

ARMSTRONG COUNTY COMMUNITY FOUNDATION

**FINANCIAL STATEMENTS
FOR THE YEARS ENDED
DECEMBER 31, 2020 AND 2019
&
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, 2020 and 2019, 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.

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

90 West Chestnut Street, Suite 650
Washington, PA 15301
724.223.9465 Fax:724.223.9004

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, 2020 and 2019, 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.

McCall Scanlon & Tice, LLC

Kittanning, Pennsylvania

April 6, 2021

ARMSTRONG COUNTY COMMUNITY FOUNDATION

STATEMENTS OF FINANCIAL POSITION DECEMBER 31, 2020 AND 2019

| | <u>ASSETS</u> | |
|----------------------------|-----------------------------------|----------------------|
| | <u>2020</u> | <u>2019</u> |
| CURRENT ASSETS: | | |
| Cash | \$ 47,401 | \$ 9,343 |
| Restricted cash | 204,231 | 209,130 |
| Total cash | 251,632 | 218,473 |
| Prepaid expenses | 2,825 | 2,911 |
| Total current assets | 254,457 | 221,384 |
| INVESTMENTS | 13,514,077 | 12,384,620 |
| COMPUTER SOFTWARE, NET | - | 1,667 |
| TOTAL | <u>\$ 13,768,534</u> | <u>\$ 12,607,671</u> |
| | <u>LIABILITIES AND NET ASSETS</u> | |
| CURRENT LIABILITIES: | | |
| Accounts payable | \$ 333 | \$ 1,004 |
| Funds payable | 4,141 | 4,659 |
| Scholarship payable | 2,000 | 3,000 |
| YMCA grants payable | 28,625 | 28,400 |
| Total current liabilities | 35,099 | 37,063 |
| NET ASSETS: | | |
| Without donor restrictions | 465,255 | 416,200 |
| With donor restrictions | 13,268,180 | 12,154,408 |
| Total net assets | 13,733,435 | 12,570,608 |
| TOTAL | <u>\$ 13,768,534</u> | <u>\$ 12,607,671</u> |

See Notes To Financial Statements

ARMSTRONG COUNTY COMMUNITY FOUNDATION

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2020

| REVENUES, GAINS AND OTHER SUPPORT: | Without Donor | With Donor Restrictions | | Total |
|---|-------------------|-------------------------|----------------------|----------------------|
| | Restrictions | Programs | Endowment | |
| 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) | - |
| Total revenues, gains and other support | 979,383 | (4,381) | 1,118,153 | 2,093,155 |
| EXPENSES: | | | | |
| 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 |
| Total expenses | 930,328 | - | - | 930,328 |
| INCREASE (DECREASE) IN NET ASSETS | 49,055 | (4,381) | 1,118,153 | 1,162,827 |
| NET ASSETS, BEGINNING OF YEAR | 416,200 | 204,471 | 11,949,937 | 12,570,608 |
| NET ASSETS, END OF YEAR | \$ 465,255 | \$ 200,090 | \$ 13,068,090 | \$ 13,733,435 |

See Notes To Financial Statements

ARMSTRONG COUNTY COMMUNITY FOUNDATION

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2019

| REVENUES, GAINS AND OTHER SUPPORT: | Without Donor | With Donor Restrictions | | Total |
|---|-------------------|-------------------------|----------------------|----------------------|
| | Restrictions | Programs | Endowment | |
| Direct public support | \$ 28,607 | \$ 237,988 | \$ 2,389,512 | \$ 2,656,107 |
| Special events and activities | 7,595 | - | - | 7,595 |
| Interest income | 1,495 | - | - | 1,495 |
| Investment income (loss) | 76,525 | - | 1,913,690 | 1,990,215 |
| Net assets released from restrictions | 702,242 | (218,884) | (483,358) | - |
| Total revenues, gains and other support | 816,464 | 19,104 | 3,819,844 | 4,655,412 |
| EXPENSES: | | | | |
| Tuition Scholarship Program and grants to charitable agencies | 585,470 | - | - | 585,470 |
| Salaries and wages | 99,143 | - | - | 99,143 |
| Special events and activities | 9,781 | - | - | 9,781 |
| Office equipment and supplies | 19,718 | - | - | 19,718 |
| Printing and publications | 2,802 | - | - | 2,802 |
| Marketing | 3,068 | - | - | 3,068 |
| Rent | 5,887 | - | - | 5,887 |
| Telephone and internet | 2,282 | - | - | 2,282 |
| Utilities | 4,796 | - | - | 4,796 |
| Taxes | 7,245 | - | - | 7,245 |
| Insurance | 3,290 | - | - | 3,290 |
| Postage | 868 | - | - | 868 |
| Employee benefits | 3,461 | - | - | 3,461 |
| Professional fees | 11,900 | - | - | 11,900 |
| Dues and subscriptions | 1,645 | - | - | 1,645 |
| Travel/meals | 1,230 | - | - | 1,230 |
| Payroll services | 1,573 | - | - | 1,573 |
| Education/training | 573 | - | - | 573 |
| Depreciation | 4,000 | - | - | 4,000 |
| Miscellaneous | 1,077 | - | - | 1,077 |
| Total expenses | 769,809 | - | - | 769,809 |
| INCREASE (DECREASE) IN NET ASSETS | 46,655 | 19,104 | 3,819,844 | 3,885,603 |
| NET ASSETS, BEGINNING OF YEAR | 369,545 | 185,367 | 8,130,093 | 8,685,005 |
| NET ASSETS, END OF YEAR | \$ 416,200 | \$ 204,471 | \$ 11,949,937 | \$ 12,570,608 |

See Notes To Financial Statements

ARMSTRONG COUNTY COMMUNITY FOUNDATION

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

| | <u>2020</u> | <u>2019</u> |
|---|-------------------|--------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Increase (decrease) in net assets | \$ 1,162,827 | \$ 3,885,603 |
| 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 | (1,267,212) | (1,651,991) |
| Depreciation | 1,667 | 4,000 |
| (Increase) decrease in, Prepaid expenses | 86 | 3,963 |
| Increase (decrease) in: | | |
| Accounts payable | (671) | 1,004 |
| Funds payable | (518) | (6,767) |
| Scholarship payable | (1,000) | 3,000 |
| YMCA grants payable | 225 | (5,350) |
| | <u>(104,596)</u> | <u>2,233,462</u> |
| Net cash provided by (used in) operating activities | | |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Purchases of investments | (643,159) | (2,721,365) |
| Proceeds from sales of investments | 780,914 | 491,108 |
| | <u>137,755</u> | <u>(2,230,257)</u> |
| Net cash provided by (used in) investing activities | | |
| NET INCREASE (DECREASE) IN CASH | 33,159 | 3,205 |
| CASH, BEGINNING OF YEAR | <u>218,473</u> | <u>215,268</u> |
| CASH, END OF YEAR | <u>\$ 251,632</u> | <u>\$ 218,473</u> |

See Notes To Financial Statements

ARMSTRONG COUNTY COMMUNITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS

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 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, 2020 and 2019.

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 2020 and 2019. 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 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 \$1,130 and \$589 for the years ended December 31, 2020 and 2019, respectively.

SUBSEQUENT EVENTS

In preparing these financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through April 6, 2021, 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, 2020 and 2019:

| | <u>2020</u> | <u>2019</u> |
|--------------------------|----------------------|----------------------|
| Money market funds | \$ 3,949,012 | \$ 291,091 |
| Alternative investments | 748,960 | 473,318 |
| Equities | 2,897,181 | 2,278,547 |
| Mutual funds | 4,273,030 | 9,341,664 |
| Exchange traded products | 415,576 | - |
| Stocks | <u>1,230,318</u> | <u>-</u> |
| Total | <u>\$ 13,514,077</u> | <u>\$ 12,384,620</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, 2020 and 2019:

| | <u>2020</u> | <u>2019</u> |
|---|---------------------|---------------------|
| Dividends and interest income | \$ 363,078 | \$ 403,034 |
| Net unrealized gain (loss) on investments | (208,910) | 1,034,701 |
| Net realized gain (loss) on investments | 1,476,122 | 617,290 |
| Investment fees | <u>(80,582)</u> | <u>(64,810)</u> |
| | <u>\$ 1,549,708</u> | <u>\$ 1,990,215</u> |

3. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions have been restricted by donors for the following purposes at December 31, 2020 and 2019:

| | 2020 | | 2019 | |
|------------------|-------------------|----------------------|-------------------|----------------------|
| | <u>Programs</u> | <u>Endowment</u> | <u>Programs</u> | <u>Endowment</u> |
| Administration | \$ - | \$ 521,473 | \$ - | \$ 506,808 |
| Organizational | - | 1,273,378 | - | 1,214,277 |
| Scholarship | 200,090 | 4,258,695 | 204,471 | 4,016,548 |
| Donor advised | - | 6,302,710 | - | 5,773,832 |
| Donor designated | <u>4,141</u> | <u>742,459</u> | <u>4,659</u> | <u>469,872</u> |
| Total | 204,231 | 13,098,715 | 209,130 | 11,981,337 |
| Less payables | <u>(4,141)</u> | <u>(30,625)</u> | <u>(4,659)</u> | <u>(31,400)</u> |
| Total | <u>\$ 200,090</u> | <u>\$ 13,068,090</u> | <u>\$ 204,471</u> | <u>\$ 11,949,937</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.

The Foundation's endowment-related activity during the years ended December 31, 2020 and 2019 is as follows:

| | With Donor Restrictions | |
|---|-------------------------|----------------------|
| | <u>2020</u> | <u>2019</u> |
| Beginning endowment net assets | \$ 11,949,937 | \$ 8,130,093 |
| Contributions | 268,995 | 2,389,512 |
| Income on investments | 357,696 | 382,143 |
| Expenses | (80,487) | (64,810) |
| Net assets released from restrictions | (651,222) | (483,358) |
| Net (depreciation)/appreciation in investments | <u>1,223,171</u> | <u>1,596,357</u> |
| Change in endowment net assets | <u>1,118,153</u> | <u>3,819,844</u> |
| Ending endowment net assets | <u>\$ 13,068,090</u> | <u>\$ 11,949,937</u> |

Included in net assets released from restrictions is \$136,198 and \$124,393 or a 1% internal fee charged for management of the endowment funds as of December 31, 2020 and 2019, 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 2020 and 2019 is summarized as follows:

| | <u>2020</u> | <u>2019</u> |
|--|-----------------|-----------------|
| Beginning balance, reserved for future commitments | \$ 4,659 | \$ 11,426 |
| Grants and donations received | 5,983 | 10,280 |
| Expenses disbursed | <u>(6,501)</u> | <u>(17,047)</u> |
| Ending balance, reserved for future commitments | <u>\$ 4,141</u> | <u>\$ 4,659</u> |

6. FUNCTIONAL EXPENSES

The Foundation incurred expenses in the following functional areas during the years ended December 31, 2020 and 2019:

| | <u>2020</u> | | | |
|---|-------------------------|-----------------------------------|--------------------|-------------------|
| | <u>Program services</u> | <u>General and administrative</u> | <u>Fundraising</u> | <u>Total</u> |
| 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 | 125 | 248 | 124 | 497 |
| Total expenses | <u>\$ 813,592</u> | <u>\$ 69,206</u> | <u>\$ 47,530</u> | <u>\$ 930,328</u> |

ARMSTRONG COUNTY COMMUNITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS

| | 2019 | | | |
|---|---------------------|-------------------------------|------------------|-------------------|
| | Program services | General and administrative | Fundraising | Total |
| Tuition Scholarship Program and grants to charitable agencies | \$ 585,470 | \$ - | \$ - | \$ 585,470 |
| Salaries and wages | 40,924 | 33,434 | 24,785 | 99,143 |
| Special events and activities | - | - | 9,781 | 9,781 |
| Office equipment and supplies | 4,930 | 9,859 | 4,929 | 19,718 |
| Printing and publications | 1,121 | 280 | 1,401 | 2,802 |
| Marketing | 1,227 | 307 | 1,534 | 3,068 |
| Rent | 2,355 | 1,177 | 2,355 | 5,887 |
| Telephone and internet | 913 | 456 | 913 | 2,282 |
| Utilities | 1,919 | 959 | 1,918 | 4,796 |
| Taxes | 2,897 | 2,536 | 1,812 | 7,245 |
| Insurance | 1,317 | 659 | 1,314 | 3,290 |
| Postage | 347 | 87 | 434 | 868 |
| Employee benefits | 866 | 1,731 | 864 | 3,461 |
| Professional fees | - | 11,900 | - | 11,900 |
| Dues and subscriptions | 411 | 824 | 410 | 1,645 |
| Travel/meals | 493 | 246 | 491 | 1,230 |
| Payroll services | 629 | 315 | 629 | 1,573 |
| Education/training | 143 | 287 | 143 | 573 |
| Depreciation | 1,000 | 2,000 | 1,000 | 4,000 |
| Miscellaneous | 272 | 537 | 268 | 1,077 |
| Total expenses | <u>\$ 647,234</u> | <u>\$ 67,594</u> | <u>\$ 54,981</u> | <u>\$ 769,809</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 \$23,630 and \$22,686 for the years ended December 31, 2020 and 2019, respectively. At December 31, 2020, the Foundation's future non-cancellable minimum lease payments under these operating leases are \$10,550.

8. RETIREMENT PLAN

The Foundation has a retirement plan covering all employees. Retirement plan expense was \$2,296 and \$3,461 for the years ended December 31, 2020 and 2019, 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, 2020 is as follows:

| | |
|---|------------------------------|
| Financial assets, at year end: | |
| Cash | \$ 251,632 |
| Investments | <u>13,514,077</u> |
| Total financial assets at year-end | <u>13,765,709</u> |
| Less those unavailable for general expenditures within one year, due to, donor restrictions: | |
| Cash, net of funds payable | 200,090 |
| Investments | <u>13,068,090</u> |
| | <u>13,268,180</u> |
| Financial assets available to meet cash needs for general expenditures within one year | <u><u>\$ 497,529</u></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 \$415,362 as of December 31, 2020. The purpose of this account is to provide financial stability to the Foundation and can be used to meet any immediate liquidity need.
