

**2018
ANNUAL
REPORT**



**COMMUNITY
FUND
MANAGEMENT
FOUNDATION**

ABOUT

Community Fund Management Foundation (CFMF) is a nonprofit, tax-exempt (501(c)(3)) foundation that develops and makes available several types of trusts that benefit individuals who are disabled (as defined by the Social Security Administration).

The purpose of these trusts is to use private funds to enhance the beneficiary's quality of life while attempting to safeguard eligibility for government benefits. Equity Trust serves as the trustee. CFMF serves as trust advisor and is responsible for administering the trust accounts. CFMF receives and reviews the requests for distributions from trust accounts with the assistance of its review committee. CFMF is pleased to offer services throughout the State of Ohio and currently administers trusts in almost all of Ohio's eighty-

eight counties. Our administrative office is in Northeast Ohio and our associate directors are located in Central and Southern Ohio. CFMF routinely provides educational support to disability organizations, professional groups, and families. Through the use of our endowment, perpetual trust, and partnerships with Jewish Federation of Cleveland, Hattie Larlham Foundation, The Arc of Ohio, and Association for the Developmentally Disabled, CFMF is an active contributor to our disability communities.

LETTER FROM THE CHAIRPERSON KEVIN A. CRAINE, ESQ.

COMMUNITY FUND MANAGEMENT FOUNDATION enjoyed a banner year in 2017. The total number of trusts managed by the organization last year was 2,634. This is the highest ever in the history of CFMF. The number of trusts managed is a sign of both success and acceptance by individuals whose lives are touched by a disability of one sort or another and their advocates.

The success of the organization is due in no small part to the hard work of the dedicated staff. CFMF presently has a total of 10 employees, all of whom have contributed in a number of ways to the organization. Our staff demonstrates a strong commitment to the mission and purpose of the organization.

The Board of Directors of the organization has also expanded and now includes representatives of many diverse professions including business and government leaders. Each Board member contributes vast amounts of time and energy to giving direction and guidance in marketing, governance, and the operation of the organization.

Trust assets under management now exceed \$98,000,000.00. While this is an impressive number and the largest pooled trust in the state, and maybe even the Midwest, this number is not as impressive as the amount of funds that have been expended for the benefit of beneficiaries. Meeting the special needs of the beneficiaries of the Trust is the true mission of our organization. The day-to-day demand for disbursements from sub-accounts is impressive. CFMF approves expenditures to beneficiaries for items as serious as special medical care and as relatively inconsequential as Halloween costumes. The needs of the beneficiaries are met continuously.

Heretofore, a major benefit in the estate planning realm utilized by attorneys has been the fact that contributions from beneficiaries over the age of sixty-four could only be made through a Pooled Medicaid Payback Trust. Recently, a trend in estate planning has been to utilize a Pooled Medicaid Payback Trust for individuals whose only disability is being over the age of sixty-four. While not part of the original mission of the organization, Community Fund has responded to this need and is applying its expertise to

meet the needs of Ohioans who have been placed in an extended care facility and wish to preserve a portion of their assets for supplemental needs and services.

When an individual over age sixty-four learns that they are going to be placed in a nursing home and know that their assets cannot meet the expense of such, Community Fund can hold assets for that individual and paying it back without interruption to their Medicaid financial eligibility. This service has helped make the transition from community placement to extended care facility less daunting because of the assurance that personal needs which Medicaid cannot pay can be paid through the Medicaid Payback Trust.

The Community Fund Management Foundation is particularly proud of the work of its Planning Committee over the past two years. The Perpetual Trust is composed of excess assets which have accumulated as the result of the operation of the organization. The funds are expended from the budget totaling five percent (5%) of the funds accumulated in the account and bring another charitable function to the Foundation. Over the last two years, the Planning Committee has paid out requests to non-profit organizations and individuals in need totaling \$450,505.18. Once per quarter, members of the Committee meet with the dedicated members of the staff and review numerous requests for disbursements from the fund.

Examples of expenditures of funds to non-profit organizations include \$20,000.00 for the building and maintenance of a sensory room for severely disabled individuals at a large summer camp. These rooms utilize various forms of light, texture, sound, and other stimuli to stimulate individuals in unique ways.

Disbursements to individuals include assistance in special needs transportation vehicles and accommodations for disabilities where there are no other options available to the individuals. The Committee is constantly re-evaluating its process to ensure fairness in determining grant requests and welcomes suggestions or opportunities to further the charitable mission of CFMF in general.





EXECUTIVE DIRECTOR'S REPORT

AMANDA M. BUZO, ESQ.

COMMUNITY FUND MANAGEMENT FOUNDATION

experienced an incredible year in 2017 and has continued to do so as I write this after the first half of 2018. We opened 402 new trusts in 2017. Of those, 356 were Pooled Medicaid Payback Trusts and 45 were our third-party Master Trusts. The one-time setup fees charged when a new trust is opened contributes towards the cost of our operating expenses. CFMF has improved its procedures and efficiencies without increasing fees. We now have a Trust Development Coordinator who is responsible for answering initial questions regarding the completion of Joinder Agreements, entering data into our software, processing Joinder Agreements and documenting deposits. CFMF worked with our Trustee in 2017 to improve our process so that our Trustee returns executed Joinder Agreements within a few days instead of a few weeks. This helps CFMF to provide fully executed copies of Joinder Agreements to attorneys, grantors and designated advocates quickly which in turn allows the appropriate parties to notify government agencies of the existence of the Trust. It also allows designated advocates to make immediate decisions regarding distribution requests instead of waiting several weeks. CFMF plans to add another individual to this department by first quarter 2019 to assist with the volume of new trusts being established.

Speaking of distributions, our Distribution Department continues to receive distributions at a higher frequency than ever before. We know it can be difficult to keep abreast of the rules regarding distributions and we now include distribution policy changes on the forms page of our website (www.cfmf.org). Our Distribution Department can be reached at our Administrative Office during office hours to answer any questions posed by designated advocates needing guidance on the many rules and policies controlling the intersection of government benefits and trust distributions.

While our admired Board Member Louis B. Geneva, Esq., retired from our board in 2017, we gained three Board Members who made immediate contributions. Elaine Eisner, J.D., Ken Marblestone, and Jon Wise have brought their considerable talents and experiences to CFMF,

resulting in a committed and strong board dedicated to improving the lives of Ohio residents with disabilities.

Julie K. Robie, Esq., joined CFMF in January 2018 and quickly became an indispensable asset to our organization. Julie oversees our grant process and provides support to our Planning Committee to allow the committee members to fairly and efficiently evaluate quarterly grant requests. Details regarding our 2017 grant recipients are located in this Annual Report.

While the responsibility of closing trusts due to the exhaustion of funds or death of a beneficiary used to be a task shared among several employees, we have now found it necessary to have a single employee responsible for trust closures and Julie oversees this process of CFMF's operations.

This shift in the division of responsibilities has allowed me greater freedom to engage in one of my favorite activities: talking to professional groups and families regarding trusts and government benefits. I had the pleasure of addressing the Ohio Forum of Estate Planning Attorneys in Columbus and drafting an article for the Probate Law Journal of Ohio. I celebrated my birthday with the kind people at the Stark County Board of Development Disabilities' Annual Street Fair by serving as their keynote speaker and joined them on two other occasions during the year to share CFMF's purpose. I spoke at Milestones' Annual Autism Conference with my co-presenter, Doug Jackson, Deputy Director STABLE Accounts, and we were invited back to speak in 2018 as well. CFMF exhibited at several events including OCALICON in Columbus where I was honored to meet many teachers and other professionals.

I am thankful to our Board, our staff and to our wonderful clients for the pleasure of carrying out CFMF's charitable purpose every day and I expect we will continue to improve our services as we close out 2018 and enter 2019. Please check our website to learn of the exciting changes we have planned.

DEPUTY DIRECTOR'S REPORT

JULIE K. ROBIE, ESQ.

SINCE JANUARY 2018, I HAVE HAD THE privilege of serving Ohio residents with disabilities in my new role as Deputy Director of Community Fund Management Foundation.

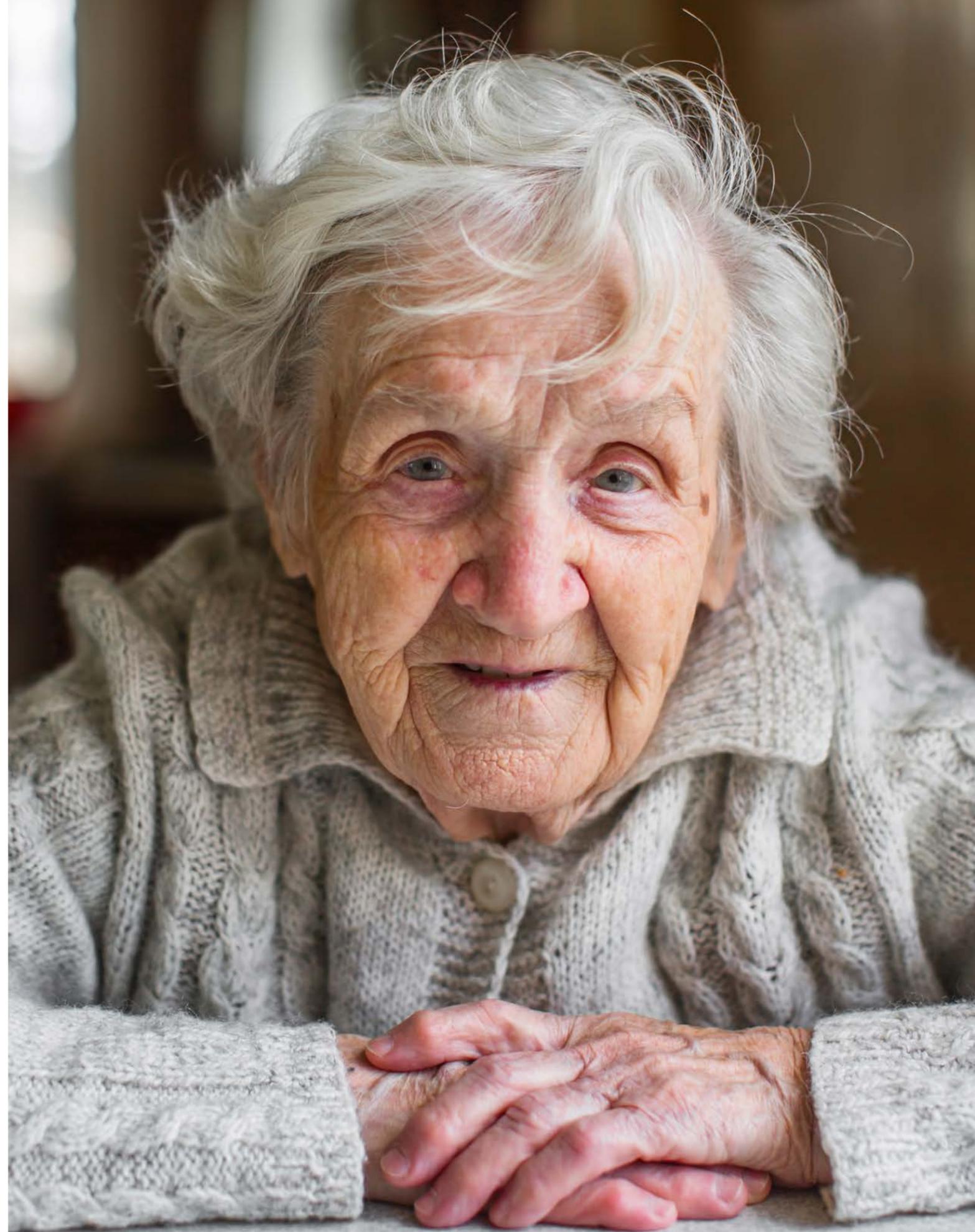
Financial health affects every part of life, and I enjoy helping people find solutions to money-related matters. Before coming to CFMF, I spent more than a decade as a staff attorney and managing attorney at The Legal Aid Society of Cleveland, representing clients in consumer finance, debt, and credit matters. I was excited to join CFMF, a nonprofit dedicated to providing financial tools and services that benefit people with special needs. Having grown up with a sibling who used a wheelchair, serving at CFMF is both professionally and personally meaningful, and allows me to help other families handle disability-related challenges.

A major part of my role at CFMF is oversight of certain operations. On most days, I work with CFMF colleagues on both the trust establishment side as new beneficiaries join our pooled trust, and the trust closure side as funds are exhausted or the beneficiary passes away. Coordinating our deceased administration process and improving communications with the State of Ohio, designated advocates, and remainder distributees have been particular areas of focus over the past several months. I also help designated advocates with trust transfers for beneficiaries who move out of state. Throughout this year, we have been handling numerous information requests for beneficiaries going through annual Medicaid and SSI redeterminations. During 2018, we have also created new notices to accompany certain account statements. Designated advocates should check their account statement each quarter, as it may contain notices about fees, tax documents, or other important information.

In addition, I have the privilege of coordinating CFMF's grant program and working with the Committee of our Board that makes grant decisions. CFMF's grant program provides funding to other nonprofits serving people with special needs. The grant program also helps eligible individuals pay for disability-related products and services. Applications are accepted year-round from both nonprofits

and individuals and are reviewed on a quarterly basis. During 2018, I have been working with our Executive Director and Board Committee to evaluate and strengthen our grant program. Stay tuned for the newest application materials on our website!

Overall, it has been an honor to accept and develop the Deputy Director role. From trust establishment to trust closure, pooled special needs trust administration requires organized systems and a high level of attention to detail, and CFMF leadership and staff are committed to these objectives. A dedication to excellent customer service is also apparent in the office each day. Our staff members are frequently on the phone with attorneys, families, and designated advocates, answering questions about new trust setup, helping designated advocates request trust distributions, providing information for benefits reviews, and walking families through the Medicaid payback process. Together we provide high-quality services to our beneficiaries while continually improving our procedures and programs. I appreciate the opportunity to be part of this important work and help improve quality of life for Ohio residents with disabilities.



CENTRAL OHIO ASSOCIATE DIRECTOR'S REPORT BRIAN C. COOK, ESQ.

CFMF HAS BEEN A BLESSING TO SO MANY families and individuals during the past 24 years, as it provides a process, authorized by state and federal law, for a person with a disability to receive or protect assets without jeopardizing the government-provided financial assistance they deserve. As CFMF's Associate Director for Central Ohio, I am responsible for communicating the benefits of our trusts, and the support offered by CFMF, to attorneys, families and advocates in Central Ohio. I appreciate this opportunity to summarize these benefits and the assistance I can provide.

CFMF pooled trusts provides the trustee, trust advisory services and investment management, so families do not have to worry about naming a trustee or selecting a financial institution. CFMF's fees to establish and administer the trust are reasonable and always transparent. CFMF's trust language has already been evaluated and accepted by Ohio Medicaid and the Social Security Administration. Individual trusts are maintained separately and are only pooled together for investment purposes. The value of the trust is not counted as an asset or resource available to the beneficiary by Ohio Medicaid or the Social Security Administration. All forms that a private attorney needs to allow a client to establish a trust are available online. All requests for distributions are reviewed and approved by CFMF with the goal of protecting the beneficiary's government-provided financial assistance.

CFMF's third-party pooled special needs trust, known as our Master Trust, is established with assets belonging to anyone other than the person with a disability. Some of the additional benefits of this trust include that there is no Medicaid payback at the death of the beneficiary, allowing any remaining assets to be distributed to other family members and/or charities as determined by the grantor. Additionally, grantors (such as parents and grandparents) can fund a trust through many avenues, including naming the CFMF Trustee as a beneficiary in their Last Will and Testament or naming the CFMF Trustee as the beneficiary on their life insurance or personal investment accounts, and identifying the individual with a disability as the ultimate beneficiary of the CFMF Master Trust.

CFMF's first-party pooled special needs trust, known as the Pooled Medicaid Payback Trust, is funded with assets belonging to the individual with a disability. A 65-year old is eligible to establish this trust if not also a Supplemental Security Income ("SSI") recipient. For traditional non-pooled special needs trusts provided through a private attorney, the beneficiary must be age 64 or younger. Placing assets into this trust within five years of applying for Medicaid or after becoming eligible for Medicaid does not result in a penalty unless the beneficiary is both age 65 or older when the trust is funded and is a Supplemental Security Income ("SSI") recipient. At the beneficiary's death, any remaining amounts may be retained by CFMF which is then used to fund its Perpetual Trust and its grant program for Ohio residents with disabilities and Ohio nonprofits that serve individuals with disabilities. In the alternative, the person establishing a CFMF Pooled Medicaid Payback Trust may choose for funds to be used to repay all state Medicaid agencies who provided services to the beneficiary during his or her lifetime.

SOUTHERN OHIO ASSOCIATE DIRECTOR'S REPORT LAURA L. DRAKE, ESQ.

I AM AVAILABLE TO MEET WITH ATTORNEYS to answer questions about CFMF, including but not limited to the individual trusts, the distribution process and completing the joinder agreements. I can also provide presentations to law firm practice groups and professional associations. I am available to introduce myself to clients to answer their questions in the attorney's presence, particularly about permissible expenditures and the distribution process. I can provide examples of language used successfully to establish a CFMF trust through a guardianship in probate court, a Last Will and Testament or a trust document.

I am available to provide information about CFMF's pooled trusts, and special needs trusts in general, to formal and informal groups and organizations that provide advocacy for individuals with special needs. I am in the process of securing approval of CEU credits for my presentations so that advocates in need of CEU credits can receive additional benefits from receiving information about CFMF and our pooled special needs trusts.

Please contact me at CFMFCentralOhio@cfmf.org or (614) 309-7117 to ask me a question or to schedule a meeting or presentation. I look forward to meeting you!



COUNSEL'S REVIEW

ELENA LIDRBAUCH, ESQ. HICKMAN & LOWDER CO., L.P.A.

IN 1995, WHEN CFMF BEGAN ACCEPTING ITS first joinder applications and establishing trust sub-accounts for beneficiaries with disabilities, it was among the first pooled trusts in the country to do so. Today, there are multiple pooled trusts across the country. Every state has at least one pooled trust and many states, including Ohio, have multiple pooled trust organizations to choose from.

This birth and expansion of pooled trust organizations has had an overall positive impact on the way the organizations conduct themselves. In 1995, there was little to no guidance available to CFMF, other than the federal law authorizing its existence. The initial organizers and directors of CFMF were guided by their interest and commitment to provide individuals with disabilities who relied on public benefits such as SSI and Medicaid, and their families, an option to have funds in the pooled trust and not lose their benefits. However, the directors did not have other role models to look to for examples and guidance on how such an organization should function.

Fortunately, the growth of additional pooled trust organizations has changed that in recent years. It started with a small group of pooled trust administrators and their legal counsel meeting for a few hours at a special needs trust conference held annually by Stetson University of Law. At first, it was simply to exchange ideas and share information with each other about how the various organizations functioned. In recent years, this group and its meetings have grown. Their exchange of ideas has evolved to an educational resource for all interested pooled trust organizations. In addition to the annual meeting, the pooled trust organizations have an opportunity to communicate with each other anytime via a listserve, where they may share information or seek guidance. In 2017, a group of pooled trust representatives developed National Standards for Pooled Trust Organizations. They were developed with input from a survey of pooled trust administrators. Much of the emphasis is on organizations being transparent in its administration, avoiding conflict of interest and staying true to its charitable nonprofit mission. While these standards are aspirational, not mandatory, they offer valuable guidance to pooled trust organizations.

In addition to its own adopted policies, pooled trust organizations are subject to the requirements of both federal and state laws. While the same federal requirements apply to all pooled trusts, state laws are not the same. For example, while Ohio allows a pooled trust to retain funds remaining when a beneficiary dies, some states require that Medicaid benefits be repaid to the state, before the remaining funds go to other beneficiaries or remain with the nonprofit. Some states limit enrollment in a pooled trust to persons under age 65. Ohio allows a person of any age, as long as disabled, to establish a pooled trust account. Compliance with multiple state requirements is challenging. This is one reason that CFMF limits its trust to Ohio residents. If an existing Ohio beneficiary moves to another state, CFMF's policy is to transfer the trust sub-account to a pooled trust operating in the new state. Beneficiaries and families contemplating moving to another state are well advised to find out in advance what if any, pooled trust requirements may be different in the new state.

Despite their differences, pooled trust organizations can serve as and are valuable resources to each other and to the beneficiaries they serve.

NOTABLE PEOPLE

COMMUNITY FUND MANAGEMENT FOUNDATION

BOARD OF DIRECTORS

Kevin A. Craine, Esq.
CHAIRPERSON
Franklin County

Laura Mathews
VICE-CHAIRPERSON
Stark County

Philip S. Kaufmann, Esq.
TREASURER
Summit County

Maggie L. Sutton, Esq.
SECRETARY
Franklin County

Richard B. Dusterberg, Esq.
Hamilton County

Elaine B. Eisner, Esq.
Cuyahoga County

Ken Marblestone
Cuyahoga County

Kelly Petty, MPA
Cuyahoga County

Nirakar "Nic" Thakur, Esq., MBA
Lucas County

Frances Elliott Ulrich, M.Ed., Ed.D.
Cuyahoga County

Jonathan Wise
Cuyahoga County

NON-BOARD COMMITTEE MEMBERS

Janet L. Lowder, Esq.
Bob Mathews
Loma L. Swett, Esq.

CFMF STAFF

Amanda M. Buzo, Esq.
EXECUTIVE DIRECTOR

Julie K. Robie, Esq.
DEPUTY DIRECTOR

Brian C. Cook, Esq.
ASSOCIATE DIRECTOR, CENTRAL OHIO

Laura L. Drake, Esq.
ASSOCIATE DIRECTOR, SOUTHERN OHIO

Alyssa K. LaPlaca
TRUST DEVELOPMENT COORDINATOR

Svetlana "Lana" Ellis
SENIOR CLIENT LIAISON

Joseph Bennett
CLIENT LIAISON

Kaitlyn "Katie" Welsh
CLIENT LIAISON

Kelly Kristanko
RECEPTIONIST

TRUSTEE

Equity Trust Company

THIRD-PARTY ADMINISTRATOR

Vantage Financial Group

STATISTICS

DISTRIBUTION HIGHLIGHTS

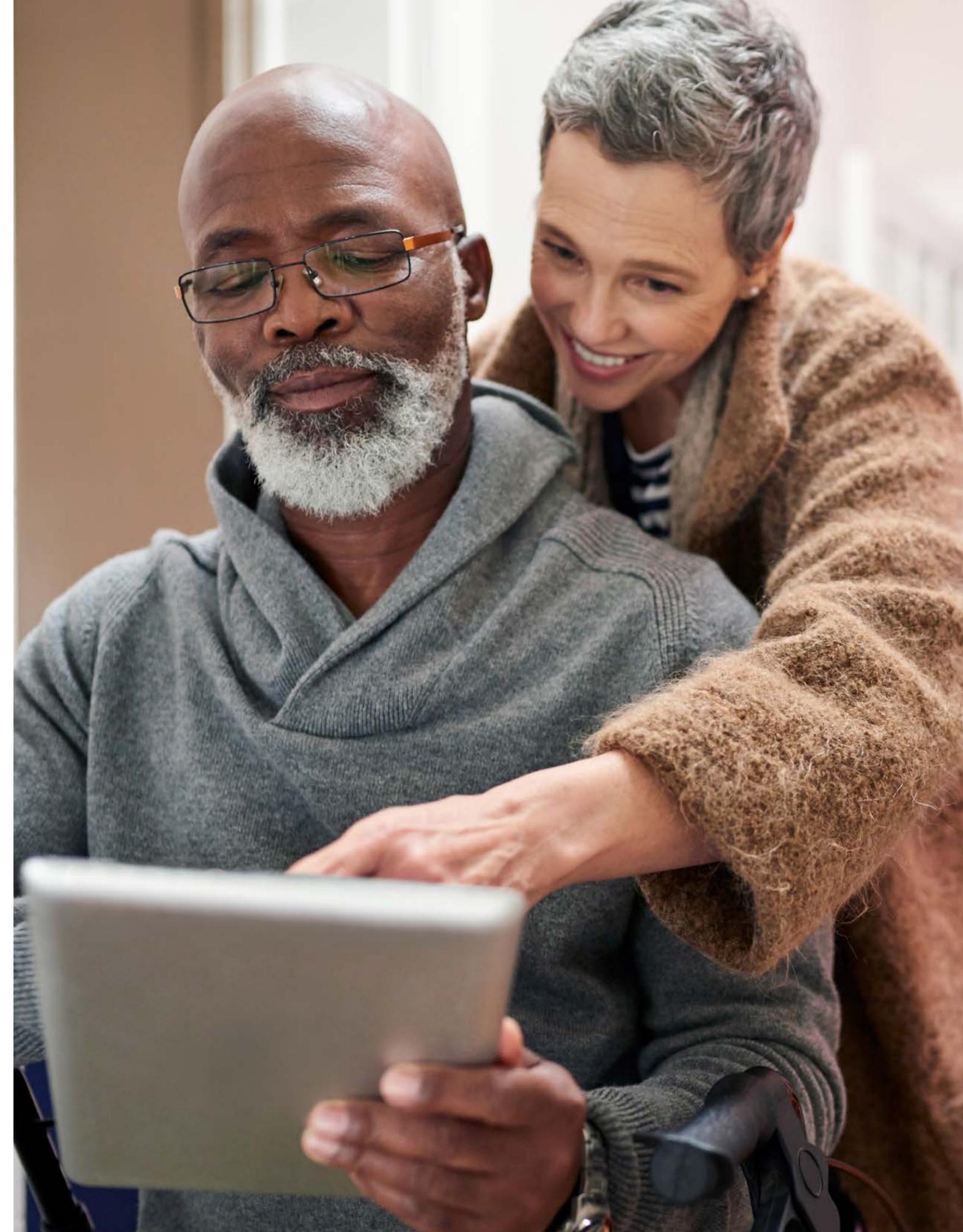
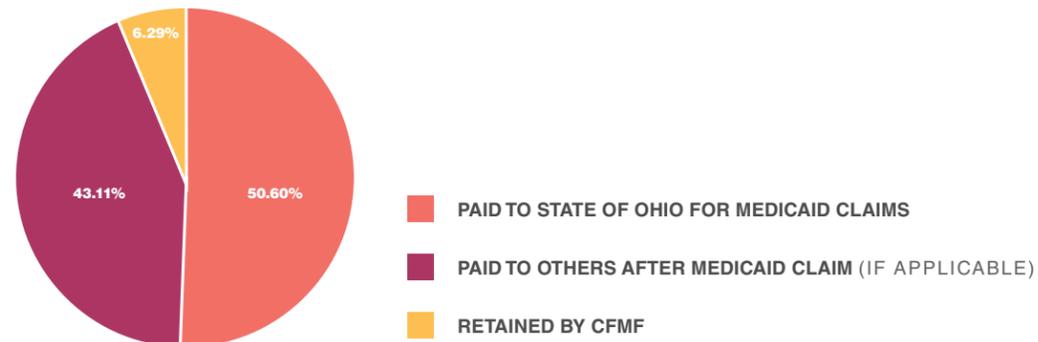
	1/1/18-6/30/18	2017CY	2016CY	2015CY	2014CY
DISTRIBUTION REQUESTS SUBMITTED	6,535	11,560	11,645	11,027	10,170
DISTRIBUTIONS APPROVED (TOTAL DOLLAR VALUE)	\$4,938,950.92	\$9,237,775.80	\$7,989,224.32	\$5,373,776.16	\$4,859,753.37
DISTRIBUTIONS APPROVED (NUMBER OF TRANSACTIONS)	6,324	11,232	11,204	10,788	10,035
DISTRIBUTIONS DENIED (TOTAL DOLLAR VALUE)	\$93,086.13	\$166,357.66	\$195,427.70	\$249,018.89	\$181,478.60
DISTRIBUTIONS DENIED (NUMBER OF TRANSACTIONS)	211	328	441	239	135
PERCENTAGE APPROVED	96.77%	97.16%	96.21%	97.83%	98.67%

MISCELLANEOUS FACTS & FIGURES

VALUE OF TRUST ASSETS AT THE DEATH OF A BENEFICIARY

2017CY

PAID TO STATE OF OHIO FOR MEDICAID CLAIMS	\$2,074,323.59	50.60%
PAID TO OTHERS AFTER MEDICAID CLAIM (IF APPLICABLE)	\$1,767,311.69	43.11%
RETAINED BY CFMF	\$257,954.58	6.29%
RETAINED BY JEWISH FEDERATION OF CLEVELAND	-	-
RETAINED BY HATTIE LARLHAM	-	-
RETAINED BY ADD	-	-
RETAINED BY THE ARC OF OHIO	-	-
TOTAL	\$4,099,589.86	



2,634

NUMBER OF ACTIVE TRUSTS 2017CY

402

TOTAL NEW TRUSTS ESTABLISHED 2017CY
356 PMPT & ROLL-IN | 46 MASTER

7

NEW TRUSTS NAMING ONE OF OUR PARTNERS 2017CY

\$95.4M

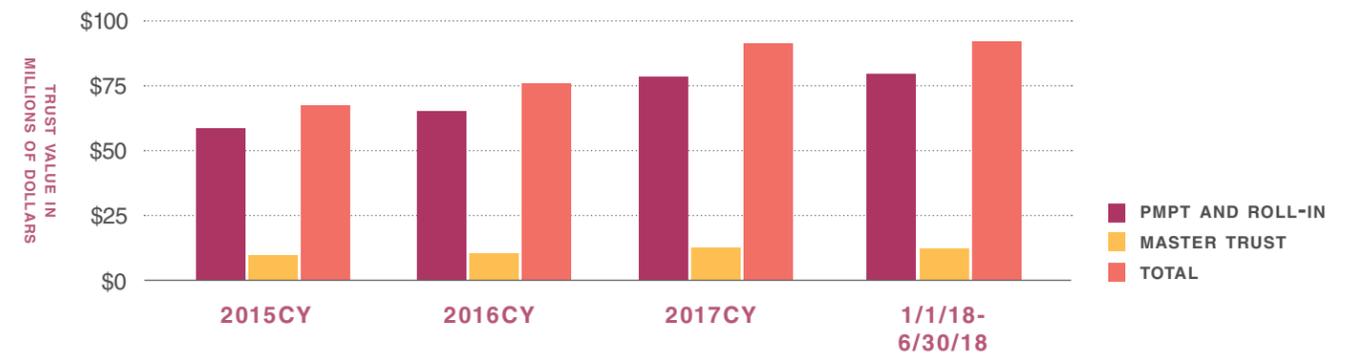
ASSETS UNDER MANAGEMENT*

*AS OF 12/31/17

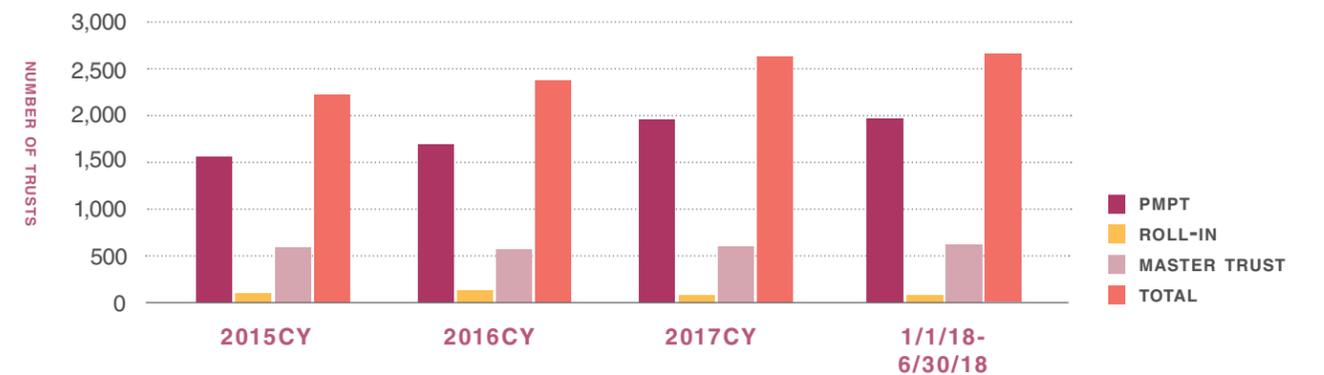
STATISTICS

TRUST ACCOUNT DETAILS

	1/1/2018-6/30/2018	2017CY	2016CY	2015CY
PMPT AND ROLL-IN	\$79,807,139.91	\$78,825,348.18	\$65,487,735.54	\$58,017,860.16
MASTER TRUST	\$12,436,354.36	\$12,597,048.21	\$10,657,150.61	\$9,812,023.47
TOTAL	\$92,243,494.27	\$91,422,396.39	\$76,144,886.15	\$67,829,883.63



NUMBER OF TRUSTS BY TYPE	1/1/2018-6/30/2018	2017CY	2016CY	2015CY
PMPT	1969	1937	1735	1551
ROLL-IN	82	91	109	105
MASTER TRUST	615	606	587	566
TOTAL	2666	2634	2431	2222



STATISTICS

GRANTS TO NONPROFITS AND INDIVIDUALS

A person establishing a Community Fund Management Foundation Pooled Medicaid Payback or Master Trust has the option to leave a percentage to CFMF. This is a voluntary designation and is not a requirement. After the beneficiary with a disability passes away, CFMF will transfer any designated funds identified in the Joinder Agreement to its Perpetual Trust, which is a Board-restricted account invested in the same manner as all of the Pooled Trusts. CFMF's Board of Directors identifies the funds available for approved grants and the Planning Committee meets quarterly to evaluate applications from nonprofits and Ohio residents with disabilities.

APPROVED GRANTS

First Quarter 2017

\$64,000.00

Three nonprofits and three individuals

Second Quarter 2017

\$143,500.00

Eight nonprofits and two individuals

Third Quarter 2017

\$44,033.00

Four nonprofits and two individuals

Fourth Quarter 2017

\$44,011.68

Two nonprofits and six individuals

NONPROFIT GRANT RECIPIENTS INCLUDE

Deaf Services, Inc.

Bittersweet

LEAP

French Creek Foundation

Paralyzed Veterans of America, Buckeye Chapter

Yesh Tikvah

Youth Challenge

Community Computer Alliance

Cleveland Sight Center

Lawrence School

Cleveland Scrappers

Rose-Mary Center

Ohio Guidestone

NCJW

Down Syndrome Association of Greater Cincinnati

UCP

INDIVIDUAL GRANT RECIPIENTS HAVE RECEIVED FUNDS FOR ITEMS SUCH AS:

Accessible vehicles and repair

Communication devices

Therapy not covered by insurance

Education related expenses

Camp

INDEPENDENT AUDITORS' REPORT

HOBE & LUCAS

CERTIFIED PUBLIC ACCOUNTANTS, INC.

To the Board of Directors Community Fund Management Foundation, Inc. Strongsville, Ohio

We have audited the accompanying financial statements of the Community Fund Management Foundation, Inc. (a nonprofit corporation) which comprise the Statement of Financial Position as of December 31, 2017 and 2016, and the related Statements of Activities, Functional Expenses 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 the 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 the financial statements that are free from material misstatement, whether due to fraud or error.

AUDITORS' 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 of 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 Community Fund Management Foundation as of December 31, 2017 and 2016 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.

Hobe & Lucas
Certified Public
Accountants, Inc.
Independence, Ohio
July 27, 2018

STATEMENTS OF FINANCIAL POSITION DECEMBER 31, 2017 AND 2016

ASSETS

CURRENT ASSETS	2017	2016
Cash and cash equivalents	\$620,370	\$580,904
Short term investments	389,439	348,068
Accounts receivable:		
Miscellaneous reimbursements	4,713	4,713
Prepaid expenses	7,880	2,833
Total Current Assets	\$1,022,402	\$936,518
PROPERTY AND EQUIPMENT		
Equipment	48,553	47,685
Furniture	40,153	40,153
	88,706	87,838
Less: Accumulated depreciation	(57,738)	(50,620)
Net Property and Equipment	30,968	37,218
OTHER ASSETS		
Investments:		
Perpetual trust, restricted by the Board of Directors	3,611,909	3,082,156
Endowment account, restricted by the Board of Directors	869,022	695,377
	4,480,931	3,777,533
Deposits	3,051	3,051
Total Other Assets	4,483,982	3,780,584
Total Assets	\$5,537,352	\$4,754,320

The accompanying notes are an integral part of these financial statements.

STATEMENTS OF FINANCIAL POSITION DECEMBER 31, 2017 AND 2016

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES	2017	2016
Accounts payable	\$7,199	\$6,933
Accrued expenses:		
Payroll expenses and related liabilities	27,185	6,994
Total Current Liabilities	\$34,384	\$13,927
NET ASSETS (DEFICIT)		
Unrestricted net assets	1,022,037	962,860
Unrestricted net assets - Board Designated	4,480,931	3,777,533
Total Net Assets (Deficit)	5,502,968	4,740,393
Total Liabilities and Net Assets	\$5,537,352	\$4,754,320

The accompanying notes are an integral part of these financial statements.



STATEMENTS OF ACTIVITIES DECEMBER 31, 2017 AND 2016

CHANGES IN NET ASSETS

UNRESTRICTED SUPPORT AND REVENUE	2017	2016
Set-up fees	\$398,000	\$400,300
Annual trust fees	520,464	454,669
Investment Income		
Net realized and unrealized appreciation (depreciation) of investments, net of fees of \$38,556 in 2017 and \$33,957 in 2016	442,516	17,981
Interest and dividend income	115,740	74,140
Contributions	268,349	670,642
Loss on disposal of property	400	(789)
Other income	2,600	-
	\$1,748,069	\$1,616,943
UNRESTRICTED EXPENSES		
Program services	875,762	558,504
Management and general	109,732	108,889
	985,494	667,393
Increase in Unrestricted Net Assets	762,575	949,550
Unrestricted Net Assets - Beginning of Year	4,740,393	3,790,843
Unrestricted Net Assets - End of Year	\$5,502,968	\$4,740,393

The accompanying notes are an integral part of these financial statements.

STATEMENT OF FUNCTIONAL EXPENSES DECEMBER 31, 2017 AND 2016

EXPENSES

YEAR ENDED DECEMBER 31, 2017	Program Services	Management & General	Totals
Personnel	\$377,310	\$52,934	\$430,244
Distributions from endowment	286,540	-	286,540
Office Expenses	97,608	13,310	110,918
Professional Fees	21,461	29,610	51,071
Rent	41,520	5,662	47,182
Travel and meetings	22,912	3,124	26,036
Trustee fees	5,385	-	5,385
Insurance	2,260	2,260	4,520
Depreciation	7,025	958	7,983
Other expenses	13,741	1,874	15,615
	\$875,762	\$109,732	\$985,494

YEAR ENDED DECEMBER 31, 2016	Program Services	Management & General	Totals
Personnel	\$296,055	\$58,594	\$354,649
Distributions from endowment	98,091	-	98,091
Office Expenses	66,507	9,069	75,576
Professional Fees	10,667	28,100	38,767
Rent	38,384	5,234	43,618
Travel and meetings	15,376	2,097	17,473
Trustee fees	3,465	-	3,465
Insurance	1,979	1,979	3,958
Depreciation	6,926	945	7,871
Other expenses	21,054	2,871	23,925
	\$558,504	\$108,889	\$667,393

The accompanying notes are an integral part of these financial statements.

STATEMENTS OF CASH FLOW DECEMBER 31, 2017 AND 2016

CASH FLOWS FROM OPERATING ACTIVITIES	2017	2016
Increase in net assets	\$762,575	\$949,550
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Net (appreciation) depreciation investments	(442,516)	(17,981)
Depreciation of property and equipment	7,983	7,871
Loss on disposal of property	(400)	789
(Increase) decrease in:		
Accounts receivable	-	10,756
Prepaid expenses	(5,047)	(568)
Increase (decrease) in:		
Accounts payable	266	5,057
Accrued expenses	20,191	(951)
Net Cash Provided by Operating Activities	\$343,052	954,523
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of furniture and equipment	(1,734)	(13,757)
Purchases of short-term investments	(15,991)	(7,466)
Additions to endowment account	(399,922)	(216,895)
Withdrawals from endowment account	286,540	98,091
Additions to perpetual trust	(355,586)	(733,213)
Withdrawals from perpetual trust	183,107	148,537
Net Cash Used by Investing Activities	(303,586)	(724,703)
Net Increase in Cash and Cash Equivalents	39,466	229,820
Cash and Cash Equivalents - Beginning of Year	580,904	351,084
Cash and Cash Equivalents - Ending of Year	\$620,370	\$580,904

The accompanying notes are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2017 AND 2016

NOTE 1 Organization and summary of significant accounting policies

Organization

The Community Fund Management Foundation, Inc. (the Foundation) is a non-profit organization, established in 1993, to develop and make available trust vehicles, education, and related services that help enable individuals with disabilities to use private funds to enhance their quality of life while attempting to safeguard their eligibility for governmental benefits. Revenues consist primarily of set-up fees and annual fees associated with these trusts, investment income and contributions.

Basis of Accounting

The accompanying financial statements have been prepared, in all material respects, in accordance with accounting principles generally accepted in the United States of America, as prescribed in the American Institute of Certified Public Accountants' Audit and Accounting Guide: *Not-For-Profit Entities*. The following information summarizes the accounting basis:

Financial Statement Presentation

The Foundation classifies net assets, revenues, gains and other support and expenses based on the existence or absence of donor imposed restrictions. Accordingly, net assets and the changes therein are classified and reported in three categories, as follows:

Unrestricted Net Assets

Unrestricted net assets are either not subject to donor-imposed stipulations or are subject to such restrictions but those restrictions have been met in the same fiscal period that the revenue is recorded.

Temporarily Restricted Net Assets

Temporarily restricted net assets are subject to donor-imposed stipulations that may or will be met either by actions of the Foundation and/or the passage of time. As of December 31, 2017 and 2016, the Foundation had no temporarily restricted net assets.

Permanently Restricted Net Assets

Permanently restricted net assets are subject to donor-imposed stipulations that must be maintained permanently by the Foundation. As of December 31, 2017 and 2016, the Foundation had no permanently restricted net assets.

Accounts Receivable

Accounts receivable are considered to be fully collectible. Management believes no allowance for doubtful accounts is required.

Property and Equipment

Property and equipment are stated at cost. Renewals and betterments are capitalized. The costs of maintenance and repairs are charged to expense as incurred. Depreciation is computed using the straight-line method over various estimated useful lives consisting of periods from three to ten years.

Statements of Cash Flows

The Foundation considers all highly liquid investments at time of purchase with an original maturity date of three months or less to be cash equivalents. There were no cash payments for interest or income taxes during the years ended December 31, 2017 and 2016.

Investments

Investments are carried at fair value and consist of marketable equity, bond funds, and money market funds. Investments with readily determinable fair values are reported at quoted market values. Realized and unrealized gains and losses are recognized in the accompanying statements of activities.

Revenue Recognition

Trust set-up fees are recognized as revenue during the fiscal year the trust is originally established. Annual fees are billed in advance and are recognized as revenue in the period in which the fees are billed.

Contributions are recognized at fair value when a donor makes a promise to give that is, in substance, unconditional. Contributions that are restricted by a donor are reported as increases in unrestricted 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 temporarily restricted or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets. Unconditional



NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2017 AND 2016

NOTE 1 (Continued)

promises to give are considered to be fully collectible; accordingly, no allowance for uncollectible promises to give is required.

Compensated Absences

Employees of the Foundation are entitled to paid vacation, sick and personal days off, depending on their job classifications. None of these benefits vest and vacation leave is expensed as incurred.

Income Taxes

The Foundation is a private, non-profit organization, and is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. None of the Foundation's present or anticipated future activities are subject to taxation as unrelated business income. Therefore, no provision for income taxes has been made in the accompanying financial statements.

There have been no interest or penalties recognized in the Statements of Financial Position or the Statements of Activities relating to uncertain tax positions. Additionally, no tax positions exist for which it is reasonably possible that the total amount of unrecognized tax benefits will significantly increase or decrease during the next 12 months. The Foundation evaluates uncertain tax positions, if any, on a continual basis. The Foundation's Federal tax returns are generally subject to examination by the IRS for the years 2015 and after.

Functional Allocation of Expenses

The costs of administering trusts and other activities have been summarized on a functional basis in the Statements of Functional Expenses. Accordingly, certain costs have been allocated between program expenses and management and general expenses using various allocation methods which attempt to allocate the costs equitably in relation to the benefits provided.

Disclosure of Subsequent Events

The Foundation has evaluated all subsequent events through the date the accompanying financial statements were available to be issued (July 27, 2018) for proper accounting and disclosure in the accompanying financial statements.

Use of Accounting Estimates

The preparation of financial statements in accordance with U.S. generally accepted accounting principles requires management to make certain estimates that affect the amounts of assets, liabilities, revenues and expenses reported in the financial statements. Actual results could differ from those estimates.

NOTE 2 Fair Value Measurements

Fair value is defined as the price that the Foundation would receive to sell an investment or pay to transfer a liability in a timely transaction with an independent buyer in a principal market, or in the absence of a principal market the most advantageous market for the investment or liability. A three-tier

hierarchy has been established to distinguish between (1) inputs that reflect the assumptions market participants would use in pricing an asset or liability developed based on market data obtained from sources independent of the reporting entity (observable inputs) and (2) inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing an asset or liability developed based on the best information available in the circumstances (unobservable inputs) and to establish classification of fair value measurements for disclosure purposes. Various inputs are used in determining the value of the Foundation's investments.

The various inputs that may be used to determine the fair value of the Foundation's assets are summarized in the three broad levels:

Level 1

Inputs represent unadjusted quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access as of the measurement date.

Level 2

Represents observable inputs other than quoted prices in active markets for identical assets.

Level 3

Represents unobservable inputs supported by little or no market activity significant to the fair value measurements.

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2017 AND 2016

The following is a summary of the inputs used as of December 31, 2017 and 2016 in valuing the Foundation's investments carried at fair value:

FAIR VALUE MEASUREMENTS

INVESTMENT CATEGORY	Fair Value	Level 1	Level 2	Level 3
December 31, 2017 Short-Term Investments:				
Cash Equivalents	\$11,038	\$11,038	-	-
Equities	378,401	378,401	-	-
	\$389,439	\$389,439	-	-
December 31, 2017 Long-Term Investments:				
Cash Equivalents	\$320,575	\$320,575	-	-
Fixed Income Bonds	1,293,063	-	1,293,063	-
Equities	2,867,293	685,700	2,181,593	-
	\$4,480,931	\$1,006,275	\$3,474,656	-
December 31, 2016 Short-Term Investments:				
Cash Equivalents	\$8,743	\$8,743	-	-
Bond Funds	339,325	-	339,325	-
	\$348,068	\$8,743	\$339,325	-
December 31, 2016 Long-Term Investments:				
Cash Equivalents	\$750,856	\$750,856	-	-
Fixed Income Bonds	1,165,055	-	1,165,055	-
Equities	1,861,622	-	1,861,622	-
	\$3,777,533	\$750,856	\$3,026,677	-

All Level 2 investments have been valued using the market approach. Transfers from Level 2 investments to Level 1 investments totaled \$430,603 in 2017 and \$197,374 in 2016.

NOTE 3 Concentrations

At various times during the years ended December 31, 2017 and 2016, cash balances exceeded federally insured limits.

NOTE 4 Unrestricted Net Assets— Board Designated

Unrestricted Net Assets - Board Designated consists of investments held in the Perpetual Trust and in the Endowment Account, which are internally restricted by the

Foundation's Board of Directors. Because these investments and the related net assets are free of external restrictions, they have been classified as "unrestricted" in the accompanying Statements of Financial Position.

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2017 AND 2016

NOTE 5 Investments

Investments as of December 31, 2017 and 2016 consist primarily of common stocks, bond funds and equity funds. Original cost, fair value, unrealized appreciation and investment income at December 31, 2017 and 2016 is summarized below:

YEAR ENDED DECEMBER 31, 2017	Original Cost	Fair Value	Unrealized Apprec. (Deprec.)	Interest and Dividend Income
Short-Term Investments:				
Cash Equivalents	\$11,038	\$11,038	-	\$726
Equities	349,076	378,401	29,325	10,332
	\$360,114	\$389,439	\$29,325	\$11,058
Long-Term Investments:				
Perpetual Trust	\$3,038,173	\$3,611,909	\$573,736	\$93,237
Endowment Account:				
Cash Equivalents	183,322	183,322	-	-
Equities	633,440	685,700	52,260	11,445
	\$3,854,935	\$4,480,931	\$625,996	\$104,682
YEAR ENDED DECEMBER 31, 2016				
Short-Term Investments:				
Cash Equivalents	\$8,743	\$8,743	-	\$635
Fixed Income Securities	345,934	339,325	(6,609)	10,931
	\$354,677	\$348,068	\$(6,609)	\$11,566
Long-Term Investments:				
Perpetual Trust	\$2,931,073	\$3,082,156	\$151,083	\$61,986
Endowment Account:				
Cash Equivalents	695,377	695,377	-	588
	\$3,626,450	\$3,777,533	\$151,083	\$62,574

The Foundation invests excess funds on hand in short-term investments, consisting of money market funds, various equity, and various bond funds. Unrealized holding gains (losses) on these investments totaled \$35,934 and \$4,263 for the years ended December 31, 2017 and 2016, respectively. Realized gains (losses) on these short-term and long term investments totaled (\$2,951) for the year ended December 31, 2017, and (\$2,566) for the year ended December 31, 2016.

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2017 AND 2016

NOTE 5 (Continued)

The Foundation invests funds in long-term investments (endowment account), consisting of money market funds, and various equity funds. Unrealized holding gains (losses) on these investments totaled \$52,260 and \$-0- for the years ended December 31, 2017 and 2016, respectively. Realized gains (losses) on these long term investments totaled \$-0- for both the years ended December 31, 2017 and December 31, 2016.

Unrealized holding gains (losses) on perpetual trust securities totaled \$422,653 and \$50,724 for the years ended December 31, 2017 and 2016, respectively. Realized gains (losses) on these securities totaled (\$26,824) for the year ended December 31, 2017 and (\$483) for the year ended December 31, 2016.

The perpetual trust is funded exclusively by elections received by the Foundation from the various individual trust accounts that the Foundation administers. Contributions received by the Foundation from these elections totaled \$262,349 and \$670,642 during the years ended December 31, 2017 and 2016, respectively, and have been included in "Contributions" in the accompanying Statements of Activities.

The Foundation's Board of Directors has designated the funds in the perpetual trust as restricted, except for an annual transfer of 5% of the average balance in the perpetual trust for the preceding year to the Foundation's endowment account. This transfer totaled \$174,922 for the year ended December 31, 2017 and \$141,895 for the year ended December 31, 2016.

NOTE 6 UPMIFA and Restricted Endowment Funds

The State of Ohio's Uniform Prudent Management of Institutional Funds Act ("UPMIFA") requires the prudent expenditure of endowment funds. The Foundation's Board of Directors has determined that all Board-restricted investments meet the definition of endowment funds under UPMIFA. Additionally, the Financial Accounting Standards (FAS) Board has issued guidance on the net asset classification of Board-restricted endowment funds and also requires enhanced disclosures for all endowment funds. These disclosures are presented below.

Net Asset Classification

As of December 31, 2017 and 2016, all investments held in the Perpetual Trust and in the Endowment Account originated from unrestricted net assets of the Foundation and have been reflected as unrestricted, Board-designated net assets in the accompanying Statements of Financial Position.

Investment and Spending Policy

Funds held in the perpetual trust are invested in the same securities as the individual trust accounts that the Foundation administers. These funds are restricted except for an annual transfer of 5% of the average balance in the preceding year to the Foundation's endowment account.

Funds held in the endowment account are held in an investment account and are restricted for the purpose of providing special assistance to individuals with disabilities and nonprofits, as authorized by the Foundation's Board of Directors. Distributions to grant recipients from the endowment account totaled \$286,540 and \$98,091 for the years ended December 31, 2017 and 2016, respectively.

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2017 AND 2016

NOTE 6 (Continued)

Changes in the perpetual trust and in the endowment fund account balances during each of the years ended December 31, 2017 and 2016 are as follows:

YEAR ENDED DECEMBER 31, 2017	Perpetual Trust	Endowment Account
Balance at Beginning of Year	\$3,082,156	\$695,377
Annual 5% transfer from Perpetual Trust to Endowment Account	(\$174,922)	\$174,922
Elective deposits from individual trusts	\$262,349	-
Board discretionary transfer from operating to Endowment Account	-	\$225,000
Grant distributions from Endowment Account	-	(\$286,540)
Investment return:		
Interest and dividend income, net	\$93,237	\$11,445
Trustee fees	(\$46,740)	(\$3,442)
Unrealized gains	\$422,653	\$52,260
Realized gains (losses)	(\$26,824)	-
Total investment return	\$442,326	\$60,263
Balance at End of Year	\$3,611,909	\$869,022
YEAR ENDED DECEMBER 31, 2016	Perpetual Trust	Endowment Account
Balance at Beginning of Year	\$2,481,782	\$575,985
Annual 5% transfer from Perpetual Trust to Endowment Account	(\$141,895)	\$141,895
Elective deposits from individual trusts	\$670,642	-
Board discretionary transfer from operating to Endowment Account	-	\$75,000
Grant distributions from Endowment Account	-	(\$98,091)
Investment return:		
Interest and dividend income, net	\$61,986	\$588
Trustee fees	(\$40,600)	-
Unrealized gains	\$50,724	-
Realized gains (losses)	(\$483)	-
Total investment return	\$71,627	\$588
Balance at End of Year	\$3,082,156	\$695,377

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2017 AND 2016

NOTE 7

Operating Lease Agreement

The Foundation leases office space under an operating lease agreement. Rent expense totaled \$44,344 and \$40,335 for the years ended December 31, 2017 and 2016, respectively. At December 31, 2017 the remaining future annual rents under this agreement were as follows:

Year Ended December 31

2018	\$43,081
2019	\$3,600

Total minimum lease payments:

\$46,681

NOTE 8

Retirement Benefits

The Foundation has a defined contribution retirement plan, which covers eligible employees, as defined in the Plan Document. During the years ended December 31, 2017 and 2016, the Foundation matched voluntary employee contributions up to 3% of each eligible employee's salary. Retirement expense totaled \$7,112 for the year ended December 31, 2017, and \$5,185 for the year ended December 31, 2016, and has been included in personnel expenses in the accompanying Statements of Activities.



OUR PARTNERS

Community Fund Management Foundation (CFMF) works in partnership with other organizations in Ohio that provide support and services to individuals with disabilities.

By working together, CFMF and its partnership organizations are able to educate individuals within these organizations about the potential of trust accounts to improve their quality of life and protect their future. Trust accounts established through a CFMF

partnership organization help other individuals served by the partnership organization. Funds remaining in the trust account upon the death of the beneficiary allow the partnership organization to provide supplemental services to others in need.





COMMUNITY FUND MANAGEMENT FOUNDATION

17900 Jefferson Park, Suite 102 | Middleburg Heights, OH 44130

P: 216-736-4540 | F: 216-867-9783 | E: info@cfmf.org

www.cfmf.org

SOUTHERN OHIO REPRESENTATIVE

Laura L. Drake, *Esq.*, *Associate Director* | P: 513-967-5612 | E: cfmfsouthernohio@cfmf.org

CENTRAL OHIO REPRESENTATIVE

Brian C. Cook, *Esq.*, *Associate Director* | P: 614-309-7117 | E: cfmfcentralohio@cfmf.org