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January 22, 2018

Board of Directors  
Lawrenceburg Schools Endowment Corporation  
322 Walnut Street  
Lawrenceburg, IN 47025

We have reviewed the report prepared by Lawrenceburg Schools Endowment Corporation and opined upon by Blue & Co., LLC, Independent Public Accountants, for the period January 1, 2015 to December 31, 2015. Per the *Report of Independent Auditors* the financial statements included in the report present fairly the financial condition of Lawrenceburg Schools Endowment Corporation as of December 31, 2015 and the results of its operations for the period then ended, on the basis of accounting described in the report.

In our opinion, Blue & Co., LLC prepared all required independent auditor's reports in accordance with generally accepted auditing standards and guidelines established by the State Board of Accounts.

The report is filed with this letter in our office as a matter of public record.

*Paul D. Joyce*  
Paul D. Joyce, CPA  
State Examiner

**LAWRENCEBURG SCHOOLS  
ENDOWMENT CORPORATION**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2015 AND 2014**

*CPAs / ADVISORS*



# LAWRENCEBURG SCHOOLS ENDOWMENT CORPORATION

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## REPORT OF INDEPENDENT AUDITORS

Board of Directors  
Lawrenceburg Schools Endowment Corporation  
Lawrenceburg, Indiana

### Report on the Financial Statements

We have audited the accompanying financial statements of Lawrenceburg Schools Endowment Corporation ("LSEC") which comprise the statements of financial position as of December 31, 2015 and 2014, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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 LSEC as of December 31, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Blue & Co., LLC*

Seymour, Indiana

April 15 , 2016

# LAWRENCEBURG SCHOOLS ENDOWMENT CORPORATION

## STATEMENTS OF FINANCIAL POSITION DECEMBER 31, 2015 AND 2014

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### ASSETS

	<u>2015</u>	<u>2014</u>
Cash	\$ 1,420,209	\$ 1,483,738
Certificates of deposit	164,511	158,091
Investments	231,976	225,111
Nonpermanent donor advised fund	<u>90,763</u>	<u>47,738</u>
Total assets	<u>\$ 1,907,459</u>	<u>\$ 1,914,678</u>

### NET ASSETS

Unrestricted	<u>\$ 1,907,459</u>	<u>\$ 1,914,678</u>
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*See accompanying notes to financial statements.*

# LAWRENCEBURG SCHOOLS ENDOWMENT CORPORATION

## STATEMENTS OF ACTIVITIES YEARS ENDED DECEMBER 31, 2015 AND 2014

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	2015	2014
<b>Support and revenues</b>		
Governmental support	\$ 913,718	\$ 1,169,088
Interest income	25,241	26,406
Unrealized losses on investments	<u>(10,525)</u>	<u>(2,340)</u>
Total support and revenues	928,434	1,193,154
<b>Expenses</b>		
Grants	910,430	871,805
Legal and accounting	10,223	9,344
Administrative services	15,000	15,000
Miscellaneous	<u>-0-</u>	<u>7</u>
Total expenses	<u>935,653</u>	<u>896,156</u>
Change in net assets	(7,219)	296,998
<b>Net assets at beginning of year</b>	<u>1,914,678</u>	<u>1,617,680</u>
<b>Net assets at end of year</b>	<u><u>\$ 1,907,459</u></u>	<u><u>\$ 1,914,678</u></u>

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*See accompanying notes to financial statements.*

# LAWRENCEBURG SCHOOLS ENDOWMENT CORPORATION

## STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2015 AND 2014

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	2015	2014
	<u>                    </u>	<u>                    </u>
<b>Operating activities</b>		
Change in net assets	\$ (7,219)	\$ 296,998
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Reinvested interest earned on certificates of deposit	(6,420)	(6,168)
Reinvested interest on investments	(17,390)	(19,063)
Unrealized losses on investments	<u>10,525</u>	<u>2,340</u>
Net cash flows from operating activities	(20,504)	274,107
<b>Investing activities</b>		
Change in nonpermanent donor advised fund	<u>(43,025)</u>	<u>91,299</u>
Net change in cash	(63,529)	365,406
<b>Cash, beginning of year</b>	<u>1,483,738</u>	<u>1,118,332</u>
<b>Cash, end of year</b>	<u><u>\$ 1,420,209</u></u>	<u><u>\$ 1,483,738</u></u>

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*See accompanying notes to financial statements.*

# LAWRENCEBURG SCHOOLS ENDOWMENT CORPORATION

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2015 AND 2014

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### 1. NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES

#### Nature of Operations

Lawrenceburg Schools Endowment Corporation ("LSEC") was incorporated in May 1997 to provide resources, such as grants and scholarships, to the students, faculty, staff and schools in the Lawrenceburg area for educational purposes. LSEC is substantially supported by revenue sharing amounts received from the City of Lawrenceburg from the taxes collected related to riverboat gaming.

Following are the significant accounting policies of LSEC:

#### Management's Estimates

Management uses estimates and assumptions in preparing financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities and the reported support, revenues and expenses. Actual results could vary from the estimates that were used.

#### Basis of Presentation

Net assets, support, investment return, revenues, gains and losses are classified based on the existence or absence of donor-imposed restrictions. No donor-imposed restrictions have been placed on net assets as of December 31, 2015 and 2014; therefore, all net assets are presented as unrestricted in the Statements of Financial Position.

#### Investments and Investment Return

LSEC carries its investments at fair value for financial reporting purposes. Changes in unrealized appreciation or depreciation of investments are reflected in the Statements of Activities in the periods in which such changes occur.

#### Nonpermanent Donor Advised Fund

LSEC has established a nonpermanent donor advised fund with Dearborn Community Foundation whereby LSEC retains all rights to the funds. Distribution of these funds is at the discretion of the Advisory Committee consisting of the Board of Directors of LSEC. The established fund is not an endowment fund; therefore principal can be granted. The Dearborn Community Foundation records the established fund as a custodial fund.

Dearborn Community Foundation receives an annual administrative fee to be paid quarterly. Dearborn Community Foundation provides services including accounting services and grants administration.

# LAWRENCEBURG SCHOOLS ENDOWMENT CORPORATION

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2015 AND 2014

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### Support, Revenues and Expense Recognition

Contributions are recognized as revenues in the period the promise is made.

Support and revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law.

All other revenues are recorded when earned.

### Functional Allocation of Expenses

The costs of providing the various programs and supporting services have been summarized on a functional basis in the notes to financial statements. Accordingly, certain costs have been allocated among the programs and supporting services benefited. While the methods of allocation are considered appropriate, other methods could produce different results.

### Income Taxes

LSEC is organized as a not-for-profit corporation under Section 501(c)(3) of the United States Internal Revenue Code.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by LSEC and recognize a tax liability if LSEC has taken an uncertain position that more likely than not would not be sustained upon examination by various federal and state taxing authorities. Management has analyzed the tax positions taken by LSEC, and has concluded that as of December 31, 2015 and 2014, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the accompanying financial statements. LSEC is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

As such, LSEC is generally exempt from income taxes. However, LSEC is required to file Federal Form 990 – Return of Organization Exempt from Income Tax which is an informational return only.

### Subsequent Events

LSEC has evaluated events or transactions occurring subsequent to the Statement of Financial Position date for recognition and disclosure in the accompanying financial statements through the date the financial statements are available to be issued, which is April 15, 2016.

# LAWRENCEBURG SCHOOLS ENDOWMENT CORPORATION

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2015 AND 2014

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### 2. CERTIFICATES OF DEPOSIT

Certificates of deposit consist of the following at December 31, 2015 and 2014:

2015			2014		
Amount	Maturity	Interest Rate	Amount	Maturity	Interest Rate
<u>\$ 164,511</u>	2/16/2021	4.00%	<u>\$ 158,091</u>	2/16/2021	4.00%

### 3. INVESTMENTS

Investments are reported at fair value and consist of large cap equity mutual funds of \$231,976 and \$225,111 at December 31, 2015 and 2014, respectively. These investments depreciated in value by \$(10,525) and \$(2,340) during the years ended December 31, 2015 and 2014, respectively. LSEC has the ability to borrow up to \$115,988 at 5.75 percent against this account at December 31, 2015. LSEC had no borrowings outstanding against this account at December 31, 2015 and 2014.

### 4. RISKS AND UNCERTAINTIES

LSEC holds investments in equity mutual funds (Note 3). Such investments are exposed to various risks such as interest rate, market, and credit. Due to the level of risk associated with these securities and the level of uncertainty related to changes in the value, it is at least reasonably possible that changes in the various risk factors will occur in the near term that could materially affect the amounts reported in the accompanying financial statements.

### 5. FAIR VALUE OF FINANCIAL INSTRUMENTS

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1) and the lowest priority to unobservable inputs (level 3). LSEC's policy is to recognize transfers, if any, between levels as of the end of the reporting period. There were no transfers during 2015 or 2014. The three levels of the fair value hierarchy are described as follows:

- Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that LSEC has the ability to access.

# LAWRENCEBURG SCHOOLS ENDOWMENT CORPORATION

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2015 AND 2014

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- Level 2: Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.
- Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2015 and 2014.

- *Mutual funds*: Valued at the daily closing price as reported by the fund. Mutual funds ("funds") are held by LSEC and are open-end funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The funds held by LSEC are deemed to be actively traded.
- *Nonpermanent donor advised fund*: Valued at fair value as reported by Dearborn Community Foundation (the "Foundation"), which represents LSEC's pro-rata interest in the Foundation's assets, all of which are valued on a mark-to-market basis.

**LAWRENCEBURG SCHOOLS ENDOWMENT CORPORATION**

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014

The following table sets forth by level, within the hierarchy, LSEC's assets measured at fair value on a recurring basis as of December 31, 2015 and 2014:

	2015		
	Fair Value	Level 1	Level 3
Assets:			
Mutual funds	\$ 231,976	\$ 231,976	\$ -0-
Nonpermanent donor advised fund	90,763	-0-	90,763
	2014		
	Fair Value	Level 1	Level 3
Assets:			
Mutual funds	\$ 225,111	\$ 225,111	\$ -0-
Nonpermanent donor advised fund	47,738	-0-	47,738

The progression of the nonpermanent donor advised fund is as follows for the years ended December 31, 2015 and 2014:

	2015	2014
Beginning balance	\$ 47,738	\$ 139,037
Contributions	156,486	110,927
Grant payments	(105,425)	(99,302)
Return of unused grant funds from Dearborn Community Foundation	(8,036)	(102,924)
Ending balance	\$ 90,763	\$ 47,738

**6. FUNCTIONAL EXPENSES**

LSEC serves as a vehicle for providing educational resources in the Lawrenceburg area. Expenses related to providing this service for the years ended December 31, 2015 and 2014 are classified as follows:

	2015	2014
Provision of educational resources	\$ 910,430	\$ 871,805
General and administrative expenses	25,223	24,351
	\$ 935,653	\$ 896,156

# LAWRENCEBURG SCHOOLS ENDOWMENT CORPORATION

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2015 AND 2014

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### **7. CONCENTRATION OF CREDIT RISK**

LSEC maintains its cash in bank deposit accounts at a financial institution insured by the Federal Deposit Insurance Corporation at its current coverage levels. LSEC has not experienced any losses in such accounts. LSEC believes it is not exposed to any significant credit risk on cash.