

ARMSTRONG COUNTY COMMUNITY FOUNDATION

**FINANCIAL STATEMENTS
FOR THE YEARS ENDED
DECEMBER 31, 2019 AND 2018
&
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, 2019 and 2018, 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, 2019 and 2018, 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 recognition of revenue, contributions received and equity investments. Prior year disclosures have been revised to reflect the retrospective and prospective applications of adopting these changes in accounting. Our opinion is not modified with respect to this matter.

McCall Scaron & Tice, LLC

Kittanning, Pennsylvania
May 28, 2020

ARMSTRONG COUNTY COMMUNITY FOUNDATION

STATEMENTS OF FINANCIAL POSITION DECEMBER 31, 2019 AND 2018

	<u>ASSETS</u>	
	<u>2019</u>	<u>2018</u>
CURRENT ASSETS:		
Cash	\$ 9,343	\$ 18,475
Restricted cash	209,130	196,793
Total cash	218,473	215,268
Prepaid expenses	2,911	6,874
Total current assets	221,384	222,142
INVESTMENTS	12,384,620	8,502,372
COMPUTER SOFTWARE, NET	1,667	5,667
TOTAL	<u>\$ 12,607,671</u>	<u>\$ 8,730,181</u>
	<u>LIABILITIES AND NET ASSETS</u>	
CURRENT LIABILITIES:		
Accounts payable	\$ 1,004	\$ -
Funds payable	4,659	11,426
Scholarship payable	3,000	-
YMCA grants payable	28,400	33,750
Total current liabilities	37,063	45,176
NET ASSETS:		
Without donor restrictions	416,200	369,545
With donor restrictions	12,154,408	8,315,460
Total net assets	12,570,608	8,685,005
TOTAL	<u>\$ 12,607,671</u>	<u>\$ 8,730,181</u>

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

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2018

REVENUES, GAINS AND OTHER SUPPORT:	Without Donor	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)
EXPENSES:				
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	\$ 369,545	\$ 185,367	\$ 8,130,093	\$ 8,685,005

See Notes to Financial Statements

ARMSTRONG COUNTY COMMUNITY FOUNDATION

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase (decrease) in net assets	\$ 3,885,603	\$ (829,729)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used in) operating activities:		
Contribution of noncash gifts	-	(70)
Net realized and unrealized (gains) losses on investments	(1,651,991)	887,866
Depreciation	4,000	7,200
(Increase) decrease in, Prepaid expenses	3,963	(3,999)
Increase (decrease) in:		
Accounts payable	1,004	-
Funds payable	(6,767)	1,419
Scholarship payable	3,000	-
YMCA grants payable	(5,350)	1,750
	2,233,462	64,437
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of investments	(2,721,365)	(606,113)
Proceeds from sales of investments	491,108	481,075
	(2,230,257)	(125,038)
NET INCREASE (DECREASE) IN CASH	3,205	(60,601)
CASH, BEGINNING OF YEAR	215,268	275,869
CASH, END OF YEAR	\$ 218,473	\$ 215,268

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 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, 2019 and 2018.

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 2019 and 2018. 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 \$589 and \$200 for the years ended December 31, 2019 and 2018, respectively.

ADOPTED PRONOUNCEMENTS

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

In May 2014, the FASB issued Accounting Standards Update ("ASU") 2014-09, *Revenue from Contracts with Customers (Topic 606)*. ASU 2014-09, along with related amendments, is a comprehensive new revenue recognition standard that supersedes most existing revenue recognition guidance under GAAP. The standard's core principle is that an entity should recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration it expects to be entitled in exchange for those goods or services. ASU 2014-09 prescribes a five-step process to accomplish this core principle, including: (1) identification of the contract with the customer; (2) identification of the performance obligation(s) under the contract; (3) determination of the transaction prices; (4) allocation of the transaction price to the identified performance obligation(s); and (5) recognition of revenue as (or when) an entity satisfies the identified performance obligation(s). The Foundation adopted the new guidance effective January 1, 2019 using the modified retrospective approach and applied the new guidance to all open contracts at the date of adoption. Adoption of the new standard resulted in no material changes to the statements of financial position, statement of activities, or statements of cash flows.

In June 2018, the FASB issued Accounting Standards Update (“ASU”) 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*, which reduces diversity in reporting by clarifying (1) whether transactions should be accounted for as contributions within the scope of Topic 958 or as exchange transactions subject to other guidance, and (2) whether a contribution is conditional. The amendment ASU 2018-08 is effective for fiscal years beginning after December 15, 2018 and has been adopted utilizing the modified prospective approach. The Foundation adopted the new standard as of and for the year ended December 31, 2019, and there were no material changes to the statements of financial position, statement of activities, or statements of cash flows as a result of the adoption.

In January 2016, the FASB issued Accounting Standards Update (“ASU”) 2016-01, *Financial Instruments-Overall: Recognition and Measurement of Financial Assets and Financial Liabilities*. ASU 2016-01 changes accounting for equity investments, financial liabilities under the fair value option, and presentation and disclosure requirements for financial instruments. ASU 2016-01 does not apply to equity investments in consolidated subsidiaries or those accounted for under the equity method of accounting. In addition, the FASB clarified guidance related to the valuation allowance assessment when recognizing deferred tax assets resulting from unrealized losses on available-for-sale debt securities. Equity investments with readily determinable fair values will be measured at fair value with changes in fair value recognized in net income. The Foundation adopted the new standard as of and for the year ended December 31, 2019, and there were no material changes to the statements of financial position, statement of activities, or statements of cash flows as a result of the adoption.

SUBSEQUENT EVENTS

In preparing these financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through May 28, 2020, the date the financial statements were available to be issued.

Subsequent to December 31, 2019, there was a global outbreak of a new strain of coronavirus, COVID-19. The global and domestic response to the COVID-19 outbreak continues to rapidly evolve. Thus far, certain responses to the COVID-19 outbreak have included mandates from federal, state, and/or local authorities to mitigate the spread of the virus which have adversely impacted global commercial activity and has contributed to significant volatility in financial markets. The COVID-19 outbreak and associated responses could result in a material impact to the Foundation’s future results of operations, cash flows, investment balances and related return, and financial condition.

Subsequent to year end, the Foundation applied for and was approved a \$20,807 loan under the Paycheck Protection Program created as part of the relief efforts related to COVID-19 and administered by the Small Business Administration. The loan accrues interest at 1%, but payments are not required to begin for six months after the funding of the loan. The Foundation is eligible for loan forgiveness up to 100% of the loan, upon meeting certain requirements. The loan is uncollateralized and is fully guaranteed by the Federal government.

2. INVESTMENTS

Investments are measured at fair value using level 1 inputs and consist of the following at December 31, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Money market funds	\$ 291,091	\$ 316,533
Alternative investments	473,318	-
Equities	2,278,547	1,859,915
Mutual Funds:		
Growth	1,820,794	1,244,633
Growth & Income	5,554,095	3,370,742
Income	1,423,020	1,349,858
Aggressive Income	150,824	94,726
Aggressive	392,931	265,965
Total	<u>\$ 12,384,620</u>	<u>\$ 8,502,372</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, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Dividends and interest income	\$ 403,034	\$ 405,881
Net unrealized gain (loss) on investments	1,034,701	(1,136,081)
Net realized gain (loss) on investments	617,290	248,215
Investment fees	(64,810)	(61,420)
	<u>\$ 1,990,215</u>	<u>\$ (543,405)</u>

3. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions have been restricted by donors for the following purposes at December 31, 2019 and 2018:

	2019		2018	
	<u>Programs</u>	<u>Endowment</u>	<u>Programs</u>	<u>Endowment</u>
Administration	\$ -	\$ 506,808	\$ -	\$ 422,232
Organizational	-	1,214,277	-	1,031,338
Scholarship	204,471	4,016,548	185,367	1,533,597
Donor advised	-	5,773,832	-	4,987,407
Donor designated	4,659	469,872	11,426	189,269
	<u>209,130</u>	<u>11,981,337</u>	<u>196,793</u>	<u>8,163,843</u>
Total				
Less payables	<u>(4,659)</u>	<u>(31,400)</u>	<u>(11,426)</u>	<u>(33,750)</u>
Total	<u>\$ 204,471</u>	<u>\$11,949,937</u>	<u>\$ 185,367</u>	<u>\$8,130,093</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

The Foundation's endowment-related activity during the years ended December 31, 2019 and 2018 is as follows:

	With Donor Restrictions	
	2019	2018
Beginning endowment net assets	\$ 8,130,093	\$ 8,839,901
Contributions	2,389,512	234,070
Income on investments	382,143	383,765
Expenses	(64,810)	(61,400)
Net assets released from restrictions	(483,358)	(419,840)
Net (depreciation)/appreciation in investments	<u>1,596,357</u>	<u>(846,403)</u>
Change in endowment net assets	<u>3,819,844</u>	<u>(709,808)</u>
Ending endowment net assets	<u>\$ 11,949,937</u>	<u>\$ 8,130,093</u>

Included in net assets released from restrictions is \$124,393 and \$86,004 or a 1% internal fee charged for management of the endowment funds as of December 31, 2019 and 2018, 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 2019 and 2018 is summarized as follows:

	<u>2019</u>	<u>2018</u>
Beginning balance, reserved for future commitments	\$ 11,426	\$ 10,007
Grants and donations received	10,280	7,390
Expenses disbursed	<u>(17,047)</u>	<u>(5,971)</u>
Ending balance, reserved for future commitments	<u>\$ 4,659</u>	<u>\$ 11,426</u>

6. FUNCTIONAL EXPENSES

The Foundation incurred expenses in the following functional areas during the years ended December 31, 2019 and 2018:

	<u>2019</u>			
	<u>Program services</u>	<u>General and administrative</u>	<u>Fundraising</u>	<u>Total</u>
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>

ARMSTRONG COUNTY COMMUNITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS

	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
Total expenses	\$ 652,535	\$ 68,305	\$ 53,541	\$ 774,381

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 \$22,686 and \$17,716 for the years ended December 31, 2019 and 2018, respectively. At December 31, 2019, the Foundation's future non-cancellable minimum lease payments under these operating leases is \$10,280.

8. RETIREMENT PLAN

The Foundation has a retirement plan covering all employees. Retirement plan expense was \$3,461 and \$2,877 for the years ended December 31, 2019 and 2018, 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, 2019 is as follows:

Financial assets, at year end:

Cash	\$ 218,473
Investments	<u>12,384,620</u>
Total financial assets at year-end	<u>12,603,093</u>

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

Cash, net of funds payable	204,471
Investments	<u>11,949,937</u>
	<u>12,154,408</u>

Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 448,685</u>
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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 \$403,283 as of December 31, 2019. The purpose of this account is to provide financial stability to the Foundation and can be used to meet any immediate liquidity need.
