

THE OLEY FOUNDATION, INC.

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT**

SEPTEMBER 30, 2015 AND 2014

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
The Oley Foundation, Inc.
43 New Scotland Avenue, MC28
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Albany, New York 12208

We have audited the accompanying financial statements of The Oley Foundation, Inc. (a nonprofit organization), which comprise the statements of financial position as of September 30, 2015 and 2014, and the related statements of activities, functional expenses and cash flows for the years then ended and the related notes to the financial statements. The prior year's summarized comparative information has been derived from the Organization's 2014 financial statements and in our report dated August 10, 2015, we expressed an unqualified opinion on these 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 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 include 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 opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial positions of The Oley Foundation, Inc., as of September 30, 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.

Other Matter

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The statements of functional expenses, on page 5, are presented for purposes of additional analysis and are 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 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.

Slocum DeAngelus & Associates, P.C.

SLOCUM, DeANGELUS & ASSOCIATES, P.C.

Albany, New York
June 28, 2016

**THE OLEY FOUNDATION, INC.
STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2015 AND 2014**

	<u>ASSETS</u>	<u>2015</u>	<u>2014</u>
Current Assets			
Cash and Equivalents		\$ 1,041,565	\$ 767,630
Marketable Securities		<u>101,483</u>	<u>101,173</u>
Total Current Assets		1,143,048	868,803
Fixed Assets			
Furniture and Equipment, Net of Accumulated Depreciation		<u>2,536</u>	<u>3,388</u>
Total Assets		<u>\$ 1,145,584</u>	<u>\$ 872,191</u>
Total Assets			
<u>LIABILITIES AND NET ASSETS</u>			
Current Liabilities			
Payroll Taxes Payable		\$ 2,836	\$ 2,832
Accrued Payroll		6,126	5,865
Due to Affiliate		<u>17,275</u>	<u>1,564</u>
Total Current Liabilities		<u>26,237</u>	<u>10,261</u>
Net Assets			
Unrestricted		1,036,338	769,740
Temporarily Restricted		<u>83,009</u>	<u>92,190</u>
Total Net Assets		<u>1,119,347</u>	<u>861,930</u>
Total Liabilities and Net Assets		<u>\$ 1,145,584</u>	<u>\$ 872,191</u>

See accompanying notes and Independent Auditors' Report.

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THE OLEY FOUNDATION, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED SEPTEMBER 30, 2015 AND 2014

	2015			2014		
	Unrestricted	Temporarily Restricted	Totals	Unrestricted	Temporarily Restricted	Totals
Public Support and Revenue						
Public Support:						
Contributions	\$ 201,557	\$ 12,788	\$ 214,345	\$ 17,761	\$ 71,288	\$ 89,049
Corporate Contributions	332,849	-	332,849	438,500	-	438,500
Conference	170,002	-	170,002	138,469	-	138,469
Fundraising	71,736	-	71,736	58,779	-	58,779
Sponsorships and Promotions	5,853	-	5,853	5,987	-	5,987
Released From Restriction	21,969	(21,969)	-	31,098	(31,098)	-
Total Public Support	803,966	(9,181)	794,785	690,594	40,190	730,784
Revenue:						
Investment Return	1,754	-	1,754	12,857	-	12,857
Total Public Support and Revenue	805,720	(9,181)	796,539	703,451	40,190	743,641
Expenses						
Program Services:						
Research	16,809	-	16,809	15,804	-	15,804
Education	348,363	-	348,363	356,428	-	356,428
Total Program Services	365,172	-	365,172	372,232	-	372,232
Support Services:						
General and Administrative	76,874	-	76,874	83,760	-	83,760
Fund Raising	97,076	-	97,076	95,063	-	95,063
Total Support Services	173,950	-	173,950	178,823	-	178,823
Total Expenses	539,122	-	539,122	551,055	-	551,055
Change in Net Assets	266,598	(9,181)	257,417	152,396	40,190	192,586
Net Assets, Beginning of Year	769,740	92,190	861,930	617,344	52,000	669,344
Net Assets, End of Year	\$ 1,036,338	\$ 83,009	\$ 1,119,347	\$ 769,740	\$ 92,190	\$ 861,930

See accompanying notes and Independent Auditors' Report.

THE OLEY FOUNDATION, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED SEPTEMBER 30, 2015 AND 2014

	2015					2014
	Program Services		Support Services			Total Expenses
	Research	Education	General & Admin	Fund Raising	Total Expenses	
Expenses						<u>Total Expenses</u>
Salaries	\$ 11,074	\$ 110,734	\$ 44,294	\$ 55,367	\$ 221,469	\$ 205,514
Payroll Taxes & Employee Benefits	1,405	14,055	5,622	7,027	28,109	25,437
Total Salaries & Related Expenses	12,479	124,789	49,916	62,394	249,578	230,951
Bank Charges	-	-	1,278	-	1,278	342
Credit Card Fees	-	-	4,436	-	4,436	5,176
Fundraising	-	-	-	2,252	2,252	2,000
Occupancy	2,372	8,897	534	59	11,862	11,565
Supplies	475	7,127	1,805	95	9,502	11,954
Telephone	250	3,620	249	42	4,161	2,924
Insurance	-	-	4,065	-	4,065	3,612
Printing and Publications	1,048	16,774	839	2,306	20,967	21,070
Conferences and Meetings	-	127,328	1,431	14,307	143,066	182,438
Legal and Accounting	-	-	8,760	-	8,760	21,593
Postage	185	7,388	831	831	9,235	9,251
Travel	-	-	346	-	346	3,495
Audio-Visual Material	-	11,460	-	-	11,460	2,199
Scholarships	-	2,939	-	-	2,939	2,000
Promotions and Sponsorships	-	19,527	-	-	19,527	1,867
Advertising	-	1,875	-	625	2,500	-
Website	-	7,804	-	1,377	9,181	6,519
Subscriptions and Fees	-	-	2,188	-	2,188	225
Research	-	15	-	-	15	3,000
Seminars	-	913	-	-	913	-
Equipment Supply Program	-	562	-	-	562	88
Medical Science Advisor	-	6,689	-	-	6,689	7,791
Life Insurance Endowment	-	-	-	12,788	12,788	12,788
Research Prizes	-	-	-	-	-	7,517
Total Expenses Before Depreciation	16,809	347,707	76,678	97,076	538,270	550,365
Depreciation	-	656	196	-	852	690
Total Expenses	\$ 16,809	\$ 348,363	\$ 76,874	\$ 97,076	\$ 539,122	\$ 551,055

See accompanying notes and Independent Auditors' Report.

**THE OLEY FOUNDATION, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2015 AND 2014**

	<u>2015</u>	<u>2014</u>
Change in Unrestricted Net Assets	\$ 257,417	\$ 192,586
Adjustments to Reconcile Unrestricted Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	852	690
Unrealized (Gain)/Loss on Marketable Securities	1,446	(9,827)
Increase (Decrease) in Liabilities:		
Payroll Taxes Payable	4	646
Accrued Payroll	261	1,903
Due to Affiliate	<u>15,711</u>	<u>(57,063)</u>
Net Cash Provided by Operating Activities	<u>275,691</u>	<u>128,935</u>
Cash Flows Used in Investing Activities:		
Acquisition of Equipment	-	(1,734)
Purchase of Marketable Securities	<u>(1,756)</u>	<u>(2,489)</u>
Net Cash Used in Investing Activities:	<u>(1,756)</u>	<u>(4,223)</u>
Net Increase in Cash	273,935	124,712
Cash and Cash Equivalents, Beginning of Year	<u>767,630</u>	<u>642,918</u>
Cash and Cash Equivalents, End of Year	<u>\$ 1,041,565</u>	<u>\$ 767,630</u>

See accompanying notes and Independent Auditors' Report.

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THE OLEY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015 AND 2014

1. Summary of Significant Accounting Policies

- a) Nature of Activities - The Oley Foundation, Inc. was established in 1983 as a non-profit organization under Internal Revenue Code Section 501(c)(3). The Foundation's objectives are to research, train and educate consumers (patients), clinicians, home care services and third party payers involved with Home Parenteral and Enteral Nutrition (HOME PEN).
- b) Basis of Accounting - The Foundation reports its financial statements on the accrual basis of accounting and in accordance with generally accepted accounting principles.
- c) Marketable Securities - The Organization carries investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values in the statement of financial position. Unrealized gains and losses are included in investment income in the accompanying statements of activities and changes in net assets.

Purchase and sales of securities are reflected on a trade-date basis. Gains or losses on sales of securities are based on the actual cost of the specific security.

- d) Accounts Receivable - The Oley Foundation, Inc. considers accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts has been established. If, in the future, managements determines that amounts may be uncollectible, an allowance will be established and activities will be charged when that determination is made.
- e) Refundable Advances - The Oley Foundation, Inc. records grant revenue as a refundable advance until it is expended for the purpose of the grant, at which time it is recognized as revenue. There are no refundable advances at September 30, 2015.
- f) Fixed Assets - The Oley Foundation, Inc. follows the practice of capitalizing all expenditures for property, furniture, fixtures and office equipment in excess of \$100. All fixed assets are recorded at cost. Depreciation or amortization of all such items is computed primarily on a straight-line basis over the estimated useful lives of the assets generally as follows:

Furniture and equipment	5 years
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- g) Donated Materials and Services - Donated materials and services are reflected in note 8.
- h) Income Taxes - The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The Organization accounts for income taxes in accordance with FASB Accounting Standards Codification (ASC) 740, Income Taxes. FASB ASC 740-10 clarifies the accounting for income taxes, by prescribing a minimum recognition threshold that a tax position is required to meet before being recognized in the financial statements. With few exceptions, the Organization is no longer subject to U.S. Federal, state or local income tax examinations by authorities for years before 2012.

See Independent Auditors' Report.

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THE OLEY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2015 AND 2014

1. Summary of Significant Accounting Policies (Continued)

- i) Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.
- j) Cash Equivalents - Cash equivalents consist of money market funds, which are readily convertible into cash.
- k) Accrued Compensated Absences - The Organization has not accrued compensated absences because the amount cannot be reasonably estimated.
- l) Reclassifications - Certain amounts in the 2014 financial statements have been reclassified to conform to the 2015 presentation.
- m) Fair Value Measurement – The Organization follows U.S. GAAP, and as a result, additional information related to the valuation of investments has been included in Footnote #2.
- n) Subsequent Events – Subsequent events have been evaluated through _____, which is the date the financial statements were available to be issued.

2. Marketable Securities

Investments are stated at fair value based on market quotes and consist of the following:

<u>September 30, 2015</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Appreciation (Depreciation)</u>
Vanguard Index Funds	\$31,762	\$ 66,838	\$35,076
Vanguard Total Bond Market	25,454	31,757	6,303
Edward Lifesciences Corp.	-	1,422	1,422
Baxter International	-	684	684
Becton Dickinson & Co. (CareFusion Corp)	-	134	134
Baxalta Incorporated	-	648	648
	<u>\$57,216</u>	<u>\$101,483</u>	<u>\$44,267</u>
<u>September 30, 2014</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Appreciation (Depreciation)</u>
Vanguard Index Funds	\$31,762	\$ 67,575	\$35,813
Vanguard Total Bond Market	25,454	30,909	5,455
Edward Lifesciences Corp.	-	613	613
Baxter International	-	1,443	1,443
Carefusion Corp.	-	633	633
	<u>\$57,216</u>	<u>\$101,173</u>	<u>\$43,957</u>

See Independent Auditors' Report.

**THE OLEY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2015 AND 2014**

2. Marketable Securities (Continued)

All of the Organization's investments are level 1 inputs for fair value measurement (market value) under U.S. GAAP. Level 1 inputs are quoted prices in active markets for identical assets that the Organization has the ability to access at the measurement date (September 30).

Investment return is summarized as follows:

	<u>2015</u>	<u>2014</u>
Dividend Income	\$1,921	\$ 1,932
Interest Income	1,279	1,098
Net Realized and Unrealized Gains (Losses)	<u>(1,446)</u>	<u>9,827</u>
Total Unrestricted Investment Income	<u>\$1,754</u>	<u>\$12,857</u>

3. Grants and Contracts Receivable

The Foundation records income from unrestricted grants and contracts in the period designated by the grantor. The Foundation's management has determined that an allowance account is not necessary to establish at this time. If, in the future, management determines that amounts may be uncollectible, an allowance account will be established and operations will be charged when that determination is made.

4. Fixed Assets

As of September 30, 2015 and 2014, fixed assets consist of the following:

	<u>2015</u>	<u>2014</u>
Furniture and Fixtures	\$ 7,171	\$ 7,171
Equipment	<u>16,649</u>	<u>16,649</u>
Total Fixed Assets	23,820	23,820
Less: Accumulated Depreciation	<u>21,284</u>	<u>20,432</u>
Fixed Assets - Net	<u>\$ 2,536</u>	<u>\$ 3,388</u>

See Independent Auditors' Report.

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**THE OLEY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2015 AND 2014**

5. Due to Affiliate

Due to Affiliate represents certain salaries and related payroll taxes and fringes, and other expenses paid for by the Albany Medical College under a contractual arrangement with the Foundation for support and program services. The components of this account at September 30, 2015 and 2014, are as follows:

	<u>2015</u>	<u>2014</u>
College expenditures on behalf of Foundation:		
Salaries	\$81,477	\$ 80,901
Payroll Taxes and Fringes	12,161	10,806
Occupancy	11,862	11,565
Postage	2,510	2,931
Materials and Supplies	1,982	179
Miscellaneous	<u>719</u>	<u>1,555</u>
Total Expenditures	110,711	107,937
Less: Foundation payments to Albany Medical College	(95,000)	(165,000)
Plus: Payable balance carry forward from prior year	<u>1,564</u>	<u>58,627</u>
Payable to Albany Medical College, End of Year	\$ <u>17,275</u>	\$ <u>1,564</u>

6. Concentration of Credit Risk

The Oley Foundation, Inc. maintains bank accounts at two banks. Accounts at an institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. Cash at these institutions may exceed Federally insured limits.

7. Concentration of Support

For the years ended September 30, 2015 and 2014, approximately 33.7% and 39.1%, respectively, of the Organization's support was provided by contributions from four corporate donors.

See Independent Auditors' Report.

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