

**ARMSTRONG COUNTY COMMUNITY FOUNDATION**

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**FINANCIAL STATEMENTS  
FOR THE YEARS ENDED  
DECEMBER 31, 2018 AND 2017  
&  
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:

We have audited the accompanying financial statements of the Armstrong County Community Foundation (the "Foundation"), which comprise the statements of financial position as of December 31, 2018 and 2017, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

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

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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## **Opinion**

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, 2018 and 2017, 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.

## **Emphasis of Matter**

As discussed in Note 1 to the financial statements, the Foundation adopted new accounting policies relating to the presentation of financial statements. Prior year disclosures have been revised to reflect the retrospective application of adopting these changes in accounting. Our opinion is not modified with respect to this matter.

*McCall Scanlon & Tice, LLC*

Kittanning, Pennsylvania  
June 21, 2019

# ARMSTRONG COUNTY COMMUNITY FOUNDATION

## STATEMENTS OF FINANCIAL POSITION DECEMBER 31, 2018 AND 2017

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	<u>ASSETS</u>	
	<u>2018</u>	<u>2017</u>
CURRENT ASSETS:		
Cash	\$ 18,475	\$ 91,064
Restricted cash	<u>196,793</u>	<u>184,805</u>
Total cash	215,268	275,869
Prepaid expenses	<u>6,874</u>	<u>2,875</u>
Total current assets	222,142	278,744
INVESTMENTS	8,502,372	9,265,130
COMPUTER SOFTWARE, NET	<u>5,667</u>	<u>12,867</u>
TOTAL	<u>\$ 8,730,181</u>	<u>\$ 9,556,741</u>
	<u>LIABILITIES AND NET ASSETS</u>	
CURRENT LIABILITIES:		
Funds payable	\$ 11,426	\$ 10,007
YMCA grants payable	<u>33,750</u>	<u>32,000</u>
Total current liabilities	45,176	42,007
NET ASSETS:		
Without donor restrictions	369,545	500,035
With donor restrictions	<u>8,315,460</u>	<u>9,014,699</u>
Total net assets	<u>8,685,005</u>	<u>9,514,734</u>
TOTAL	<u>\$ 8,730,181</u>	<u>\$ 9,556,741</u>

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See Notes to Financial Statements

## ARMSTRONG COUNTY COMMUNITY FOUNDATION

### STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2018

REVENUES, GAINS AND OTHER SUPPORT:	Without Donor Restrictions	With Donor Restrictions		Total
	Restrictions	Programs	Endowment	
Direct public support	\$ 36,599	\$ 202,924	\$ 234,070	\$ 473,593
Special events and activities	13,350	-	-	13,350
Interest income	1,114	-	-	1,114
Investment income (loss)	(19,367)	-	(524,038)	(543,405)
Net assets released from restrictions	612,195	(192,355)	(419,840)	-
Total revenues, gains and other support	643,891	10,569	(709,808)	(55,348)
<b>EXPENSES:</b>				
Tuition Scholarship Program and grants to charitable agencies	591,564	-	-	591,564
Salaries and wages	96,374	-	-	96,374
Special events and activities	8,392	-	-	8,392
Office equipment and supplies	20,479	-	-	20,479
Printing and publications	2,779	-	-	2,779
Marketing	2,657	-	-	2,657
Rent	4,873	-	-	4,873
Telephone and internet	2,283	-	-	2,283
Utilities	4,494	-	-	4,494
Taxes	7,957	-	-	7,957
Insurance	3,281	-	-	3,281
Postage	57	-	-	57
Employee benefits	2,877	-	-	2,877
Professional fees	10,000	-	-	10,000
Dues and subscriptions	2,461	-	-	2,461
Travel/meals	1,389	-	-	1,389
Payroll services	1,508	-	-	1,508
Education/training	810	-	-	810
Depreciation	7,200	-	-	7,200
Miscellaneous	2,946	-	-	2,946
Total expenses	774,381	-	-	774,381
INCREASE (DECREASE) IN NET ASSETS	(130,490)	10,569	(709,808)	(829,729)
NET ASSETS, BEGINNING OF YEAR	500,035	174,798	8,839,901	9,514,734
NET ASSETS, END OF YEAR	<u>\$ 369,545</u>	<u>\$ 185,367</u>	<u>\$ 8,130,093</u>	<u>\$ 8,685,005</u>

See Notes to Financial Statements

## ARMSTRONG COUNTY COMMUNITY FOUNDATION

### STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2017

REVENUES, GAINS AND OTHER SUPPORT:	Without Donor	With Donor Restrictions		Total
	Restrictions	Programs	Endowment	
Direct public support	\$ 54,940	\$ 175,786	\$ 626,308	\$ 857,034
Interest income	876	-	-	876
Investment income (loss)	66,775	-	1,267,266	1,334,041
Net assets released from restrictions	668,222	(181,830)	(486,392)	-
Total revenues, gains and other support	790,813	(6,044)	1,407,182	2,191,951
<b>EXPENSES:</b>				
Tuition Scholarship Program and grants to charitable agencies	529,943	-	-	529,943
Salaries and wages	105,486	-	-	105,486
Special events and activities	11,732	-	-	11,732
Office equipment and supplies	14,039	-	-	14,039
Printing and publications	1,655	-	-	1,655
Marketing	2,257	-	-	2,257
Rent	5,570	-	-	5,570
Telephone and internet	1,999	-	-	1,999
Utilities	4,960	-	-	4,960
Taxes	8,843	-	-	8,843
Insurance	3,299	-	-	3,299
Postage	1,242	-	-	1,242
Employee benefits	4,160	-	-	4,160
Professional fees	10,000	-	-	10,000
Dues and subscriptions	1,642	-	-	1,642
Travel/meals	794	-	-	794
Payroll services	1,457	-	-	1,457
Education/training	925	-	-	925
Depreciation	8,800	-	-	8,800
Miscellaneous	726	-	-	726
Total expenses	719,529	-	-	719,529
INCREASE (DECREASE) IN NET ASSETS	71,284	(6,044)	1,407,182	1,472,422
NET ASSETS, BEGINNING OF YEAR	428,751	180,842	7,432,719	8,042,312
NET ASSETS, END OF YEAR	<u>\$ 500,035</u>	<u>\$ 174,798</u>	<u>\$ 8,839,901</u>	<u>\$ 9,514,734</u>

See Notes to Financial Statements

## ARMSTRONG COUNTY COMMUNITY FOUNDATION

### STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

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	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase (decrease) in net assets	\$ (829,729)	\$ 1,472,422
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used in) operating activities:		
Contribution of noncash gifts	(70)	(3,947)
Net realized and unrealized (gains) losses on investments	887,866	(1,087,468)
Depreciation	7,200	8,800
(Increase) decrease in, Prepaid expenses	(3,999)	(23)
Increase (decrease) in:		
Funds payable	1,419	(1,103)
YMCA grants payable	1,750	2,100
Scholarship payable	-	(300)
	<u>64,437</u>	<u>390,481</u>
Net cash provided by (used in) operating activities		
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of investments	(606,113)	(799,815)
Proceeds from sales of investments	481,075	471,254
	<u>(125,038)</u>	<u>(328,561)</u>
Net cash provided by (used in) investing activities		
NET INCREASE (DECREASE) IN CASH	(60,601)	61,920
CASH, BEGINNING OF YEAR	<u>275,869</u>	<u>213,949</u>
CASH, END OF YEAR	<u>\$ 215,268</u>	<u>\$ 275,869</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 ("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 donor or grantor.

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, 2018 and 2017.

## **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 5% of the three-year average fair value of the endowment’s investments for 2018 and 2017. 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 the 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 those estimates.

## **ADVERTISING**

Advertising costs are expensed as incurred. Advertising expense was \$200 and \$824 for the years ended December 31, 2018 and 2017, respectively.

## **ADOPTED PRONOUNCEMENT**

The requirements of the following Financial Accounting Standards Board ("FASB") statement was adopted for the Foundation's financial statements:

In August 2016, the FASB issued Accounting Standards Update ("ASU") 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. ASU 2016-14 requires not-for-profit entities to revise the financial presentation including: net asset classifications, providing quantitative and qualitative information as to available resources and management of liquidity and liquidity risk, information on investment expenses and returns, and the presentation of operating cash flows. The amendment in ASU 2016-14 is effective for fiscal years beginning after December 15, 2017 and requires retrospective application. The Foundation adopted the new standard as of and for the year ended December 31, 2018, and there were no material changes to the statements of financial position, statements of activities, or statements of cash flows as a result of the adoption. Additional disclosure requirements that resulted from the adoption are found in Notes 6 and 10.

## **SUBSEQUENT EVENTS**

In preparing these financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through June 21, 2019, 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, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Money market funds	\$ 316,533	\$ 112,353
Corporate/Government Bonds	-	27,719
Equities	1,859,915	-
Mutual Funds:		
Growth	1,244,633	1,370,122
Growth & Income	3,370,742	5,836,871
Income	1,349,858	1,379,442
Aggressive Income	94,726	173,181
Aggressive	265,965	365,442
Total	<u>\$ 8,502,372</u>	<u>\$ 9,265,130</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, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Dividends and interest income	\$ 405,881	\$ 301,704
Net unrealized gain (loss) on investments	(1,136,081)	185,111
Net realized gain (loss) on investments	248,215	902,357
Investment fees	(61,420)	(55,131)
	<u>\$ (543,405)</u>	<u>\$ 1,334,041</u>

### 3. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions have been restricted by donors for the following purposes at December 31, 2018 and 2017:

	2018		2017	
	Programs	Endowment	Programs	Endowment
Administration	\$ -	\$ 422,232	\$ -	\$ 382,740
Organizational	-	1,031,338	-	1,149,059
Scholarship	185,367	1,533,597	174,798	1,654,211
Donor advised	-	4,987,407	-	5,238,868
Donor designated	11,426	189,269	10,007	447,023
Total	196,793	8,163,843	184,805	8,871,901
Less payables	(11,426)	(33,750)	(10,007)	(32,000)
Total	<u>\$ 185,367</u>	<u>\$8,130,093</u>	<u>\$ 174,798</u>	<u>\$8,839,901</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 GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

ARMSTRONG COUNTY COMMUNITY FOUNDATION  
 NOTES TO FINANCIAL STATEMENTS

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The Foundation's endowment-related activity during the years ended December 31, 2018 and 2017 is as follows:

	With Donor Restrictions	
	<u>2018</u>	<u>2017</u>
Beginning endowment net assets	\$ 8,839,901	\$ 7,432,719
Contributions	234,070	626,308
Income on investments	383,765	282,389
Expenses	(61,400)	(55,111)
Net assets released from restrictions	(419,840)	(486,392)
Net (depreciation)/appreciation in investments	<u>(846,403)</u>	<u>1,039,988</u>
Change in endowment net assets	<u>(709,808)</u>	<u>1,407,182</u>
Ending endowment net assets	<u>\$ 8,130,093</u>	<u>\$ 8,839,901</u>

Included in net assets released from restrictions is \$86,004 and \$94,466 or a 1% internal fee charged for management of the endowment funds as of December 31, 2018 and 2017, 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.

Activity related to these funds during 2018 and 2017 is summarized as follows:

	<u>2018</u>	<u>2017</u>
Beginning balance, reserved for future commitments	\$ 10,007	\$ 11,110
Grants and donations received	7,390	1,007
Expenses disbursed	<u>(5,971)</u>	<u>(2,110)</u>
Ending balance, reserved for future commitments	<u>\$ 11,426</u>	<u>\$ 10,007</u>



ARMSTRONG COUNTY COMMUNITY FOUNDATION  
 NOTES TO FINANCIAL STATEMENTS

**6. FUNCTIONAL EXPENSES**

The Foundation incurred expenses in the following functional areas during the years ended December 31, 2018 and 2017:

	2018			
	Program services	General and administrative	Fundraising	Total
Tuition Scholarship Program and grants to charitable agencies	\$ 591,564	\$ -	\$ -	\$ 591,564
Salaries and wages	39,268	33,013	24,093	96,374
Special events and activities	-	-	8,392	8,392
Office equipment and supplies	5,119	10,240	5,120	20,479
Printing and publications	1,111	278	1,390	2,779
Marketing	1,062	266	1,329	2,657
Rent	1,949	975	1,949	4,873
Telephone and internet	913	457	913	2,283
Utilities	1,798	899	1,797	4,494
Taxes	3,182	2,785	1,990	7,957
Insurance	1,313	657	1,311	3,281
Postage	22	6	29	57
Employee benefits	719	1,439	719	2,877
Professional fees	-	10,000	-	10,000
Dues and subscriptions	616	1,232	613	2,461
Travel/meals	556	278	555	1,389
Payroll services	603	302	603	1,508
Education/training	203	405	202	810
Depreciation	1,800	3,600	1,800	7,200
Miscellaneous	737	1,473	736	2,946
<b>Total expenses</b>	<b>\$ 652,535</b>	<b>\$ 68,305</b>	<b>\$ 53,541</b>	<b>\$ 774,381</b>

ARMSTRONG COUNTY COMMUNITY FOUNDATION  
NOTES TO FINANCIAL STATEMENTS

	2017			
	Program services	General and administrative	Fundraising	Total
Tuition Scholarship Program and grants to charitable agencies	\$ 529,943	\$ -	\$ -	\$ 529,943
Salaries and wages	44,043	35,072	26,371	105,486
Special events and activities	-	-	11,732	11,732
Office equipment and supplies	3,510	7,019	3,510	14,039
Printing and publications	662	165	828	1,655
Marketing	903	226	1,128	2,257
Rent	2,228	1,114	2,228	5,570
Telephone and internet	800	400	799	1,999
Utilities	1,984	992	1,984	4,960
Taxes	3,537	3,095	2,211	8,843
Insurance	1,321	660	1,318	3,299
Postage	497	124	621	1,242
Employee benefits	1,041	2,080	1,039	4,160
Professional fees	-	10,000	-	10,000
Dues and subscriptions	411	822	409	1,642
Travel/meals	318	159	317	794
Payroll services	583	291	583	1,457
Education/training	231	463	231	925
Depreciation	2,200	4,400	2,200	8,800
Miscellaneous	182	363	181	726
Total expenses	<u>\$ 594,394</u>	<u>\$ 67,445</u>	<u>\$ 57,690</u>	<u>\$ 719,529</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 \$17,716 and \$17,570 for the years ended December 31, 2018 and 2017, respectively. At December 31, 2018, the Foundation's future non-cancellable minimum lease payments under these operating leases is \$8,383 of which \$4,000 is included in prepaid expenses.

## 8. RETIREMENT PLAN

The Foundation has a retirement plan covering all employees. Retirement plan expense was \$2,877 and \$3,161 for the years ended December 31, 2018 and 2017, 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, 2018 is as follows:

Financial assets, at year end:	
Cash	\$ 215,268
Investments	8,502,372
Total financial assets at year-end	<u>8,717,640</u>
Less those unavailable for general expenditures within one year, due to, donor restrictions:	
Cash, net of funds payable	185,367
Investments	8,130,093
	<u>8,315,460</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 402,180</u>

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, which had a balance of \$338,529 as of December 31, 2018. The purpose of this account is to provide financial stability to the Foundation and can be used to meet any immediate liquidity need.

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