

Washington County Community Foundation

Financial Statements

Year Ended December 31, 2020
with Independent Auditor's Report

MaherDuessel

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WASHINGTON COUNTY COMMUNITY FOUNDATION

YEAR ENDED DECEMBER 31, 2020

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Independent Auditor's Report

**Board of Trustees
Washington County
Community Foundation**

We have audited the accompanying financial statements of the Washington County Community Foundation (Foundation), a nonprofit organization, which comprise the statement of financial position as of December 31, 2020, and

the related statements of activities, functional expenses, and cash flows for the year 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.

Auditor's Responsibility

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of December 31, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Mahe Duessel

Pittsburgh, Pennsylvania
July 13, 2021

WASHINGTON COUNTY COMMUNITY FOUNDATION

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2020

Assets	
Cash and cash equivalents	\$ 2,332,741
Certificates of deposit	4,713
Investments	43,952,975
Other investments	116,824
Pledges receivable - net	5,059,650
Property and equipment - net	1,411,057
Cash surrender value of life insurance	116,191
Other assets	146,168
Total Assets	\$ 53,140,319
Liabilities and Net Assets	
Liabilities:	
Accounts payable	\$ 13,038
Accrued compensated absences	5,002
Scholarships payable	408,005
Grants payable	239,860
Paycheck Protection Program loan	75,832
Total Liabilities	741,737
Net Assets:	
Without donor restrictions:	
Undesignated - general	2,223,076
Board-designated	196,731
Total without donor restrictions	2,419,807
With donor restrictions	49,978,775
Total Net Assets	52,398,582
Total Liabilities and Net Assets	\$ 53,140,319

See accompanying notes to financial statements.

WASHINGTON COUNTY COMMUNITY FOUNDATION

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenues:			
Support:			
Contributions and grants	\$ 1,949,609	\$ 2,627,630	\$ 4,577,239
In-kind contributions	13,696	-	13,696
Program revenues	10,000	-	10,000
Total support	1,973,305	2,627,630	4,600,935
Revenue:			
Interest and dividends	10,134	764,524	774,658
Miscellaneous income	-	39,827	39,827
Net realized/unrealized gains (losses)	42,540	4,702,346	4,744,886
Total revenue	52,674	5,506,697	5,559,371
Net assets released from restrictions	3,861,238	(3,861,238)	-
Total support and revenues	5,887,217	4,273,089	10,160,306
Expenses:			
Program	4,074,735	-	4,074,735
General and administrative	216,034	-	216,034
Fundraising	143,085	-	143,085
Total expenses	4,433,854	-	4,433,854
Change in Net Assets	1,453,363	4,273,089	5,726,452
Net Assets:			
Beginning of year	966,444	45,705,686	46,672,130
End of year	\$ 2,419,807	\$ 49,978,775	\$ 52,398,582

See accompanying notes to financial statements.

WASHINGTON COUNTY COMMUNITY FOUNDATION

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2020

	Program	General and Administrative	Fundraising	Total
Grants	\$ 3,744,157	\$ -	\$ -	\$ 3,744,157
Salaries, payroll taxes, and benefits	202,685	123,960	116,668	443,313
Professional fees	4,424	4,424	4,163	13,011
Advertising and promotion	12,258	2,258	-	14,516
Furniture and equipment	11,356	11,356	-	22,712
Office supplies	4,789	4,789	2,186	11,764
Information technology	14,084	14,084	1,256	29,424
Memberships and subscriptions	2,563	2,563	570	5,696
Utilities	3,465	3,465	770	7,700
Travel	548	548	255	1,351
Depreciation	24,891	24,891	5,532	55,314
Insurance	3,227	9,898	-	13,125
Awards and recognitions	9,968	-	9,967	19,935
Repairs and maintenance	11,291	11,291	-	22,582
Other	25,029	2,507	1,718	29,254
	<u>\$ 4,074,735</u>	<u>\$ 216,034</u>	<u>\$ 143,085</u>	<u>\$ 4,433,854</u>
Total expenses	<u>\$ 4,074,735</u>	<u>\$ 216,034</u>	<u>\$ 143,085</u>	<u>\$ 4,433,854</u>

See accompanying notes to financial statements.

WASHINGTON COUNTY COMMUNITY FOUNDATION

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2020

Cash Flows From Operating Activities:

Change in net assets	\$ 5,726,452
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:	
Net realized/unrealized (gains) losses on investments	(4,744,886)
Net increase (decrease) in cash surrender value of life insurance	(1,756)
Depreciation	55,314
Contributions received for endowment	(2,126,346)
Change in:	
Pledges receivable - net	92,259
Other assets	(6,490)
Accounts payable	(10,751)
Scholarships payable	103,755
Grants payable	(343,376)
Total adjustments	(6,982,277)
Net cash provided by (used in) operating activities	(1,255,825)

Cash Flows From Investing Activities:

Purchase of investments	(7,942,054)
Sales of investments	7,170,466
Purchase of fixed assets	(65,666)
Net cash provided by (used in) investing activities	(837,254)

Cash Flows From Financing Activities:

Proceeds from Paycheck Protection Program loan	75,832
Contributions received for endowment	2,126,346
Net cash provided by (used in) financing activities	2,202,178

Net Increase (Decrease) in Cash and Cash Equivalents 109,099

Cash and Cash Equivalents:

Beginning of year	2,223,642
End of year	\$ 2,332,741

See accompanying notes to financial statements.

WASHINGTON COUNTY COMMUNITY FOUNDATION

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

1. Organization

The Washington County Community Foundation (Foundation) is a not-for-profit voluntary agency established to improve the quality of life in Washington County by promoting and facilitating philanthropy. The Foundation typically receives support from businesses and individuals that have a presence or reside within Washington County.

To achieve its mission of improving the quality of life in Washington County by promoting and facilitating philanthropy, the Foundation assumes four roles:

Grant-Maker – The Foundation operates a broad grants program to multiple grantees which is not limited to a single focus or cause or exclusively to the interests of a particular constituency. Each year, the Foundation awards some grants from discretionary resources through an open and competitive process that seeks to address the changing and unmet needs of Washington County. Many grants are issued to enable local charities to increase their capacity to better meet their missions. To help celebrate its 25th anniversary in 2020, the Foundation conducted a special Charity of Excellence initiative, which resulted in unrestricted grants of \$150,000 to 25 local charities. In addition to grant-making funds whose specific charitable purposes were defined by the donors at the time the funds were created, the Foundation also manages five permanent pooled grant-making funds, with contributions received by multiple donors who share a common charitable interest.

Fundraiser – The Foundation works to develop broad support from many separate, unrelated donors with diverse charitable interests in our community. The long-term goal is to secure the necessary discretionary resources to address the changing and unmet needs of Washington County.

Community Leader – The Foundation works to identify and address community issues and opportunities and also serves as a leader and convener. The Foundation provides various educational programs and technical assistance to area charities. Since 2013, the Foundation has hosted a county-wide day of giving for eligible charities serving Washington County to secure unrestricted financial support. Contributions received on WCCF Gives day are increased by a percentage of a \$100,000 bonus pool. The Foundation does not charge any fees to the charities or to the donors to facilitate WCCF Gives. WCCF Gives 2020 resulted in grants of more than \$1,300,000 to local charities. Also in 2020, the Foundation created the Close to Home Disaster & Emergency Fund to provide grants to human service organizations and other nonprofits serving Washington County in response to local disasters and emergencies. Grants of \$503,000 were issued from the fund to meet diverse needs related to the COVID-19 pandemic.

WASHINGTON COUNTY COMMUNITY FOUNDATION

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

Donor Service Organization – The Foundation works to educate and engage donors in identifying and addressing community issues and grant-making opportunities. It accepts and administers a diversity of gift and fund types to meet the varied philanthropic objectives of its donors and the needs of Washington County. As a service to donors, the Foundation maintains on a searchable database of more than 100 registered, vetted 501(c)(3) local charities providing services in Washington County on its website www.wccf.net. Through several printed and electronic publications, the Foundation helps to educate donors regarding effective programs being offered by these charities. It also provides individual assistance and research services to donors regarding area non-profits.

Additional details regarding the Foundation’s many activities can be found on its primary website, www.wccf.net.

2. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Under this basis, revenues are recognized when earned, and expenses recognized when incurred. The Foundation’s net assets, revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Foundation and changes therein are reported as follows:

Net Assets Without Donor Restrictions

Net assets without donor restrictions consist of amounts that are available for use in carrying out the supporting activities of the Foundation and are not subject to donor-imposed stipulations.

Net Assets with Donor Restrictions

Net assets with donor restrictions consist of amounts that are expendable only for those purposes specified by the donor or grantor. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

WASHINGTON COUNTY COMMUNITY FOUNDATION

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

Some donor-imposed restrictions are temporary in nature, such as those that will meet either the actions of the Foundation and/or the passage of time. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Contributions

Contributions are considered available for unrestricted use unless specifically restricted by the donor. Unconditional promises to give (pledges) to the Foundation are recorded as receivables and revenues. Similarly, grants and scholarships pledged by the Foundation are recorded as grant and scholarship expense in the year pledged. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend have been met by the grantee organization.

The Foundation distinguishes between contributions received for each net asset category in accordance with donor-imposed restrictions. Contributions are considered available for unrestricted use unless specifically restricted by the donor, and are classified for accounting and reporting purposes into net asset categories according to these externally (donor) imposed restrictions. The Foundation reports gifts of cash and other asset as restricted support 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 statement of activities as net assets released from restrictions.

In-Kind Contributions and Expenses

The Foundation receives in-kind donations which are recorded at the estimated fair value. Included as in-kind donations are courtesy discounts received from vendors. Total in-kind donations for the year ended December 31, 2020 were \$13,696.

In addition, members of the Board of Trustees (Board) provide professional services to the Foundation without compensation and the value has not been reported, as no reliable basis exists for determining an approximate value.

WASHINGTON COUNTY COMMUNITY FOUNDATION

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Foundation considers all unrestricted cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents. The Foundation maintains its cash in bank deposit accounts, which at times may exceed federally insured limits. Management believes the Foundation is not exposed to any significant credit risk related to cash.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Investments in cash management funds are stated at cost, which approximates fair value. Net realized and unrealized gains and losses are included in the statement of activities. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

The Foundation's Board sets overall investment objectives. Specific decisions to buy and sell securities are made by the custodians of the Foundation funds. The Board reviews the investment performance of the advisors and also periodically meets with representatives of those advisors for the purpose of discussing investment performance and objectives. The Foundation's investments are comprised of a variety of financial instruments and are managed by investment advisors. There are no significant concentrations of investments by industry or company.

The Foundation contracts with several banks for custody and investment of its assets. Investment returns on the statement of activities are reported net of the fees charged by the various banks. These fees are recognized in the year in which they occur. Fees relative to the management of the investments were approximately \$80,000 for the year ended December 31, 2020.

Total Return Investment and Distribution Policy

In compliance with 20 Pa. Cons. Stat. Sec. 8113, the Foundation has adopted a total return investment and distribution policy, under which an administrative fee is charged internally for donor funds under management. These fees help fund general operations and are recorded internally as both revenue and expense; however, because these fees do not

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YEAR ENDED DECEMBER 31, 2020

come from sources external to the Foundation, they are presented net for financial statement presentation.

The amount available for distribution is determined annually by applying a percentage ranging between two percent and seven percent of the fair market value of the assets averaged over the three preceding years. The percentage used for the year ended December 31, 2020 was 2%.

Split-Interest Agreement – Gift Annuity Program

The Foundation has entered into various charitable gift annuities with its donors. The Foundation is obligated to make payments to the annuitants for the remainder of their lives. The contributed funds for the gift annuities immediately become part of the general assets and liabilities of the Foundation. The Foundation's policy directs 100% of the value of the annuities to be invested in a separate pool.

Assets received are recorded at fair value on the date the agreement is recognized, and a liability is recorded equal to the present value of the future obligation based on mortality rates derived from ordinary life tables.

Property and Equipment

The Foundation capitalizes purchases greater than \$5,000 at cost. Property and equipment additions are recorded at cost at the time of purchase, or fair market value at the time of donation. Expenditures for major renewals and substantial betterments which extend the useful lives of property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred.

Property and equipment are depreciated using the straight-line method over the following estimated useful lives:

Building	40 Years
Equipment	5 Years
Furniture and fixtures	5 Years
Improvements	15-40 Years
Software	5 Years

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NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

Scholarships and Grants Payable

The Foundation records a payable at the time the grant or scholarship is awarded to a recipient.

Income Taxes

The Foundation is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and is not considered a private foundation. As a result, no provision or liability for federal or state income taxes has been included in these financial statements. Further, the Foundation annually files a Form 990.

Advertising Costs

Advertising costs are charged to expense as incurred. Advertising expense for the year ended December 31, 2020 was \$14,516. Advertising costs include in-kind contributions of \$10,000 for the year ended December 31, 2020.

Functional Allocation of Expenses

The costs of providing the Foundation's various programs and supporting services have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated on a percentage basis that is consistently applied among the programs and supporting services benefited, which are allocated on the basis of estimated time and effort.

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 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.

Risks and Uncertainties

The Foundation invests or holds a variety of investments in marketable securities, as well as investments in limited partnerships and pledges receivable. These items may be exposed to

WASHINGTON COUNTY COMMUNITY FOUNDATION

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YEAR ENDED DECEMBER 31, 2020

interest rate, market, credit, and other risks depending upon their nature. Specifically, due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in values of investment securities will occur in the near-term and that such change could materially affect the amount reported on the statement of financial position.

Adopted Accounting Standard

The provisions of this Standards Update have been adopted and incorporated into these financial statements.

ASU 2018-13, "*Changes to the Disclosure Requirements for Fair Value Measurement (Topic 820)*." The amendments remove and modify certain fair value hierarchy leveling disclosures. The implementation of these amendments was applied to all periods presented. This update had no significant impact on the Foundation's financial statements for the year ended December 31, 2020.

Pending Accounting Standards Update

The Financial Accounting Standards Board (FASB) has issued Accounting Standards Updates (individually and collectively, ASU) that will become effective in future years as outlined below. Management has not yet determined the impact of this update on the financial statements.

ASU 2016-02, "*Leases (Topic 842)*," is effective, as delayed, for the financial statements for the year beginning after December 15, 2021. These amendments and related amendments will require lessees to recognize assets and liabilities on the statement of financial position for the rights and obligations created by all leases with terms of more than twelve months. Disclosures also will be required by lessees to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

Subsequent Events

Subsequent events have been evaluated through the Independent Auditor's Report date, which is the date the financial statements were available to be issued.

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NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

3. Pledges Receivable

Pledges receivable consist of unconditional promises to give from individuals and private foundations. These contributions are restricted for grant making purposes and are due according to the following at December 31, 2020:

Receivable in less than one year	\$ 59,650
Receivable in greater than one year	<u>5,000,000</u>
Total unconditional promises to give	5,059,650
Less discount to net present value	<u>-</u>
Net unconditional promises to give	<u><u>\$ 5,059,650</u></u>

Management believes that all amounts will be received when due; therefore, no reserve or allowance for uncollectible pledges has been provided.

The Foundation received an advance bequest of \$5,000,000 that is presented as a pledge receivable. This pledge receivable has been recorded at net present value using a discount factor of 1.6%, and was discounted over an eight-year period based on life expectancy tables. 2019 was the final year of amortization. Due to the uncertainty regarding the timing of the receipt of these funds, it is reported as receivable in greater than one year at December 31, 2020.

Fair values for Level 1 financial instruments are determined by quoted prices inactive markets for identical financial instruments. Pledges due within one year are considered to be Level 1 because of the short maturity of these instruments. Fair values for Level 3 financial instruments are determined by significant unobservable inputs, including the Foundation's own assumptions in determining the fair value of financial instruments. Since the Foundation's noncurrent pledges receivable have no significant observable inputs, they are classified as Level 3.

WASHINGTON COUNTY COMMUNITY FOUNDATION

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

4. Property and Equipment

Property and equipment consist of the following at December 31:

Building	\$	385,000
Equipment		56,569
Furniture and fixtures		58,375
Improvements		1,136,929
Software		42,400
		<u>1,679,273</u>
Less: accumulated depreciation		<u>(268,216)</u>
Total	\$	<u>1,411,057</u>

Depreciation for the year ended December 31, 2020 was \$55,314.

5. Other Assets

Other assets include land and mineral rights in the amount of \$10,000 as of December 31, 2020, as well as donated and purchased heritage artwork and furniture totaling \$136,168 as of December 31, 2020.

6. Accumulated Paid Time Off

The Foundation provides full-time employees an entitlement of hours away from work with pay, Paid Time Off (PTO). With advanced written approval, PTO may be accumulated from year to year, provided that the number of PTO hours carried forward from one year to the next does not exceed the total PTO hours earned in the next year, and provided that the maximum accumulated PTO hours per employee does not exceed 160 hours. The value of accumulated PTO is accounted for on the Foundation's statement of financial position as accrued compensated absences.

WASHINGTON COUNTY COMMUNITY FOUNDATION

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

7. Line of Credit

The Foundation has a \$300,000 revolving line of credit with a local financial institution. The outstanding balance was \$0 as of December 31, 2020, and the line of credit was not drawn upon during the year ended December 31, 2020.

8. Net Assets

Without Donor Restrictions – Board-Designated

Board-designated net assets consist of unrestricted funds that are to be used for future use in operations in accordance with a Board-approved plan of action. At December 31, 2020, Board-designated net assets consists of amounts designated by the Board as an operating and administrative reserve.

With Donor Restrictions

Net assets with donor restrictions can be restricted for purpose or period. As of December 31, 2020, net assets are restricted for the following purpose:

EITC Funds	\$	227,353
Donor Advised Funds pass-through		378,153
Scholarship Fund pass-through		32,734
Project funds		198,946
Day of Giving		11,913
Total	\$	<u>849,099</u>

In addition to the above net assets with donor restrictions that are restricted for purpose, the Foundation also reports the following net assets that are restricted in perpetuity as of December 31, 2020. Income generated by these assets is to be used in accordance with donor contracts.

The Foundation has interpreted Pennsylvania State Act 141 of 1998 (Act) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as net assets held in perpetuity (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent

WASHINGTON COUNTY COMMUNITY FOUNDATION

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gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund and investment income in excess of amounts designated for current operations and losses up to the extent of accumulated gains. Endowment net asset composition by type of fund at December 31, 2020, and changes in endowment net assets for the fiscal year ended December 31, 2020 are as follows:

Beginning of year	\$ 43,523,476
Increases:	
Contributions and grants	2,176,035
Interest and dividend income	714,710
Net realized/unrealized gains (losses)	4,705,790
Miscellaneous income	39,827
Decreases:	
Grants and scholarships	<u>(2,030,162)</u>
	<u>\$ 49,129,676</u>

9. Fair Value Measurements

The fair value measurements and disclosures topic of the FASB Accounting Standards Codification (ASC) establishes a framework for measuring fair value. The provision provides a three-level hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels are defined as follows:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2 - Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets, and are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.

Level 3 - Inputs to the valuation methodology are supported by little or no market activity and are significant to the fair value measurement.

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The carrying values of current assets and liabilities, except those excluded by other pronouncements, are reasonable estimates of fair value due to the short-term nature of those financial instruments.

The carrying value of pledges receivable is calculated at net present value of the pledges at the date of the statement of financial position. The calculation typically includes a discount rate to be used over the life expectancy of the donor.

The carrying value for other assets was determined by an independent third-party appraiser at the date of the donation. This amount is classified as a Level 3 asset in the hierarchy for measuring its fair value. Certain other assets were purchased and are valued at cost.

Cash surrender values of life insurance policies are provided by the insurance carrier on a periodic basis. The values approximate the fair value of these policies.

At December 31, 2020, the Foundation's investments were classified as follows based on the fair value hierarchy:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Corporate bonds	\$ 353,847	\$ -	\$ -	\$ 353,847
Mutual funds	37,396,716	-	-	37,396,716
Real Estate Limited Partnerships	-	-	116,824	116,824
Stocks	<u>6,202,412</u>	<u>-</u>	<u>-</u>	<u>6,202,412</u>
Total	<u>\$ 43,952,975</u>	<u>\$ -</u>	<u>\$ 116,824</u>	<u>\$ 44,069,799</u>

10. Life Insurance Policies

The Foundation is the sole owner and beneficiary of three separate whole life insurance policies and one term policy. The whole life policies insure the lives of individual donors. The total death benefit of these policies is \$579,500. The other policy insures the life of the Foundation's President and CEO. The death benefit on this policy is \$1,000,000.

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NOTES TO FINANCIAL STATEMENTS

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11. Related Party Transactions

The Foundation's Board members are leaders in the business community and, as such, the Foundation has transactions with the companies with which they are associated. Transactions for the year 2020 consisted of the purchase of print advertising as well as legal, banking and investment services.

12. Liquidity and Availability

Operating liquidity comes from fees, grants and donations, and distributions from the administrative reserve funds. Fee income and administrative reserve distributions are assessed annually and based on the year-end balance of funds administered by the Foundation. The Foundation also maintains a line of credit to cover short-term cash flow needs in advance of a future inflow of cash, or for any other purpose for which the Board deems appropriate and prudent.

The table below presents the Foundation financial assets available for general expenditures within one year of the statement of financial position date:

Financial assets:	
Cash and cash equivalents	\$ 2,332,741
Certificate of deposit	4,713
Investments	43,952,975
Pledges receivable - net	<u>5,059,650</u>
Total financial assets	<u>51,350,079</u>
Monies not available to be used within one year, due to:	
Board-designated admin and operating reserves	196,731
Donor-restricted funds	<u>49,978,775</u>
Total monies not available	<u>50,175,506</u>
Financial assets available to meet general expenditures within one year	<u><u>\$ 1,174,573</u></u>

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NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

13. Concentrations

Approximately, 32% of the Foundation's total revenue was provided by one donor a during the year ended December 31, 2020.

Of the accounts and pledges receivable balances at December 31, 2020, 99% is attributed to one donor in 2020.

14. Retirement Plan

The Foundation maintains a 403(b) retirement savings plan (plan) for all full-time employees. The Foundation contributes 6% of the eligible employee's compensation. Employer contributions to the plan for the year ended December 31, 2020 were \$18,058.

15. Paycheck Protection Program

In 2020, the Foundation qualified for and received a loan pursuant to the Paycheck Protection program (PPP) from a qualified lender (the PPP Lender), for an aggregate principal amount of \$75,832. The principal amount of the PPP loan was subject to forgiveness to the extent that the PPP loan proceeds were used to pay expenses permitted by the PPP, including payroll costs, covered rent and mortgage obligations, and covered utility payments incurred by the Foundation.

The Foundation elected to record the PPP loan as a loan payable at December 31, 2020, whereby the extinguishment of the debt for financial reporting purposes will not take place until the U.S. Small Business Administration (SBA) has approved the forgiveness of the loan. The Foundation applied for forgiveness of the PPP loan, and in May 2021, received formal determination from the SBA that the full balance of the PPP loan has been forgiven. As such, the Foundation will recognize the forgiveness in full in fiscal year 2021.

In May 2021, the Foundation received loan proceeds from a second PPP loan in the amount of \$77,946.

WASHINGTON COUNTY COMMUNITY FOUNDATION

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16. Risks and Uncertainties

The coronavirus pandemic remains a rapidly evolving situation. The extent of the impact of the coronavirus on the Foundation's business and financial results will depend on future developments, including the duration and spread of the outbreak within the markets in which the Foundation operates, and its impacts on the Foundation's employees and donors, all of which, at present, cannot be determined.