-	(1,750)	-	(1,750)
Change in Value of Split Interest Agreements	-	-	-	-	(898)	(898)
Change in Value of Charitable Remainder Trust	-	(93,188)	(93,188)	-	23,861	23,861
Net Gains (Losses) from Sales of Investment Assets	124,526	67,206	191,732	1,505	48,115	49,620
Unrealized Gains (Losses)	(157,973)	(337,417)	(495,390)	149,011	277,453	426,464
Depreciation	(464,768)	-	(464,768)	(464,768)	-	(464,768)
<b>Net Other Revenues and Expenses</b>	<b>(2,737,586)</b>	<b>(363,399)</b>	<b>(3,100,985)</b>	<b>(2,499,285)</b>	<b>348,531</b>	<b>(2,150,754)</b>
<b>Change in Net Assets</b>	<b>(166,822)</b>	<b>(363,064)</b>	<b>(529,886)</b>	<b>(434,314)</b>	<b>349,612</b>	<b>(84,702)</b>
Beginning Balance Net Assets	7,526,466	6,204,954	13,731,420	7,960,780	5,855,342	13,816,122
<b>Ending Balance Net Assets</b>	<b>\$ 7,359,644</b>	<b>\$ 5,841,890</b>	<b>\$ 13,201,534</b>	<b>\$ 7,526,466</b>	<b>\$ 6,204,954</b>	<b>\$ 13,731,420</b>

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

**Oglebay Foundation, Inc. and Affiliate**  
**Consolidated Statement of Functional Expenses**  
**For the Year Ended December 31, 2018**

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Grants to Wheeling Park Commission	\$ 2,234,531	\$ -	\$ -	\$ 2,234,531
Other Grants	4,840	-	-	4,840
Payroll & Payroll Taxes	78,364	78,364	156,729	313,457
Employee Benefits	14,993	14,993	29,986	59,972
Independent Contractor	9,373	9,373	18,746	37,492
Office Expenses	-	17,399	5,800	23,198
Development	17,737	17,737	35,474	70,948
Marketing	1,371	1,371	2,742	5,484
Travel and Training	669	669	1,338	2,676
Rent, Utilities, Information Technology and Finance	2,438	2,438	4,875	9,750
Insurance and Fire Service Fees	-	25,970	-	25,970
Bank, Credit Card and NIP Fees	-	20,464	-	20,464
Audit and Legal Fees	-	32,247	-	32,247
Depreciation	464,768	-	-	464,768
<b>Total Expenses</b>	<b><u>\$ 2,829,084</u></b>	<b><u>\$ 221,024</u></b>	<b><u>\$ 255,689</u></b>	<b><u>\$ 3,305,797</u></b>

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, 2018 and 2017**

	<u>2018</u>	<u>2017</u>
<b>Cash Flows from Operating Activities:</b>		
Increase (Decrease) in Net Assets	\$ (529,886)	\$ (84,702)
Adjustments to Reconcile Increase (Decrease) in Net Assets to		
Cash Provided (Used) by Operating Activities:		
Contributions	(500,000)	-
Grant expenses	835,504	-
Depreciation	464,768	464,768
Realized (Gain) Loss on Sale of Investments	(191,732)	(49,620)
Unrealized (Gain) Loss on Sale of Investments	495,390	(426,464)
(Gain) Loss on Other Assets (Annuities, Remainder Trust)	93,188	(22,963)
Change in Assets and Liabilities:		
(Increase) Decrease in Receivable	12,000	24,000
(Increase) Decrease in Prepaids and Other	7,873	4,246
(Increase) Decrease in Contributions Receivable	143,188	122,302
(Increase) Decrease in Deposits and Stock in Transit	5,127	-
Increase (Decrease) in Deferred Income and Pledges	(50,000)	(50,000)
Increase (Decrease) in Payables	134,120	(479,793)
Net Cash Provided by (Used by) Operating and Non-Operating Activities	<u>919,540</u>	<u>(498,226)</u>
<b>Cash Flows from Investing Activities:</b>		
Purchases of Fixed Assets	(17,450)	-
Proceeds of Investment Securities	14	912,754
Purchases of Investment Securities	(425,036)	(599,100)
Net Cash Provided by (Used by) Investing Activities	<u>(442,472)</u>	<u>313,654</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	477,068	(184,572)
Cash and Cash Equivalents - January 1	<u>680,085</u>	<u>864,657</u>
<b>Cash and Cash Equivalents - December 31</b>	<b><u>\$ 1,157,153</u></b>	<b><u>\$ 680,085</u></b>

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, 2018 and 2017**

**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, 2018 and 2017 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 2018 and 2017. 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.

<b>Assets</b>	<b>2018</b>	<b>2017</b>
Investments	\$ 882,138	\$ 601,231
Land	1,768,951	1,768,951
Land Improvements	9,052,780	9,052,780
Less: Accumulated Depreciation	(8,196,058)	(7,731,289)
Net Fixed Assets	<u>2,625,673</u>	<u>3,090,442</u>
Total Assets	<u>3,507,811</u>	<u>3,691,673</u>
<b>Liabilities</b>	<u>-</u>	<u>-</u>
<b>Net Assets</b>	<u><u>\$ 3,507,811</u></u>	<u><u>\$ 3,691,673</u></u>

**Oglebay Foundation, Inc. and Affiliate**  
**Notes to the Consolidated Financial Statements**  
**For the Years Ended December 31, 2018 and 2017**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

<b>Revenues</b>	<u><b>2018</b></u>	<u><b>2017</b></u>
Gas Royalties	\$ 280,906	\$ 46,924
<b>Expenses</b>		
Depreciation	<u>464,768</u>	<u>464,768</u>
<b>Change in Net Assets</b>	<u><u>\$ (183,862)</u></u>	<u><u>\$ (417,844)</u></u>

**Net Assets:** The Foundation reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restriction and net assets with donor restriction.

Net Assets Without Donor Restriction - Net assets that are not subject to donor-imposed stipulations.

Net Assets With Donor Restriction - Net assets whose use is limited by donor-imposed time and/or purpose restrictions.

Revenues are reported as increases in net assets without donor restriction unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restriction. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of donor restrictions on the net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets. The Foundation has adopted a policy to classify donor restricted contributions as without donor restrictions to the extent that donor restrictions were met in the year the contribution was received.

Net assets with voluntary designations by the governing board of the organization are considered to be without donor restriction 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, 2018 uninsured deposits amounted to \$912,503. 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, 2018 and 2017**

**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 support with donor restriction or without donor restriction 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 2018 and 2017.

**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, 2018, 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 2015, 2016, and 2017 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.

**Accounting Standards Updates:** In 2018, the Foundation adopted *ASU NO. 2016-14 – Not-for-Profit Entities: (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. The main provisions of this update include: presentation of two classes of net assets (reduced from three classes); reporting expenses by both natural and functional classification; reporting investment return net of external and direct internal investment expenses; qualitative information about management of liquidity; quantitative information about financial assets available within one year; and recognition of underwater endowment funds as a reduction in net assets.

As a result of the implementation, what was formerly classified as temporarily restricted net assets and unrestricted net assets are now classified as net assets with donor restriction and net assets without donor restriction, respectively.

**Oglebay Foundation, Inc. and Affiliate**  
**Notes to the Consolidated Financial Statements**  
**For the Years Ended December 31, 2018 and 2017**

**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>2018</u>	<u>2017</u>
Unconditional promise to give before unamortized discount	\$ -	\$ 50,000
Less: Unamortized discount	-	-
Net unconditional promise to give	<u>\$ -</u>	<u>\$ 50,000</u>

Amounts due in:

Less than one year	\$ -	\$ 50,000
More than one year	\$ -	\$ -

**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%. The charitable remainder trust amount for December 31, 2018 and December 31, 2017 was \$704,338 and \$797,526.

**3. INVESTMENTS**

Investments at December 31, 2018 and 2017 were comprised of the following:

	<u>Cost</u>	<u>Fair Value</u>
December 31, 2018		
Cash and Cash Equivalents	\$ 427,167	\$ 427,167
Equity	3,978,963	4,251,652
Other Assets	4,062,519	3,911,455
Total	<u>\$ 8,468,649</u>	<u>\$ 8,590,274</u>
December 31, 2017		
Cash and Cash Equivalents	\$ 217,065	\$ 217,065
Equity	3,920,935	4,947,935
Other Assets	3,608,835	3,732,605
Total	<u>\$ 7,746,835</u>	<u>\$ 8,897,605</u>

**Oglebay Foundation, Inc. and Affiliate**  
**Notes to the Consolidated Financial Statements**  
**For the Years Ended December 31, 2018 and 2017**

**4. RESTRICTIONS ON NET ASSETS**

Net assets with donor restriction at December 31, 2018 and 2017 are available for the following:

	<u>2018</u>	<u>2017</u>
Operations and improvements of Oglebay Park and Wheeling Park	\$ 5,791,890	\$ 6,204,954

**Net Assets Released from Restriction:** Net assets were released from restrictions during the fiscal year ended December 31, 2018 and 2017 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>2018</u>	<u>2017</u>
Balance at December 31:		
Grants payable to Wheeling Park Commission	\$ 397,822	\$ 280,017
Receivable from the Parks System Trust Fund of Wheeling	-	12,000
Total for the year ended December 31:		
Grants to Wheeling Park Commission	2,234,531	2,179,845

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

**6. FUNCTIONAL EXPENSES**

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

	<u>2018</u>	<u>2017</u>
Program	\$ 2,829,084	\$ 2,807,711
Management and General	221,024	107,528
Fundraising	255,689	380,525
	<u>\$ 3,305,797</u>	<u>\$ 3,295,764</u>

Program expenses are those incurred by the Foundation while serving its purpose, providing grants and contributions to support the health and welfare of the citizens of Wheeling. Fundraising expenses are the costs related to activities that involve inducing potential donors to contribute to the Foundation. The remaining expenses that relate to the overall direction of the organization and are not identifiable with a particular program or fundraising have been reported as management and general.

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**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.

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**8. FAIR VALUE MEASUREMENTS (Continued)**

Fair values of assets at December 31, 2018 are as follows:

	Total	(Level 1)	(Level 2)	(Level 3)
Investments:				
Cash and cash equivalents	\$ 427,167	\$ 427,167	\$ -	\$ -
Equities	4,251,652	4,251,652	-	-
Alternative investment assets	3,911,455	3,911,455	-	-
Contributions receivable	704,338	-	-	704,338
Annuity liability	7	-	-	7
Total	<u>\$ 9,294,619</u>	<u>\$ 8,590,274</u>	<u>\$ -</u>	<u>\$ 704,345</u>

Fair values of assets at December 31, 2017 are as follows:

	Total	(Level 1)	(Level 2)	(Level 3)
Investments:				
Cash and cash equivalents	\$ 217,065	\$ 217,065	\$ -	\$ -
Equities	4,947,935	4,947,935	-	-
Alternative investment assets	3,732,604	3,732,604	-	-
Contributions receivable	847,526	-	-	847,526
Annuity liability	757	-	-	757
Total	<u>\$ 9,745,887</u>	<u>\$ 8,897,604</u>	<u>\$ -</u>	<u>\$ 848,283</u>

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 Receivable	Annuity Liability
January 1, 2017	\$ 969,828	\$ 1,874
Total gains or losses (realized and unrealized)	266,322	-
Purchases, issuances and settlements	(412,485)	(219)
Time value adjustments	23,861	(898)
December 31, 2017	847,526	757
Total gains or losses (realized and unrealized)	-	-
Purchases, issuances and settlements	(50,000)	-
Time value adjustments	(93,188)	(750)
December 31, 2018	<u>\$ 704,338</u>	<u>\$ 7</u>

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**9. LIQUIDITY AND AVAILABILITY OF RESOURCES**

The following reflects the Foundation's financial assets as of December 31, 2018, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date. Amounts not available include amounts set aside for long-term investing in endowment funds and annuities.

Financial assets, at year end:

Cash and Cash Equivalents	\$ 1,132,904
Agency Funds Held - Scholarships	24,249
Investments	8,590,274
Market Value of Annuities	4
Deposits and Stock in Transit	5,127
Subtotal Financial assets , at year end	9,752,558

Less those unavailable for general expenditures within one year, due to:

Donor restricted for time or purpose	(5,791,890)
Agency fund cash held for scholarships	(24,249)

Financial assets available within one year to meet cash needs for general expenditures within one year

\$ 3,936,419

The Foundation is substantially supported by restricted contributions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Foundation must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. As part of the Foundation's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

**10. ENDOWMENT FUNDS**

The Foundation maintains two endowment funds established to assist the Oglebay Foundation in its goal of providing capital improvements to the Oglebay Park. The endowments are donor-restricted funds. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Absent explicit donor stipulations to the contrary, the Board of Trustees of the Foundation has interpreted The Uniform Prudent Management of Institutional Funds Act (UPMIFA), as adopted in West Virginia, as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds. As a result of this interpretation, the Foundation retains in perpetuity and classifies as net assets with donor restrictions (1) the original value of gifts donated to the perpetual endowment, (2) the original value of subsequent gifts to the perpetual endowment, and (3) accumulations to the perpetual 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 fund that is not retained in perpetuity are subject to appropriation for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Foundation, and (7) the Foundation's investment policies.



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**10. ENDOWMENT FUNDS (Continued)**

*Investment Return Objectives, Risk Parameters and Strategies.* The Foundation has adopted investment and spending policies, approved by the Board of Trustees, for endowment assets. Those policies attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk. Endowment assets are invested in a well-diversified asset mix, which includes equity and debt securities. The Foundation expects its endowment assets, over time, to produce an average rate of return of approximately 8% annually. Actual returns in any given year may vary from this amount. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to prevent exposing the fund to unacceptable levels of risk.

*Spending Policy.* The Foundation has a policy of appropriating for distribution each year 4% of its endowment fund's average fair value of the prior 12 quarters through the calendar year-end preceding the fiscal year in which the distribution is planned. In establishing this policy, the Foundation considered the long-term expected return on its investment assets, the nature and duration of the individual endowment funds, many of which must be maintained in perpetuity because of donor-restrictions, and the possible effects of inflation. The Foundation expects the current spending policy to allow its endowment funds to grow at an average rate of 4% annually. This is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets as well as to provide additional real growth through new gifts and investment return.

From time to time, certain donor-restricted endowment funds may have fair values that are less than the amount required to be maintained by donors or by law (underwater endowments). The Foundation has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. At December 31, 2018 and 2017, the Foundation did not have any underwater endowment funds.

Endowment funds with donor restrictions as of December 31, 2018 and 2017, are \$1,001,836 and \$564,713, respectively.

**11. 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 2018 and 2017 were 6%.

Pension expense reflected on the Statements of Activities amounted to \$17,326 and \$19,580 for the years ended December 31, 2018 and 2017, respectively.

**12. 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 April 25, 2019 (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.