

**FINANCIAL STATEMENTS**

**ENO TRANSPORTATION FOUNDATION, INC.**

**FOR THE YEAR ENDED DECEMBER 31, 2016  
WITH SUMMARIZED FINANCIAL  
INFORMATION FOR 2015**

**ENO TRANSPORTATION FOUNDATION, INC.**

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**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
Eno Transportation Foundation, Inc.  
Washington, D.C.

We have audited the accompanying financial statements of the Eno Transportation Foundation, Inc. (the Foundation), which comprise the statement of financial position as of December 31, 2016, and the related statements of activities and change in net assets and cash flows for the year 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of December 31, 2016, and the change in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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## Report on Summarized Comparative Information

The prior year summarized comparative information has been derived from the Foundation's 2015 financial statements, which were audited by other auditors and, in their report dated March 11, 2016, they expressed an unmodified opinion on those statements.

### Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Functional Expenses on page 16 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

A handwritten signature in cursive script that reads "Gelman Rosenberg & Friedman".

March 2, 2017

## ENO TRANSPORTATION FOUNDATION, INC.

**STATEMENT OF FINANCIAL POSITION  
AS OF DECEMBER 31, 2016  
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2015**

**ASSETS**

	<u>2016</u>	<u>2015</u>
Cash and cash equivalents	\$ 170,127	\$ 228,954
Investments	6,307,936	6,564,445
Accounts receivable	58,955	80,630
Grants and contributions receivable	298,992	193,333
Inventory	3,000	3,000
Prepaid expenses	21,133	23,383
Deposits	25,804	25,804
Furniture, equipment and leasehold improvements, net of accumulated depreciation and amortization of \$57,459 and \$45,858	<u>14,655</u>	<u>26,256</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 6,900,602</u></b>	<b><u>\$ 7,145,805</u></b>

**LIABILITIES AND NET ASSETS****LIABILITIES**

Accounts payable and accrued expenses	\$ 111,990	\$ 116,652
Deferred revenue	140,819	152,165
Security deposit	12,564	12,561
Lease obligation	144,804	279,309
Deferred rent	<u>13,607</u>	<u>20,116</u>
Total liabilities	<u>423,784</u>	<u>580,803</u>

**NET ASSETS**

Unrestricted:		
Undesignated	(35,612)	(191,510)
Board-designated	<u>5,856,559</u>	<u>6,140,759</u>
Total unrestricted net assets	<u>5,820,947</u>	<u>5,949,249</u>
Temporarily restricted	341,795	316,653
Permanently restricted	<u>314,076</u>	<u>299,100</u>
Total net assets	<u>6,476,818</u>	<u>6,565,002</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 6,900,602</u></b>	<b><u>\$ 7,145,805</u></b>

## ENO TRANSPORTATION FOUNDATION, INC.

**STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2016  
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2015**

	2016			2015	
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Total
<b>OPERATING REVENUE</b>					
Contributions	\$ 717,019	\$ -	\$ 14,976	\$ 731,995	\$ 535,345
Registration fees	414,991	-	-	414,991	415,656
Contract revenue	277,868	-	-	277,868	317,386
Grants	-	343,500	-	343,500	205,000
Publications	60,899	-	-	60,899	171,398
Other income	470	-	-	470	1,685
Net assets released from donor restrictions	<u>337,206</u>	<u>(337,206)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total operating revenue	<u>1,808,453</u>	<u>6,294</u>	<u>14,976</u>	<u>1,829,723</u>	<u>1,646,470</u>
<b>OPERATING EXPENSES</b>					
Program services:					
Policy	973,406	-	-	973,406	986,685
Leadership development	<u>726,339</u>	<u>-</u>	<u>-</u>	<u>726,339</u>	<u>620,518</u>
Total program services	<u>1,699,745</u>	<u>-</u>	<u>-</u>	<u>1,699,745</u>	<u>1,607,203</u>
Supporting services:					
Management and general	620,858	-	-	620,858	530,679
Fundraising	<u>96,190</u>	<u>-</u>	<u>-</u>	<u>96,190</u>	<u>251,181</u>
Total supporting services	<u>717,048</u>	<u>-</u>	<u>-</u>	<u>717,048</u>	<u>781,860</u>
Total operating expenses	<u>2,416,793</u>	<u>-</u>	<u>-</u>	<u>2,416,793</u>	<u>2,389,063</u>
Change in net assets before nonoperating activities	<u>(608,340)</u>	<u>6,294</u>	<u>14,976</u>	<u>(587,070)</u>	<u>(742,593)</u>
<b>NONOPERATING ACTIVITIES</b>					
Investment income (loss), net	480,038	18,848	-	498,886	(146,868)
Executive search fees	-	-	-	-	(55,833)
Inventory impairment loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(108,516)</u>
Total nonoperating activities	<u>480,038</u>	<u>18,848</u>	<u>-</u>	<u>498,886</u>	<u>(311,217)</u>
Change in net assets	(128,302)	25,142	14,976	(88,184)	(1,053,810)
Net assets at beginning of year	<u>5,949,249</u>	<u>316,653</u>	<u>299,100</u>	<u>6,565,002</u>	<u>7,618,812</u>
<b>NET ASSETS AT END OF YEAR</b>	<b><u>\$ 5,820,947</u></b>	<b><u>\$ 341,795</u></b>	<b><u>\$ 314,076</u></b>	<b><u>\$ 6,476,818</u></b>	<b><u>\$ 6,565,002</u></b>

See accompanying notes to financial statements.

## ENO TRANSPORTATION FOUNDATION, INC.

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2016  
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2015**

	<u>2016</u>	<u>2015</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (88,184)	\$ (1,053,810)
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation and amortization	11,601	11,793
Net realized and unrealized (gain) loss	(373,021)	416,288
Inventory impairment loss	-	108,516
Change in the value of split-interest agreement	-	(12)
Proceeds from beneficial interest in remainder trust	-	29,745
(Increase) decrease in:		
Accounts receivable	21,675	(48,160)
Grants and contributions receivable	(105,659)	71,667
Accrued investment income	-	15,788
Inventory	-	8,572
Prepaid expenses	2,250	(12,215)
Increase (decrease) in:		
Accounts payable and accrued expenses	(4,662)	(7,026)
Deferred revenue	(11,346)	152,165
Security deposit	3	4
Lease obligation	(134,505)	(104,294)
Deferred rent abatement	<u>(6,509)</u>	<u>(3,474)</u>
Net cash used by operating activities	<u>(688,357)</u>	<u>(414,453)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	-	(2,944)
Purchase of investments	(8,327,819)	(2,132,065)
Proceeds from sale of investments	<u>8,957,349</u>	<u>2,497,201</u>
Net cash provided by investing activities	<u>629,530</u>	<u>362,192</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from line of credit	-	50,000
Payments on line of credit	<u>-</u>	<u>(50,000)</u>
Net cash provided by financing activities	<u>-</u>	<u>-</u>
Net decrease in cash and cash equivalents	(58,827)	(52,261)
Cash and cash equivalents at beginning of year	<u>228,954</u>	<u>281,215</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b><u>\$ 170,127</u></b>	<b><u>\$ 228,954</u></b>
<b>SCHEDULE OF NONCASH INVESTING AND FINANCING TRANSACTIONS</b>		
<b>Donated Securities</b>	<b><u>\$ 9,976</u></b>	<b><u>\$ -</u></b>

See accompanying notes to financial statements.

**ENO TRANSPORTATION FOUNDATION, INC.**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION**

Organization -

The Eno Transportation Foundation, Inc. (the Foundation) was incorporated under the laws of Connecticut on April 21, 1921. The Foundation was formed to seek continuous improvement in transportation and its public and private leadership in order to increase the transportation system's mobility, safety and sustainability. These activities are funded primarily from program-related revenue, derived from receipt of tuition from participants in the Foundation's leadership courses and consulting contracts, as well as contributions and grants from individuals and corporations.

Basis of presentation -

The accompanying financial statements are presented on the accrual basis of accounting, and in accordance with FASB ASC 958, *Not-for-Profit Entities*.

The financial statements include certain prior year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Foundation's financial statements for the year ended December 31, 2015, from which the summarized information was derived.

Cash and cash equivalents -

The Foundation considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents.

Bank deposit accounts are insured by the Federal Deposit Insurance Corporation ("FDIC") up to a limit of \$250,000. At times during the year the Foundation maintains cash balances in excess of the FDIC insurance limits. Management believes the risk in these situations to be minimal.

Investments -

Investments are recorded at their readily determinable fair value. Realized and unrealized gains and losses are included in investment income in the Statement of Activities and Change in Net Assets.

Investments acquired by gift are recorded at their fair value at the date of the gift. The Foundation's policy is to liquidate all gifts of investments as soon as possible after receipt.

Accounts receivable and grants and contributions receivable -

Accounts receivable and grants and contributions receivable approximate fair value. Management considers all amounts to be fully collectible. Accordingly, an allowance for doubtful accounts has not been established.

Fixed assets -

Fixed assets in excess of \$1,000 are capitalized and stated at cost. Fixed assets are depreciated on a straight-line basis over the estimated useful lives of the related assets, generally three to seven years. Leasehold improvements are amortized over the remaining life of the lease.

ENO TRANSPORTATION FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION**  
(Continued)

Fixed assets (continued) -

The cost of maintenance and repairs is recorded as expenses are incurred. Depreciation and amortization expense for the year ended December 31, 2016 totaled \$11,601.

Income taxes -

The Foundation is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code and has been classified as an exempt private operation foundation, as described in Section 4940(d)(2) of the IRC. As an exempt private operating foundation, the Foundation is not subject to an excise tax on its net investment income. Accordingly, no provision for income taxes has been made in the accompanying financial statements.

Uncertain tax positions -

For the year ended December 31, 2016, the Foundation has documented its consideration of FASB ASC 740-10, *Income Taxes*, that provides guidance for reporting uncertainty in income taxes and has determined that no material uncertain tax positions qualify for either recognition or disclosure in the financial statements.

Inventory -

Inventory consists principally of professional publications held for sale, which are recorded at the lower of cost or market value using the weighted-average method of accounting.

Net asset classification -

The net assets are reported in three self-balancing groups as follows:

- **Unrestricted net assets** include unrestricted revenue and contributions received without donor-imposed restrictions. These net assets are available for the operation of the Foundation and include both internally designated and undesignated resources.
- **Temporarily restricted net assets** include revenue and contributions subject to donor-imposed stipulations that will be met by the 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 and Change in Net Assets as net assets released from restrictions.
- **Permanently restricted net assets** represent funds restricted by the donor to be maintained in perpetuity by the Foundation. There are restrictions placed on the use of investment earnings from these endowment funds.

Revenue recognition -

Unrestricted and temporarily restricted contributions and grants are recorded as revenue in the year notification is received from the donor. Temporarily restricted contributions and grants are recognized as unrestricted support only to the extent of actual expenses incurred in compliance with the donor-imposed restrictions and satisfaction of time restrictions.

**ENO TRANSPORTATION FOUNDATION, INC.**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION  
(Continued)**

Revenue recognition (continued) -

Such funds in excess of expenses incurred are shown as temporarily restricted net assets in the accompanying financial statements.

In accordance with ASC 606, the Foundation recognizes revenue received for membership dues by bifurcating the amounts paid in excess of the actual benefits received by the members as unrestricted contributions in the accompanying statement of activities and change in net assets.

Amounts received that correspond to the value of actual benefits received by the members, which primarily consists of an annual subscription to the *Eno Transportation Weekly*, are recognized as publication revenue in the accompanying statement of activities during the period in which the benefits are provided. Accordingly, such portions of the dues paid by members in advance of the period to which the benefits pertain are reflected in the accompanying statement of financial position as deferred revenue.

Contract revenue is recognized when services are provided or a specified task is complete. Registration fees for seminars and courses are recognized in the period in which the seminar or course takes place.

Use of estimates -

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Functional allocation of expenses -

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Activities and Change in Net Assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Risks and uncertainties -

The Foundation invests in various investment securities. Investment securities are exposed to various risks such as interest rates, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the accompanying financial statements.

Fair value measurement -

The Foundation adopted the provisions of FASB ASC 820, *Fair Value Measurement*. FASB ASC 820 defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs (assumptions that market participants would use in pricing assets and liabilities, including assumptions about risk) used to measure fair value, and enhances disclosure requirements for fair value measurements. The Foundation accounts for a significant portion of its financial instruments at fair value or considers fair value in their measurement.

**ENO TRANSPORTATION FOUNDATION, INC.**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION  
(Continued)**

Reclassification -

Certain amounts in the prior year's financial statements have been reclassified to conform to the current year's presentation. These reclassifications had no effect on the previously reported changes in net assets.

**2. INVESTMENTS**

Investments consisted of the following at December 31, 2016:

	<b>Fair Value</b>
Cash and insured deposit accounts	\$ 51,728
Exchange traded funds:	
Large blend	3,689,072
Mid cap growth	358,103
Small growth	371,303
Bond funds	1,837,730
	<b>\$ 6,307,936</b>

Included in investment income are the following:

Interest and dividends	\$ 125,865
Net realized and unrealized gain	373,021
<b>TOTAL INVESTMENT INCOME</b>	<b>\$ 498,886</b>

**3. FIXED ASSETS**

Fixed assets consisted of the following at December 31, 2016:

Furniture and equipment	\$ 56,719
Leasehold improvements	15,395
Total Fixed assets	72,114
Less: Accumulated depreciation and amortization	(57,459)
<b>NET FIXED ASSETS</b>	<b>\$ 14,655</b>

**4. TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets consisted of the following at December 31, 2016:

General operating and transportation workforce initiatives	\$ 146,875
Educational scholarships	135,516
Transit contracting project	51,845
Metropolitan planning organization technical assistance	7,559
	<b>\$ 341,795</b>

**ENO TRANSPORTATION FOUNDATION, INC.**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

**4. TEMPORARILY RESTRICTED NET ASSETS (Continued)**

The following temporarily restricted net assets were released from donor restrictions by incurring expenses (or through the passage of time) which satisfied the restricted purposes specified by the donors:

Digital Cities	\$	279,578
Transit contracting project		33,333
Transit leadership seminars		8,155
Educational scholarships		6,922
GAR - leadership development conference scholarships, O'Bryant - summer fellowship		5,152
General operating and transportation workforce initiatives		3,125
Metropolitan planning organization technical assistance		<u>941</u>
	<b>\$</b>	<b><u>337,206</u></b>

**5. LEASE COMMITMENTS**

The Foundation leases office space under a ten-year noncancelable agreement that expires in February 2018. Under the terms of the lease, the base rent is subject to annual increases of 2.5% and the Foundation is required to pay its proportionate share of any increases in real estate taxes and operating expenses of the building. In addition, the lessor provided the Foundation with a two-month rent abatement at the start of the lease term.

In May 2013, the Foundation entered into a noncancelable operating sublease for this office space. The sublease became effective May 1, 2013 and expires in February 2018 in conjunction with the office lease. The base rent is subject to annual increases of 4%.

During 2013, the Foundation exited the property and therefore in accordance with generally accepted accounting principles, the Foundation was required to recognize the costs to exit its existing lease agreement as a loss, including the costs that will continue to be incurred under the lease agreement, net of any sublease income and discounted to the present value. The liability for the loss is included as lease obligation in the accompanying Statement of Financial Position.

The following is a schedule of the future minimum lease payments required under this operating lease and sublease income:

<u>Year Ending December 31,</u>	<u>Rent Payments</u>	<u>Sublease Income</u>	<u>Net</u>
2017	\$ 300,007	\$ (174,477)	\$ 125,530
2018	<u>50,205</u>	<u>(29,362)</u>	<u>20,843</u>
	<b><u>\$ 350,212</u></b>	<b><u>\$ (203,839)</u></b>	146,373
Less: Present Value Discount			<u>(1,569)</u>
<b>LEASE OBLIGATION AT DECEMBER 31, 2016</b>			<b>\$ <u>144,804</u></b>

**ENO TRANSPORTATION FOUNDATION, INC.**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

**5. LEASE COMMITMENTS (Continued)**

In June 2013, the Foundation entered into a noncancelable operating lease for new office space in Washington, DC, through April 2018. Under the terms of the lease, the base rent is subject to annual increases of 4% and the Foundation is required to pay its share of real estate taxes. In addition, the lessor provided the Foundation with a four-month rent abatement starting at the first full month after the start of the lease term.

Accounting principles generally accepted in the United States of America require that the total rent commitment should be recognized on a straight-line basis over the term of the lease. Accordingly, the difference between the actual monthly payments and the rent expense being recognized for financial statement purposes is recorded as a deferred rent liability on the Statement of Financial Position.

The following is a schedule of the future minimum lease payments:

<u>Year Ending December 31,</u>	
2017	\$ 82,070
2018	<u>28,077</u>
	<u>\$ 110,147</u>

Rent expense for the year ended December 31, 2016 was \$83,267. The deferred rent liability was \$13,607.

**6. RETIREMENT PLAN**

The Foundation maintains a defined contribution retirement plan covering substantially all full-time employees. The Foundation makes contributions on behalf of eligible employees at the rate of 5% of each employee's compensation. In addition, employees may elect to defer and contribute to the plan a portion of their compensation in amounts up to the maximum permitted by law. Contributions to the plan during the year ended December 31, 2016 totaled \$28,053.

**7. FAIR VALUE MEASUREMENT**

In accordance with FASB ASC 820, *Fair Value Measurement*, the Foundation has categorized its financial instruments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument. Investments recorded in the Statement of Financial Position are categorized based on the inputs to valuation techniques as follows:

**Level 1.** These are investments where values are based on unadjusted quoted prices for identical assets in an active market the Foundation has the ability to access.

**Level 2.** These are investments where values are based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, or model-based valuation techniques that utilize inputs that are observable either directly or indirectly for substantially the full-term of the investments.

**ENO TRANSPORTATION FOUNDATION, INC.**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

**7. FAIR VALUE MEASUREMENT (Continued)**

**Level 3.** These are investments where inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Following is a description of the valuation methodology used for investments measured at fair value. There have been no changes in the methodologies used at December 31, 2016.

- *Cash and insured deposit accounts* - The fair value is equal to the reported net asset value of the fund.
- *Exchange traded funds* - The fair value is equal to the reported net asset value of the fund, which is the price at which additional shares can be obtained.

The table below summarizes, by level within the fair value hierarchy, the Foundation's investments as of December 31, 2016:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>Asset Class:</b>				
Cash and insured deposit accounts	\$ 51,728	\$ -	\$ -	\$ 51,728
Exchange traded funds:				
Large blend	3,689,072	-	-	3,689,072
Mid cap growth	358,103	-	-	358,103
Small growth	371,303	-	-	371,303
Bond funds	1,837,730	-	-	1,837,730
<b>TOTAL</b>	<b>\$ 6,307,936</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 6,307,936</b>

**8. ENDOWMENT**

The Foundation's endowments consists of a board-restricted quasi-endowment fund and two donor-restricted endowment funds. The purpose of the board-restricted quasi-endowment fund is to prudently invest the principal from the founder's bequest to ensure the Foundation's long-term financial viability, while providing support for the Foundation's current operations. The purpose of the first donor-restricted endowment fund is to support student attendance at the Leadership Development Conference. The purpose of the second donor-restricted endowment fund is to support a summer fellowship program at the Foundation.

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 Board of Directors has interpreted the Uniform Prudent Management of Institutional Funds Act (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. As a result of this interpretation, the Foundation classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) 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 fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

**ENO TRANSPORTATION FOUNDATION, INC.**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

**8. ENDOWMENT (Continued)**

In accordance with UPMIFA, the organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund;
- The purpose of the organization and the donor-restricted endowment fund;
- General economic conditions and the possible effect of inflation and deflation;
- The expected total return from income and the appreciation of investments; and
- Investment policies of the organization.

Endowment net asset composition by type of fund as of December 31, 2016:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Board-Designated Endowment Funds	\$ 5,856,559	\$ -	\$ -	\$ 5,856,559
Donor-Restricted Endowment Funds	<u>(12,617)</u>	<u>-</u>	<u>314,076</u>	<u>301,459</u>
<b>TOTAL FUNDS</b>	<b><u>\$ 5,843,942</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 314,076</u></b>	<b><u>\$ 6,158,018</u></b>

Changes in endowment net assets for the year ended December 31, 2016:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 6,122,201	\$ -	\$ 299,100	\$ 6,421,301
Investment return:				
Investment income	123,099	-	-	123,099
Net appreciation (realized and unrealized)	<u>356,939</u>	<u>5,152</u>	<u>-</u>	<u>362,091</u>
Total investment return	480,038	5,152	-	485,190
Contributions	-	-	14,976	14,976
Appropriation of endowment assets for expenditure	<u>(758,297)</u>	<u>(5,152)</u>	<u>-</u>	<u>(763,449)</u>
<b>ENDOWMENT NET ASSETS, END OF YEAR</b>	<b><u>\$ 5,843,942</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 314,076</u></b>	<b><u>\$ 6,158,018</u></b>

ENO TRANSPORTATION FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016

8. **ENDOWMENT (Continued)**

Description of amounts classified as permanently restricted net assets and temporarily restricted net assets (Endowment only):

**Permanently Restricted Net Assets:**

(1) The portion of perpetual endowment funds that is required to be retained permanently either by explicit donor stipulation or by UPMIFA \$ 314,076

**Total Endowment Funds Classified as Permanently Restricted Net Assets** **\$ 314,076**

Funds with Deficiencies -

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the organization to retain as fund of perpetual duration. In accordance with GAAP, deficiencies of this nature that are reported in unrestricted net assets were \$12,617 of December 31, 2016. These deficiencies resulted from unfavorable market fluctuations which occurred after the investment of permanently restricted contributions and continued appropriations for certain programs that was deemed prudent by the Board of Directors.

Return Objectives and Risk Parameters -

The Foundation has adopted an investment policy that attempts to provide for long-term growth of capital without undue exposure to risk. Endowment assets include those assets of donor-restricted funds that the organization must hold in perpetuity. Under this policy, the endowment assets are invested in funds to achieve growth in principal value and income over time sufficient to preserve or increase the purchasing power of the funds, thus protecting the funds against inflation. Actual returns in any given year may vary.

Strategies Employed for Achieving Objectives -

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy -

The Foundation has a policy of appropriating for distribution each year 5 % of its endowment fund's average fair value over 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 endowment. Accordingly, over the long-term, the Foundation's goal is that the current spending policy will allow its endowment to grow at an average of 7% annually. This is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

9. **SUBSEQUENT EVENTS**

In preparing these financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through March 2, 2017, the date the financial statements were issued.

## **SUPPLEMENTAL INFORMATION**

## ENO TRANSPORTATION FOUNDATION, INC.

**SCHEDULE OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2016  
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2015**

	2016						2015	
	Program Services			Supporting Services			Total Expenses	Total Expenses
	Policy	Leadership Development	Total Program Services	Management and General	Fundraising	Total Supporting Services		
Wages	\$ 469,499	\$ 111,876	\$ 581,375	\$ 379,410	\$ 31,225	\$ 410,635	\$ 992,010	\$ 873,886
Consulting	151,002	318,304	469,306	48,137	48,593	96,730	566,036	652,313
Meetings	104,311	180,837	285,148	22,861	2,356	25,217	310,365	333,581
Employee Benefits	59,222	14,112	73,334	47,859	3,939	51,798	125,132	111,369
Occupancy	37,516	8,940	46,456	34,317	2,495	36,812	83,268	83,633
Travel	51,189	50,441	101,630	10,146	1,086	11,232	112,862	70,062
Payroll taxes	33,740	8,040	41,780	27,266	2,244	29,510	71,290	59,628
Printing and publications	10,380	7,676	18,056	6,254	515	6,769	24,825	34,815
Memberships and subscriptions	12,934	3,082	16,016	10,452	860	11,312	27,328	31,214
Portfolio management fees	-	-	-	-	-	-	-	24,948
Insurance	8,512	2,028	10,540	6,879	566	7,445	17,985	18,301
Office supplies and expenses	7,165	5,813	12,978	5,747	473	6,220	19,198	17,659
Telephone	7,239	1,719	8,958	5,831	480	6,311	15,269	14,410
Depreciation and amortization	5,490	1,308	6,798	4,437	365	4,802	11,600	11,793
Service charges	4,982	1,187	6,169	4,026	331	4,357	10,526	11,299
Cost of goods sold	2,711	513	3,224	1,738	143	1,881	5,105	10,902
Miscellaneous	476	6,636	7,112	327	94	421	7,533	9,715
Postage and delivery	1,666	2,547	4,213	831	68	899	5,112	7,856
Donation expense	3,550	846	4,396	2,868	236	3,104	7,500	7,500
Equipment repairs and rentals	1,822	434	2,256	1,472	121	1,593	3,849	4,179
<b>TOTAL</b>	<b>\$ 973,406</b>	<b>\$ 726,339</b>	<b>\$1,699,745</b>	<b>\$ 620,858</b>	<b>\$ 96,190</b>	<b>\$ 717,048</b>	<b>\$2,416,793</b>	<b>\$2,389,063</b>