

**ARMSTRONG COUNTY COMMUNITY FOUNDATION**

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**FINANCIAL STATEMENTS  
FOR THE YEARS ENDED  
DECEMBER 31, 2021 AND 2020  
&  
INDEPENDENT AUDITORS' REPORT**



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**McCall Scanlon & Tice, LLC**  
*Certified Public Accountants*

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
Armstrong County Community Foundation:

### ***Opinion***

We have audited the financial statements of the Armstrong County Community Foundation (the "Foundation"), which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as of December 31, 2021 and 2020, 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.

### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("U.S. GAAS"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Foundation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for one year after the date that the financial statements are issued.

5500 Corporate Drive, Suite 240  
Pittsburgh, PA 15237  
412.635.9314 Fax:412.635.9358

11931 State Route 85, Suite G  
Kittanning, PA 16201  
724.543.1135 Fax:724.919.8587

480 Johnson Road, Suite 240  
Washington, PA 15301  
724.223.9465 Fax:724.223.9004

## ***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with U.S. GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with U.S. GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

***McCall Scanlon & Tice, LLC***

Kittanning, Pennsylvania  
July 20, 2022

# ARMSTRONG COUNTY COMMUNITY FOUNDATION

## STATEMENTS OF FINANCIAL POSITION DECEMBER 31, 2021 AND 2020

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	<u>ASSETS</u>	
	<u>2021</u>	<u>2020</u>
CURRENT ASSETS:		
Cash	\$ 151,578	\$ 47,401
Restricted cash	<u>140,923</u>	<u>204,231</u>
Total cash	292,501	251,632
Prepaid expenses	<u>2,807</u>	<u>2,825</u>
Total current assets	295,308	254,457
INVESTMENTS	17,756,140	13,514,077
COMPUTER SOFTWARE, NET	<u>-</u>	<u>-</u>
TOTAL	<u>\$ 18,051,448</u>	<u>\$ 13,768,534</u>
	<u>LIABILITIES AND NET ASSETS</u>	
CURRENT LIABILITIES:		
Accounts payable	\$ -	\$ 333
Funds payable	5,368	4,141
Scholarship payable	1,000	2,000
YMCA grants payable	<u>38,208</u>	<u>28,625</u>
Total current liabilities	44,576	35,099
NET ASSETS:		
Without donor restrictions	602,872	465,255
With donor restrictions	<u>17,404,000</u>	<u>13,268,180</u>
Total net assets	<u>18,006,872</u>	<u>13,733,435</u>
TOTAL	<u>\$ 18,051,448</u>	<u>\$ 13,768,534</u>

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See Notes To Financial Statements

**ARMSTRONG COUNTY COMMUNITY FOUNDATION**

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2021

	Without Donor	With Donor Restrictions		Total
	Restrictions	Programs	Endowment	
<b>REVENUES, GAINS AND OTHER SUPPORT:</b>				
Direct public support	\$ 43,812	\$ 134,680	\$ 2,960,647	\$ 3,139,139
PPP grant	22,319	-	-	22,319
Special events and activities	13,899	-	-	13,899
Interest income	531	-	-	531
Investment income (loss)	-	-	2,043,195	2,043,195
Net assets released from restrictions	1,002,702	(199,215)	(803,487)	-
<b>Total revenues, gains and other support</b>	<b>1,083,263</b>	<b>(64,535)</b>	<b>4,200,355</b>	<b>5,219,083</b>
<b>EXPENSES:</b>				
Tuition Scholarship Program and grants to charitable agencies	751,533	-	-	751,533
Salaries and wages	100,602	-	-	100,602
Special events and activities	13,444	-	-	13,444
Office equipment and supplies	20,421	-	-	20,421
Printing and publications	2,964	-	-	2,964
Marketing	3,333	-	-	3,333
Rent	6,229	-	-	6,229
Telephone and internet	2,451	-	-	2,451
Utilities	4,854	-	-	4,854
Taxes	7,954	-	-	7,954
Insurance	3,226	-	-	3,226
Postage	877	-	-	877
Employee benefits	2,726	-	-	2,726
Professional fees	17,100	-	-	17,100
Dues and subscriptions	2,438	-	-	2,438
Travel/meals	400	-	-	400
Payroll services	1,631	-	-	1,631
Education/training	2,035	-	-	2,035
Depreciation	-	-	-	-
Miscellaneous	1,428	-	-	1,428
<b>Total expenses</b>	<b>945,646</b>	<b>-</b>	<b>-</b>	<b>945,646</b>
<b>INCREASE (DECREASE) IN NET ASSETS</b>	<b>137,617</b>	<b>(64,535)</b>	<b>4,200,355</b>	<b>4,273,437</b>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<b>465,255</b>	<b>200,090</b>	<b>13,068,090</b>	<b>13,733,435</b>
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 602,872</b>	<b>\$ 135,555</b>	<b>\$ 17,268,445</b>	<b>\$ 18,006,872</b>

See Notes To Financial Statements

**ARMSTRONG COUNTY COMMUNITY FOUNDATION**

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2020

	Without Donor Restrictions	With Donor Restrictions		Total
		Programs	Endowment	
<b>REVENUES, GAINS AND OTHER SUPPORT:</b>				
Direct public support	\$ 16,889	\$ 221,006	\$ 268,995	\$ 506,890
PPP grant	20,807	-	-	20,807
Grant income	15,000	-	-	15,000
Special events and activities	-	-	-	-
Interest income	750	-	-	750
Investment income (loss)	49,328	-	1,500,380	1,549,708
Net assets released from restrictions	876,609	(225,387)	(651,222)	-
<b>Total revenues, gains and other support</b>	<b>979,383</b>	<b>(4,381)</b>	<b>1,118,153</b>	<b>2,093,155</b>
<b>EXPENSES:</b>				
Tuition Scholarship Program and grants to charitable agencies	749,937	-	-	749,937
Salaries and wages	103,947	-	-	103,947
Special events and activities	1,267	-	-	1,267
Office equipment and supplies	21,117	-	-	21,117
Printing and publications	3,227	-	-	3,227
Marketing	3,426	-	-	3,426
Rent	6,064	-	-	6,064
Telephone and internet	2,427	-	-	2,427
Utilities	4,489	-	-	4,489
Taxes	8,339	-	-	8,339
Insurance	3,315	-	-	3,315
Postage	877	-	-	877
Employee benefits	2,296	-	-	2,296
Professional fees	12,500	-	-	12,500
Dues and subscriptions	2,312	-	-	2,312
Travel/meals	306	-	-	306
Payroll services	1,609	-	-	1,609
Education/training	709	-	-	709
Depreciation	1,667	-	-	1,667
Miscellaneous	497	-	-	497
<b>Total expenses</b>	<b>930,328</b>	<b>-</b>	<b>-</b>	<b>930,328</b>
<b>INCREASE (DECREASE) IN NET ASSETS</b>	<b>49,055</b>	<b>(4,381)</b>	<b>1,118,153</b>	<b>1,162,827</b>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<b>416,200</b>	<b>204,471</b>	<b>11,949,937</b>	<b>12,570,608</b>
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 465,255</b>	<b>\$ 200,090</b>	<b>\$ 13,068,090</b>	<b>\$ 13,733,435</b>

See Notes To Financial Statements

## ARMSTRONG COUNTY COMMUNITY FOUNDATION

### STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

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	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase (decrease) in net assets	\$ 4,273,437	\$ 1,162,827
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used in) operating activities:		
Net realized and unrealized (gains) losses on investments	(1,855,050)	(1,267,212)
Contribution of noncash gifts	(92,498)	-
Depreciation	-	1,667
(Increase) decrease in, Prepaid expenses	18	86
Increase (decrease) in:		
Accounts payable	(333)	(671)
Funds payable	1,227	(518)
Scholarship payable	(1,000)	(1,000)
YMCA grants payable	9,583	225
	<u>2,335,384</u>	<u>(104,596)</u>
Net cash provided by (used in) operating activities		
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of investments	(3,203,176)	(643,159)
Proceeds from sales of investments	908,661	780,914
	<u>(2,294,515)</u>	<u>137,755</u>
Net cash provided by (used in) investing activities		
NET INCREASE (DECREASE) IN CASH	40,869	33,159
CASH, BEGINNING OF YEAR	<u>251,632</u>	<u>218,473</u>
CASH, END OF YEAR	<u>\$ 292,501</u>	<u>\$ 251,632</u>

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See Notes To Financial Statements

**ARMSTRONG COUNTY COMMUNITY FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**

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**1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**NATURE OF OPERATIONS**

The Armstrong County Community Foundation (the "Foundation"), formerly Community Foundation Serving the Heart of Western Pennsylvania, is a nonprofit organization incorporated to meet the needs of individuals and charitable agencies within mid-Western Pennsylvania. 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 Foundation is to develop, manage, and distribute charitable funding to meet existing and changing community needs.

**BASIS OF ACCOUNTING**

The financial statements of the Foundation have been prepared on the accrual basis of accounting and, accordingly, report all significant receivables, payables, and other liabilities as prescribed by accounting principles generally accepted in the United States of America ("U.S. GAAP").

**FINANCIAL STATEMENT PRESENTATION**

The Foundation is required to report information regarding its financial position according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net assets of the Foundation are reported in the following categories:

Net assets without donor restrictions consist of resources available for the various programs and administration of the Foundation, which have not been restricted by donors or grantors.

Net assets with donor restrictions are those assets subject to donor-imposed stipulations that may or will be met either by actions of the Foundation and/or the passage of time, or are those required to be maintained permanently by donors.

**REVENUES AND OTHER SUPPORT**

Grants and other contributions of cash and other assets are reported as net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Contributions received with donor-imposed restrictions that are met in the same year in which the contributions are received are classified as net assets without donor restrictions.

Unconditional promises to give are recorded when the pledge is received. Unconditional promises to give due in the next year are reflected as current promises to give and are recorded at their net realizable value. Unconditional promises to give due in subsequent years are reflected as long-term promises to give and are recorded at the present value of their net realizable value, using risk-free interest rates applicable to the years in which the promises are received to discount the amounts. An allowance for uncollectible promises is provided based on management's evaluation of potential uncollectible promises receivable at year end. The Foundation had no unconditional promises to give as of December 31, 2021 and 2020.

## **INVESTMENTS**

Investments in marketable securities with readily determinable fair values and all investments in debt securities are recorded at fair value in the statements of financial position.

Although the Foundation's investments are invested in a variety of financial instruments managed by investment advisors, the fair values, reported in the statements of financial position, are subject to various market risks including changes in the equity markets, the interest rate environment, and economic conditions. Due to the level of risk associated with investment securities and the level of uncertainty related to changes in the fair value of investment securities, it is reasonably possible that the fair value of investments reported in the accompanying statements of financial position could change materially in the near term.

## **FAIR VALUE MEASUREMENTS**

Accounting standards require the Foundation to measure various assets and liabilities at fair value. Fair value is defined as the price that would be received to sell an asset or the price that would be paid to dispose of a liability in an orderly transaction between market participants at the measurement date. The framework for measuring fair value includes a hierarchy used to classify the inputs used in measuring fair value.

The hierarchy prioritizes the inputs used in determining valuations into three levels. The level in the fair value hierarchy within which the fair value measurement falls is determined based on the lowest level input that is significant to the fair value measurement. The levels of the fair value hierarchy are as follows:

Level 1 – Fair value is based on unadjusted quoted prices in active markets that are accessible to the Foundation for identical assets. These generally provide the most reliable evidence and are used to measure fair value whenever available.

Level 2 – Fair value is based on significant inputs, other than Level 1 inputs, that are observable either directly or indirectly for substantially the full term of the asset through corroboration with observable market data. Level 2 inputs include quoted market prices in active markets for similar assets, quoted market prices in markets that are not active for identical or similar assets, and other observable inputs.

Level 3 – Fair value would be based on significant unobservable inputs. Examples of valuation methodologies that would result in Level 3 classification include option pricing models, discounted cash flows, and other techniques.

### **COMPUTER SOFTWARE**

Computer software purchased is recorded at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the software.

### **ENDOWMENT FUNDS**

Accounting standards provide guidance on the net asset classification of donor restricted endowment funds for a nonprofit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (“UPMIFA”) and also improves disclosures about an organization’s endowment funds (both donor restricted endowment funds and board designated endowment funds) whether or not the organization is subject to UPMIFA.

The Commonwealth of Pennsylvania has not adopted UPMIFA. The Commonwealth of Pennsylvania has enacted Act 141 (the “Act”). The Act allows the Foundation to elect a “total return investment policy” in regard to its endowment. Income is defined by the Act to mean a fixed percentage of the “value of the assets” held by the Foundation, not less than 2% or more than 7%. The “value of the assets” for purposes of the Act, is the average fair value of the assets over a three-year period (or the average value of the assets over any shorter period in the cases of assets held less than three years). The Foundation adopted a total investment return policy with a spending policy of not more than 5% of the three-year average fair value of the endowment’s investments for 2021 and 2020. This spending policy determines the funds available for grant making and administrative expenses. This calculation excludes funds where the spending policy would reduce the individual fund balances below its stipulated minimum.

The Foundation’s investment objective is to maximize returns through a highly diversified portfolio of assets consisting of equity, fixed income and money market funds. The return objective of the Foundation is the desired annual payout, or spending policy, plus inflation plus growth. The Foundation maintains a prudent risk policy through its investment and the asset allocation policies that are consistent with its public nature and the position of the Foundation.

### **INCOME TAX STATUS**

The Foundation has been classified as a tax-exempt, nonprofit organization under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for federal and state income taxes is required. In general, the Foundation's tax positions for open tax years remain subject to examination by the tax authorities in the jurisdictions in which the Foundation operates.

### **USE OF ESTIMATES**

The preparation of financial statements in conformity with U.S. GAAP 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 those estimates.

### **ADVERTISING**

Advertising costs are expensed as incurred. Advertising expense was \$15 and \$1,130 for the years ended December 31, 2021 and 2020, respectively.

### **RECLASSIFICATIONS**

Certain reclassifications were made to the 2020 financial statements to conform to the 2021 presentation.

### **SUBSEQUENT EVENTS**

In preparing these financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through July 20, 2022, the date the financial statements were available to be issued.

## 2. INVESTMENTS

Investments are measured at fair value using level 1 inputs and consist of the following at December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Money market funds	\$ 472,819	\$ 3,949,012
Alternative investments	1,159,003	748,960
Equities	3,991,570	2,897,181
Mutual funds	6,658,287	4,273,030
Exchange traded products	889,061	415,576
Stocks	3,483,551	1,230,318
Bonds	1,101,849	-
Total	<u>\$ 17,756,140</u>	<u>\$ 13,514,077</u>

The Foundation does not have any investments measured using level 2 or 3 inputs.

Investment income (loss) is comprised of the following for the years ended December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Dividends and interest income	\$ 277,805	\$ 363,078
Net unrealized/realized gain (loss) on investments	1,855,050	1,267,212
Investment fees	(89,660)	(80,582)
	<u>\$ 2,043,195</u>	<u>\$ 1,549,708</u>

### 3. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions have been restricted by donors for the following purposes at December 31, 2021 and 2020:

	2021		2020	
	<u>Programs</u>	<u>Endowment</u>	<u>Programs</u>	<u>Endowment</u>
Administration	\$ -	\$ 598,034	\$ -	\$ 521,473
Organizational	-	1,440,644	-	1,273,378
Scholarship	135,555	4,795,071	200,090	4,258,695
Donor advised	-	8,847,860	-	6,302,710
Donor designated	<u>5,368</u>	<u>1,626,044</u>	<u>4,141</u>	<u>742,459</u>
Total	140,923	17,307,653	204,231	13,098,715
Less payables	<u>(5,368)</u>	<u>(39,208)</u>	<u>(4,141)</u>	<u>(30,625)</u>
Total	<u>\$ 135,555</u>	<u>\$ 17,268,445</u>	<u>\$ 200,090</u>	<u>\$ 13,068,090</u>

### 4. ENDOWMENT NET ASSETS

The Foundation's endowment consists of various investment funds established for a variety of purposes. Its endowment includes donor restricted endowment funds. As required by U.S. GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Foundation's endowment-related activity during the years ended December 31, 2021 and 2020 is as follows:

	With Donor Restrictions	
	2021	2020
Beginning endowment net assets	\$ 13,068,090	\$ 11,949,937
Contributions	2,960,647	268,995
Income on investments	277,805	357,696
Expenses	(89,660)	(80,487)
Net assets released from restrictions	(803,487)	(651,222)
Net (depreciation)/appreciation in investments	<u>1,855,050</u>	<u>1,223,171</u>
Change in endowment net assets	<u>4,200,355</u>	<u>1,118,153</u>
Ending endowment net assets	<u><u>\$ 17,268,445</u></u>	<u><u>\$ 13,068,090</u></u>

Included in net assets released from restrictions is \$178,569 and \$136,198 or a 1% internal fee charged for management of the endowment funds as of December 31, 2021 and 2020, respectively. The fees are transferred to net assets without donor restrictions to help offset expenses of the Foundation. The Foundation has no endowment funds without donor restrictions.

## 5. FUNDS PAYABLE

As a party to agreements with local nonprofit organizations, the Foundation serves as an administrator for funds.

The Foundation accepts grants and donations on behalf of the nonprofit organizations, and disburses funds for approved expenses as directed by the nonprofit organizations.

ARMSTRONG COUNTY COMMUNITY FOUNDATION  
NOTES TO FINANCIAL STATEMENTS

Activity related to these funds during 2021 and 2020 is summarized as follows:

	<u>2021</u>	<u>2020</u>
Beginning balance, reserved for future commitments	\$ 4,141	\$ 4,659
Grants and donations received	13,095	5,983
Expenses disbursed	<u>(11,868)</u>	<u>(6,501)</u>
Ending balance, reserved for future commitments	<u>\$ 5,368</u>	<u>\$ 4,141</u>

## 6. FUNCTIONAL EXPENSES

The Foundation incurred expenses in the following functional areas during the years ended December 31, 2021 and 2020:

	<u>2021</u>			
	<u>Program services</u>	<u>General and administrative</u>	<u>Fundraising</u>	<u>Total</u>
Tuition Scholarship Program and grants to charitable agencies	\$ 751,533	\$ -	\$ -	\$ 751,533
Salaries and wages	42,457	32,995	25,150	100,602
Special events and activities	-	-	13,444	13,444
Office equipment and supplies	5,105	10,211	5,105	20,421
Printing and publications	1,186	296	1,482	2,964
Marketing	1,333	333	1,667	3,333
Rent	2,492	1,246	2,491	6,229
Telephone and internet	981	490	980	2,451
Utilities	1,942	971	1,941	4,854
Taxes	3,181	2,784	1,989	7,954
Insurance	1,291	646	1,289	3,226
Postage	351	88	438	877
Employee benefits	1,201	844	681	2,726
Professional fees	-	17,100	-	17,100
Dues and subscriptions	609	1,221	608	2,438
Travel/meals	160	80	160	400
Payroll services	653	326	652	1,631
Education/training	508	1,018	509	2,035
Depreciation	-	-	-	-
Miscellaneous	357	714	357	1,428
Total expenses	<u>\$ 815,340</u>	<u>\$ 71,363</u>	<u>\$ 58,943</u>	<u>\$ 945,646</u>

ARMSTRONG COUNTY COMMUNITY FOUNDATION  
NOTES TO FINANCIAL STATEMENTS

	2020			
	Program services	General and administrative	Fundraising	Total
Tuition Scholarship Program and grants to charitable agencies	\$ 749,937	\$ -	\$ -	\$ 749,937
Salaries and wages	42,376	35,585	25,986	103,947
Special events and activities	-	-	1,267	1,267
Office equipment and supplies	5,279	10,559	5,279	21,117
Printing and publications	1,292	322	1,613	3,227
Marketing	1,371	342	1,713	3,426
Rent	2,426	1,213	2,425	6,064
Telephone and internet	971	485	971	2,427
Utilities	1,796	898	1,795	4,489
Taxes	3,336	2,918	2,085	8,339
Insurance	1,327	664	1,324	3,315
Postage	351	88	438	877
Employee benefits	1,066	656	574	2,296
Professional fees	-	12,500	-	12,500
Dues and subscriptions	578	1,158	576	2,312
Travel/meals	123	61	122	306
Payroll services	643	322	644	1,609
Education/training	178	354	177	709
Depreciation	417	833	417	1,667
Miscellaneous	282	564	282	1,128
Total expenses	<u>\$ 813,749</u>	<u>\$ 69,522</u>	<u>\$ 47,688</u>	<u>\$ 930,959</u>

Expenses are summarized and categorized based upon their functional classification as either program services, general and administrative, or fundraising. Specific expenses that are readily identifiable to program services are charged directly to that function. Certain categories of expenses are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. These expenses are allocated on the basis of estimates of time and effort.

## 7. OPERATING LEASES

The Foundation has operating leases for its office space and software. Rent expense was \$24,361 and \$23,630 for the years ended December 31, 2021 and 2020, respectively. At December 31, 2021, the Foundation's future non-cancellable minimum lease payments under these operating leases are \$10,900.

## 8. RETIREMENT PLAN

The Foundation has a retirement plan covering all employees. Retirement plan expense was \$2,726 and \$2,296 for the years ended December 31, 2021 and 2020, respectively.

## 9. CONCENTRATION OF CREDIT RISK

The Foundation maintains cash accounts, which, at times, may exceed federally insured limits. The Foundation has not experienced losses from maintaining cash accounts in excess of federally insured limits. Management believes it is not subject to any significant credit risk on cash accounts.

## 10. LIQUIDITY

In managing the Foundation's financial assets, an important consideration is to ensure sufficient liquidity. Financial asset liquidity as of December 31, 2021 is as follows:

Financial assets, at year end:

Cash	\$ 292,501
Investments	<u>17,756,140</u>
Total financial assets at year-end	<u>18,048,641</u>

Less those unavailable for general expenditures within one year, due to, donor restrictions:

Cash, net of funds payable	135,555
Investments	<u>17,268,445</u>
	<u>17,404,000</u>

Financial assets available to meet cash needs for general expenditures within one year

\$ 644,641

The Foundation is primarily supported by direct public support which is used to develop, manage, and distribute charitable funding to meet existing and changing community needs, as well as pay for the management and administrative expenses of the Foundation. As part of the Foundation's liquidity management, the Board invests excess funds into an investment account to provide financial stability to the Foundation that can be used to meet any immediate liquidity need.

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