

ARMSTRONG COUNTY COMMUNITY FOUNDATION

AUDITED FINANCIAL STATEMENTS

DECEMBER 31, 2010

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INDEPENDENT AUDITOR'S REPORT

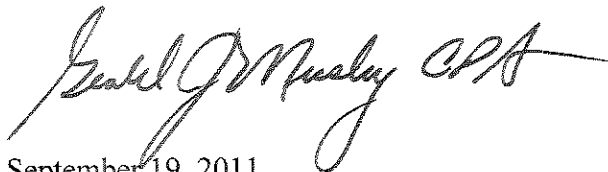
To the Board of Directors
Armstrong County Community Foundation

We have audited the accompanying statement of financial position of the Armstrong County Community Foundation as of December 31, 2010, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note A, these financial statements were prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Armstrong County Community Foundation as of December 31, 2010, and the changes in its net assets and cash flows for the year then ended, on the basis of accounting described in Note A.



September 19, 2011
Kittanning, Pennsylvania

ARMSTRONG COUNTY COMMUNITY FOUNDATION

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2010

ASSETS

Cash and cash equivalents	\$ 268,775
Investments (at fair market value)	<u>4,991,157</u>
Total Assets	\$ <u>5,259,932</u>

LIABILITIES AND NET ASSETS

Liabilities:	\$ -0-
Net Assets:	
Permanently restricted	<u>5,259,932</u>
Total Liabilities and Net Assets	\$ <u>5,259,932</u>

See accompanying notes.

ARMSTRONG COUNTY COMMUNITY FOUNDATION

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2010

REVENUE:

Direct public support	\$ 643,623
Special events and activities	25,474
Interest income	1,322
Investment earnings (losses)	<u>534,002</u>

TOTAL REVENUE 1,204,421

EXPENSES:

Program services:

Tuition Scholarship Program and grants to charitable agencies	<u>410,491</u>
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Support services:

Schedule following	<u>147,103</u>
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TOTAL EXPENSES 557,594

CHANGE IN NET ASSETS 646,827

NET ASSETS, BEGINNING OF YEAR 4,613,105

NET ASSETS, END OF YEAR \$5,259,932

See accompanying notes.

ARMSTRONG COUNTY COMMUNITY FOUNDATION

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2010

Cash flows from operating activities:

Change in net assets	\$ 646,827
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Investment (gains) losses	(534,002)
Net cash provided by operating activities	<u>112,825</u>

Cash flows from investing activities:

Purchase of investments	(669,097)
Redemption of investments	<u>729,270</u>
Net cash from investing activities	<u>60,173</u>

NET INCREASE IN CASH AND CASH EQUIVALENTS 172,998

CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR 95,777

CASH AND CASH EQUIVALENTS, END OF YEAR \$ 268,775

See accompanying notes.

ARMSTRONG COUNTY COMMUNITY FOUNDATION

STATEMENT OF ACTIVITIES – SUPPORTING SCHEDULE

FOR THE YEAR ENDED DECEMBER 31, 2010

Support services:	
Salaries and wages	\$ 84,508
Special events and activities	12,196
Office equipment and supplies	2,854
Printing and publications	775
Marketing	6,634
Rent	6,240
Telephone and internet	1,925
Utilities	2,078
Taxes	8,059
Insurance	2,529
Postage	1,849
Employee benefits	2,366
Professional fees	6,600
Dues and subscriptions	2,077
Travel/Meals	1,667
Payroll services	1,093
Website	1,436
Education/Training	834
Miscellaneous	<u>1,383</u>
	<u>\$ 147,103</u>

See accompanying notes.

ARMSTRONG COUNTY COMMUNITY FOUNDATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2010

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Nature of Activities

Armstrong County Community Foundation is a nonprofit corporation incorporated to meet the needs of individuals and charitable agencies within the county. Since inception, the foundation has allowed donors and nonprofit organizations to work together to improve the quality of life in the area. The purpose of the organization is to develop, manage and distribute charitable funding to meet existing and changing community needs.

2. Basis of Accounting

The Organization's policy is to prepare its financial statements on the basis of cash receipts and disbursements. Consequently, certain revenues and related assets are recognized when received rather than when earned, and certain expenses are recognized when paid rather than when the obligation is incurred. This policy constitutes a departure from generally accepted accounting principles.

Accordingly, the accompanying financial statements are not intended to present statements of financial position, activities, and cash flows in conformity with generally accepted accounting principles.

3. Fixed Assets

Fixed assets acquired by the Organization are expensed when purchased. Therefore, these financial statements do not include a provision for depreciation.

4. Federal Income Taxes

The Organization qualifies as a tax-exempt non-profit organization under Section 501 (c)(3) of the Internal Revenue Code. Accordingly, no provision for federal income taxes has been recorded. The Organization's Form 990, Return of Organization Exempt from Income Taxes, for the years ending December 31, 2008, 2009 and 2010 are subject to examination by the IRS, generally for three years after they were filed.

5. Cash and Cash Equivalents

Cash and cash equivalents include all monies in banks and highly liquid investments with maturity dates of less than three months. Fair value approximates carrying amounts.

6. Financial Statement Presentation

The Organization is required to report information regarding its financial position and activities according to three classes of net assets:

ARMSTRONG COUNTY COMMUNITY FOUNDATION

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2010

unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition, the Organization is required to present a statement of cash flows.

7. Investment Securities

Investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets.

8. Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions.

9. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of management's estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

B. RENT COMMITMENT

The Organization leases its office facilities at 160 North McKean Street, Kittanning, Pennsylvania, under a lease agreement dated September 1, 2005. On July 10, 2008, the Organization entered into an extension of this lease agreement thru September 30, 2013. The new agreement requires monthly rental payments of \$520. In addition, it requires the Organization to be responsible for 25% of the increase in the real estate taxes over and above the 2008 county and borough tax and the 2008-2009 school tax.

ARMSTRONG COUNTY COMMUNITY FOUNDATION

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2010

C. INVESTMENTS

The Organization's investment accounts consisted of the following at December 31, 2010:

	<u>COST</u>	<u>MARKET</u>
Money Market	\$ 87,565	\$ 87,565
Stocks/Bonds	928,557	780,986
Mutual Funds	4,187,328	4,063,422
Limited Partnership	<u>52,506</u>	<u>59,184</u>
	<u>\$ 5,255,956</u>	<u>\$4,991,157</u>

A summary of investment earnings included in the Statement of Activities is as follows:

Interest and dividends	\$ 126,630
Realized gains (losses)	(36,897)
Unrealized gains (losses)	<u>444,269</u>
	<u>\$ 534,002</u>

D. EVALUATION OF SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through September 19, 2011, the date which the financial statements were available to be issued.