

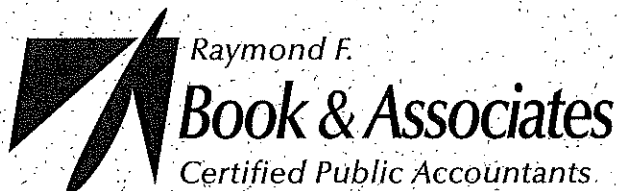
THE GREATER LEWES FOUNDATION

FINANCIAL STATEMENTS

DECEMBER 31, 2018 AND 2017

THE GREATER LEWES FOUNDATION
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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors
The Greater Lewes Foundation
PO Box 110
Lewes, DE 19958

We have reviewed the accompanying financial statements of The Greater Lewes Foundation (a nonprofit organization), which comprise the statement of financial position as of December 31, 2018 and 2017, and the related statements of activities, functional expenses and cash flows for the years then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of organization management. A review is substantially less in scope than an audit, the objective of which is the expression of any opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accrual basis of accounting and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement whether due to fraud or error.

Accountant's Responsibility

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Committee of the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accrual basis of accounting. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

Based on our review we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with the accrual basis of accounting.

Basis of Accounting

Our review was made primarily for the purpose of expressing a conclusion that there are no material modifications that should be made to the financial statements in order for them to be in conformity with the accrual basis of accounting, as described in Note 2.

Raymond F. Book & Associates, P.A.
RAYMOND F. BOOK & ASSOCIATES, P.A.
CERTIFIED PUBLIC ACCOUNTANTS

July 31, 2019
Lewes, Delaware

THE GREATER LEWES FOUNDATION
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2018 AND 2017

	2018	2017
<u>ASSETS</u>		
<u>Current Assets</u>		
Checking Account	\$ 462,910	\$ 687,747
Money Market Accounts	97,159	97,024
Less: Donor Restricted Cash	(509,874)	(692,947)
<u>Total Current Assets</u>	50,195	91,824
<u>Property & Equipment</u>	-	-
<u>Other Assets</u>		
DCF Endowment Funds		
Endowment Fund	50,778	61,325
Non-Profit Agency Fund	120,874	140,133
Other Funds	508,582	490,095
Donor Restricted Cash	509,874	692,947
<u>Total Other Assets</u>	1,190,108	1,384,500
<u>Total Assets</u>	\$ 1,240,303	\$ 1,476,324
<u>LIABILITIES AND NET ASSETS</u>		
<u>Liabilities</u>		
Agency Fund	120,874	140,133
FMHA Fund	141,607	464,696
<u>Total Liabilities</u>	\$ 262,481	\$ 604,829
<u>Net Assets</u>		
Without Donor Restrictions	890,981	784,654
With Donor Restrictions	86,841	86,841
<u>Total Net Assets</u>	977,822	871,495
<u>Total Liabilities and Net Assets</u>	\$ 1,240,303	\$ 1,476,324

SEE INDEPENDENT
ACCOUNTANTS' REVIEW REPORT

THE GREATER LEWES FOUNDATION
STATEMENT OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	<u>Without Donor</u>	<u>With Donor</u>	<u>2018</u>	<u>2017</u>
	<u>Restrictions</u>	<u>Restrictions</u>	<u>Total</u>	<u>Total</u>
<u>Operating Revenues, Gains, and Other Support</u>				
Grants/Donations - Cash	\$ 453,279	\$ -	\$ 453,279	\$ 409,764
Events	170,160	-	170,160	156,850
Interest	135	-	135	114
Investment Gains / (Losses)	(39,930)	-	(39,930)	73,404
Management Fees	22,633	-	22,633	22,760
Membership Dues	11,682	-	11,682	11,520
<u>Total Operating Revenues, Gains, and Other Support</u>	<u>617,959</u>	<u>-</u>	<u>617,959</u>	<u>674,412</u>
<u>Operating Expenses</u>				
Program Services	263,159	-	263,159	265,197
Support Services				
Management and General	73,918	-	73,918	66,051
Fundraising				
Development	23,797	-	23,797	16,843
Events	150,758	-	150,758	142,261
<u>Total Operating Expenses</u>	<u>511,632</u>	<u>-</u>	<u>511,632</u>	<u>490,352</u>
<u>Change in Net Assets from Operations</u>	<u>106,327</u>	<u>-</u>	<u>106,327</u>	<u>184,060</u>
<u>Increase/(Decrease) In Net Assets</u>	<u>106,327</u>	<u>-</u>	<u>106,327</u>	<u>184,060</u>
<u>Net Assets at Beginning of Year</u>	<u>784,654</u>	<u>86,841</u>	<u>871,495</u>	<u>687,435</u>
<u>Net Assets at End of Year</u>	<u>\$ 890,981</u>	<u>\$ 86,841</u>	<u>\$ 977,822</u>	<u>\$ 871,495</u>

SEE INDEPENDENT ACCOUNTANTS' REVIEW REPORT

THE GREATER LEWES FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	Program Services	Management and General	Fundraising	2018 Total	2017 Total
Expenses					
Advertising	\$ 3,773	\$ -	\$ -	\$ 3,773	\$ 845
Events	-	-	150,758	150,758	142,261
Bank Service Charges/Credit Card Fees	-	92	1,215	1,307	236
Cash Donations - Canal Front Project	7,341	-	-	7,341	34,953
Cash Donations - Other Charities	210,537	-	-	210,537	194,678
Consulting Services	15,344	51,573	4,513	71,430	61,798
Dues and Subscriptions	225	-	-	225	225
Fundraising Expenses	-	-	17,213	17,213	10,376
Insurance	4,843	751	-	5,594	4,912
Management Fees	15,777	-	-	15,777	13,086
Office Expense	636	2,441	-	3,077	2,803
Postage and Delivery	296	1,405	-	1,701	1,141
Printing and Reproduction	4,362	227	-	4,589	1,630
Professional Fees	-	2,400	-	2,400	2,480
Rent	-	3,600	-	3,600	3,600
Investment Fees	-	11,401	-	11,401	8,126
Taxes and Licenses	25	25	-	50	25
Telephone and Utilities	-	-	856	856	781
Travel/Meals	-	3	-	3	6,396
Total Expenses	\$ 263,159	\$ 73,918	\$ 174,555	\$ 511,632	\$ 490,352

SEE INDEPENDENT ACCOUNTANTS' REVIEW REPORT

THE GREATER LEWES FOUNDATION
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
<u>Cash Flows From Operating Activities</u>		
Change in Net Assets	\$ 106,327	\$ 184,060
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Investment (Gains)/Losses (Unrealized)	39,930	(73,404)
Increase/(Decrease) FMHA Fund	(323,089)	464,696
<u>Net Cash Provided (Used) By Operating Activities</u>	<u>(176,832)</u>	<u>575,352</u>
<u>Cash Flows From Investing Activities</u>		
Transfers to DCF Investments and Reinvestment of Income	(97,523)	(32,720)
Transfers from DCF Investments and Investment Expenses	49,653	32,555
<u>Net Cash Provided (Used) By Investing Activities</u>	<u>(47,870)</u>	<u>(165)</u>
<u>Cash Flows From Financing Activities</u>	<u>-</u>	<u>-</u>
<u>Net Increase (Decrease) In Cash And Cash Equivalents</u>	(224,702)	575,187
<u>Cash And Cash Equivalents At Beginning Of Year</u>	<u>784,771</u>	<u>209,584</u>
<u>Cash And Cash Equivalents At End Of Year</u>	<u>\$ 560,069</u>	<u>\$ 784,771</u>
<u>Supplemental Data</u>		
Interest Paid	\$ -	\$ -
Income Taxes Paid	-	-

SEE INDEPENDENT ACCOUNTANTS' REVIEW REPORT

THE GREATER LEWES FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

Note 1 – Nature of the Organization

The Greater Lewes Foundation (the Organization) is a not-for-profit organization incorporated under the laws of the State of Delaware on May 8, 2000, for the purpose of protecting, improving and enhancing the quality of life in the City of Lewes, Delaware. The Organization is classified as a “public foundation” by the Internal Revenue Service and is therefore exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation – The Organization reports its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on the use that are placed by its donors: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions. The only limits on the use of the net assets without donor restrictions are the broad limits resulting from the nature of the Organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of operations.

Net assets with donor restrictions are resources that are subject to donor-imposed restrictions. Some restrictions are temporary in nature, such as those that are restricted by a donor for use for a particular purpose or in a particular future period. Other restrictions may be perpetual in nature; such as those that are restricted by a donor that the resources be maintained in perpetuity.

The Organization’s unspent contributions are reported in net assets with donor contributions if the donor limited their use, as are promised contributions that are not yet due. Contributions of property and equipment or cash restricted to acquisition of property and equipment are reported as net assets with donor restrictions if the donor has restricted the use of the property or equipment to a particular program. These restrictions expire when the assets are placed in service.

Basis of Accounting - The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Consequently, certain revenues are recognized when earned rather than when received and certain expenses are recognized when the obligation is incurred rather than when the cash is disbursed.

Use of Estimates - The financial statements include estimates and assumptions made by management that affect the carrying amounts of assets and liabilities and the reported amounts of revenues and expenses. Actual results may differ from those estimates.

Concentration of Revenue - The Organization’s primary source of income is derived from the public in the form of donations and grants.

THE GREATER LEWES FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

Note 2 – Summary of Significant Accounting Policies (Continued)

Promises to Give – Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in without restrictions net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in with donor restrictions net assets depending on the nature of the restrictions. When a restriction expires, with donor restrictions net assets are reclassified to without donor restrictions net assets.

The Organization uses the allowance method to determine uncollectible promises receivable. Management has determined that all promises receivable are collectible and therefore, no allowance has been established.

Property and Equipment- Purchased property and equipment are capitalized at cost and depreciated using the straight-line method. Donated property and equipment are capitalized at FMV and depreciated using the straight-line method.

Costs of Fundraising and Events

Costs of fundraising and events are paid for by the Greater Lewes Foundation as well as certain funds established to engage in active development activities.

Endowment Funds- Management invests all endowment funds with the Delaware Community Foundation (DCF). The funds follow all of the policies of the DCF regarding investment strategy and expenditures.

Subsequent Events- Management has evaluated subsequent events through July 31, 2019, which was the date that the financial statements were available to be issued.

Advertising- Advertising costs are expensed as they are incurred. Advertising cost for December 31, 2018 and 2017 were \$3,773 and \$845, respectively.

Reclassifications – Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

New Accounting Pronouncement – On August 18, 2016, FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and available resources, and the lack of consistency in the type of information provided about expenses and investment return. The Organization has adjusted the 2018 presentation of these statements accordingly.

THE GREATER LEWES FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

Note 3 – Availability and Liquidity

The Organization has \$560,069 of financial assets available within one year of the statement of financial position date to meet cash needs for general operating expenditures, consisting of cash and cash equivalents of \$560,069.

The cash and cash equivalents balances at December 31, 2018 and 2017, consist of the following:

	<u>2018</u>	<u>2017</u>
Operating Cash	\$ 462,910	\$ 687,747
Money Market (including cash restricted for the Endowment Fund)	<u>97,159</u>	<u>97,024</u>
Total Cash and Cash Equivalents	<u>\$ 560,069</u>	<u>\$ 784,771</u>

Note 4 - Concentration of Credit Risk

The Greater Lewes Foundation maintains cash balances that are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At December 31, 2018 and 2017, the organization's uninsured cash balances totaled \$308,659 and \$538,160, respectively.

Note 5 – Without Donor Restrictions Net Assets

The Greater Lewes Foundation's mission is to "maintain and improve the quality of life in the greater Lewes community". Contributions are made to the Organization to be used towards the betterment of the community of Lewes. In some cases, donors give money for specific funds that are under the Organization's umbrella of control. Since these funds fall under the Organization's overall mission, they are not considered restricted assets by the Organization. The Organization has determined that funds with time restrictions will be classified as with donor restrictions net assets. At this time there are no funds meeting this qualification.

Note 6 – Promises to Give

Unconditional promises to give consist of the following:

Restricted to betterment of the community of Lewes	\$ -0-
Amounts due in:	
Less than one year	\$ -0-
One to five years	<u>-0-</u>
	<u>\$ -0-</u>

THE GREATER LEWES FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

Note 7 – Related Party Transactions

The Organization has a contract for consulting services with Horizon Philanthropic Services, Inc. The Principal of the Corporation is also the acting Executive Director of the Organization. Responsibilities of the Executive Director include managing The Greater Lewes Foundation and providing administrative and professional services to some of The Greater Lewes Foundation's projects and funds. The total amount paid to this related party during 2018 and 2017 was \$52,645 and \$45,535, respectively. Horizon Philanthropic Services, Inc. uses some of this money to hire various other consultants to work on The Greater Lewes Foundation's projects.

Note 8 – Income Taxes

The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. With few exceptions the organization is no longer subject to federal or state income tax examinations by tax authorities for years ending before December 31, 2013.

Note 9 – Fair Value Measurements

The investments listed under Delaware Community Foundation on the Statement of Financial Position are measured at Fair Value. The values were determined using quoted prices in active markets for similar assets (Level 2).

Investment income consists of the following for the years ending December 31:

	<u>2018</u>	<u>2017</u>
Interest and Dividends	\$ 1,595	\$ 9,822
Net realized and unrealized gains / (losses)	<u>(41,525)</u>	<u>63,582</u>
Total investment income / (loss)	<u>\$ (39,930)</u>	<u>\$ 73,404</u>

Fair value of assets measured on a recurring basis were as follows:

<u>December 31, 2018</u>	<u>Total</u>	<u>Level One</u>	<u>Level Two</u>	<u>Level Three</u>
Mutual Funds	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Pooled Funds	559,360	-0-	559,360	-0-
Total	<u>\$ 559,360</u>	<u>\$ -0-</u>	<u>\$ 559,360</u>	<u>\$ -0-</u>
<u>December 31, 2017</u>	<u>Total</u>	<u>Level One</u>	<u>Level Two</u>	<u>Level Three</u>
Mutual Funds	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Pooled Funds	551,420	-0-	551,420	-0-
Total	<u>\$ 551,420</u>	<u>\$ -0-</u>	<u>\$ 551,420</u>	<u>\$ -0-</u>

THE GREATER LEWES FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

Note 10 – Fort Miles Funds (FMHA)

During 2017, Fort Miles received a grant from the Longwood Foundation in the amount of \$539,250 to create a larger Museum parking lot and an outdoor events patio. The Greater Lewes Foundation acts as the financial conduit between Fort Miles, the State, and various vendors. As of December 31, 2018 and 2017, funds totaling \$141,607 and \$464,696, respectively had not been disbursed yet. A liability for this amount is shown on the balance sheet.