

SCHUYLKILL AREA COMMUNITY FOUNDATION
POTTSVILLE, PENNSYLVANIA
FOR THE YEAR ENDED DECEMBER 31, 2021

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Schuylkill Area Community Foundation
Pottsville, Pennsylvania

Opinion

We have audited the accompanying financial statements of The Schuylkill Area Community Foundation (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Schuylkill Area Community Foundation as of December 31, 2021, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The Schuylkill Area Community Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

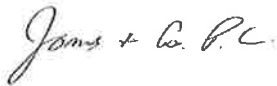
Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of The Schuylkill Area Community Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Schuylkill Area Community Foundation's ability to continue as a going concern for a reasonable period of time.

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



Pottsville, Pennsylvania
August 22, 2022

SCHUYLKILL AREA COMMUNITY FOUNDATION

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2021

ASSETS

CURRENT ASSETS

Cash and Cash Equivalents \$ 1,383,958

Investments:

Common Stocks 31,505,514

Preferred Stocks 1,652,694

Corporate Bonds 504,452

Mutual Funds 3,794,215

TOTAL CURRENT ASSETS 38,840,833

PROPERTY AND EQUIPMENT

Computer Systems and Office Equipment 81,861

Less: Accumulated Depreciation (62,348)

TOTAL PROPERTY AND EQUIPMENT - NET 19,513

TOTAL ASSETS \$ 38,860,346

LIABILITIES AND NET ASSETS

LIABILITIES

Accrued Expenses \$ 39,988

Deferred Revenue 0

Payroll liabilities 0

Scholarships Payable 60,708

Funds Held for Other Agencies 570,332

TOTAL LIABILITIES - ALL CURRENT 671,028

NET ASSETS

Unrestricted 5,561

Temporarily Restricted 20,316,984

Permanently Restricted 17,866,773

TOTAL NET ASSETS 38,189,318

TOTAL LIABILITIES AND NET ASSETS \$ 38,860,346

See notes to financial statements
which are an integral part of this statement.

SCHUYLKILL AREA COMMUNITY FOUNDATION

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2021

| | <u>Unrestricted</u> | <u>Temporarily Restricted</u> | <u>Permanently Restricted</u> | <u>Total</u> |
|--|---------------------|-----------------------------------|-----------------------------------|----------------------|
| REVENUES, GAINS AND OTHER SUPPORT | | | | |
| Contributions | \$ 0 | \$ 111,486 | \$ 800,286 | \$ 911,772 |
| Other Revenue: | | | | |
| Investment Income | 141,726 | 513,631 | 0 | 655,357 |
| Miscellaneous and Sponsor Income | 0 | 29,952 | 0 | 29,952 |
| Realized Gain (Loss) on Investments | 0 | 1,335,777 | 0 | 1,335,777 |
| Changes of Unrealized/Realized Gain (Loss) on Investments | 0 | 4,764,579 | 0 | 4,764,579 |
| TOTAL REVENUES, GAINS, AND OTHER SUPPORT | <u>141,726</u> | <u>6,755,425</u> | <u>800,286</u> | <u>7,697,437</u> |
| EXPENSES | | | | |
| Program Services | 115,362 | 1,038,257 | 0 | 1,153,619 |
| General and Administrative | 34,063 | 306,571 | 0 | 340,634 |
| Fundraising | 3,824 | 34,420 | 0 | 38,244 |
| TOTAL EXPENSES | <u>153,250</u> | <u>1,379,247</u> | <u>0</u> | <u>1,532,497</u> |
| CHANGE IN NET ASSETS | <u>(11,524)</u> | <u>5,376,178</u> | <u>800,286</u> | <u>6,164,940</u> |
| NET ASSETS AT BEGINNING OF YEAR | <u>17,085</u> | <u>14,940,806</u> | <u>17,066,487</u> | <u>32,024,378</u> |
| NET ASSETS AT END OF YEAR | <u>\$ 5,561</u> | <u>\$ 20,316,984</u> | <u>\$ 17,866,773</u> | <u>\$ 38,189,318</u> |

See notes to financial statements
which are an integral part of this statement.

SCHUYLKILL AREA COMMUNITY FOUNDATION

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2021

| | <u>Fundraising</u> | <u>General and Administrative</u> | <u>Program Services</u> | <u>Total</u> |
|---|-------------------------|---|-----------------------------|----------------------------|
| Salaries | \$ 29,200 | \$ 112,228 | \$ 0 | \$ 141,428 |
| Payroll Taxes | 2,302 | 9,085 | 0 | 11,387 |
| Office Supplies and Small Equipment | 0 | 1,807 | 0 | 1,807 |
| Publicity, Advertising and Printing | 4,678 | 7,016 | 0 | 11,694 |
| Utilities | 0 | 2,292 | 0 | 2,292 |
| Memberships and Organizations | 0 | 5,225 | 0 | 5,225 |
| Dues and Subscriptions | 0 | 1,180 | 0 | 1,180 |
| Insurance | 0 | 8,509 | 0 | 8,509 |
| Executive Director Expenses and Travel | 316 | 475 | 0 | 791 |
| Investment Managers Fees | 0 | 128,948 | 0 | 128,948 |
| Grants to Other Organizations and scholarships paid | 0 | 0 | 1,153,619 | 1,153,619 |
| Other | 0 | 10,892 | 0 | 10,892 |
| Rent | 0 | 10,200 | 0 | 10,200 |
| Depreciation | 0 | 9,083 | 0 | 9,083 |
| Professional Fees | 0 | 8,258 | 0 | 8,258 |
| Computer Consulting/Maintenance Costs | 0 | 8,280 | 0 | 8,280 |
| Postage | 872 | 1,309 | 0 | 2,181 |
| Telephone | 0 | 3,659 | 0 | 3,659 |
| Indirect Administrative Fees | 0 | 6,000 | 0 | 6,000 |
| Retirement Plan | 876 | 1,777 | 0 | 2,653 |
| Maintenance | 0 | 629 | 0 | 629 |
| Foreign Taxes Paid | 0 | 2,988 | 0 | 2,988 |
| Conferences and Training | 0 | 794 | 0 | 794 |
| TOTAL | \$ <u>38,244</u> | \$ <u>340,634</u> | \$ <u>1,153,619</u> | \$ <u>1,532,497</u> |

See notes to financial statements
which are an integral part of this statement.

SCHUYLKILL AREA COMMUNITY FOUNDATION

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2021

CASH FLOWS FROM OPERATING ACTIVITIES

| | |
|---|--------------|
| Increase in Net Assets | \$ 6,164,940 |
| Adjustment to Reconcile Increase in Net Assets to Net Cash provided by Operating Activities: | |

Add (Deduct):

| | |
|---|-------------|
| Depreciation Expense | 9,083 |
| Realized (Gain) Loss on Investments | (1,335,777) |
| Unrealized (Gain) Loss on Marketable Securities | (4,764,579) |

Increase (Decrease) in:

| | |
|------------------------------|---------|
| Funds Held by Other Agencies | 246,301 |
| Payroll liabilities | (166) |
| Accrued Expenses | 31,587 |
| Scholarships Payable | 1,524 |
| Deferred Revenue | (932) |

NET CASH PROVIDED BY OPERATING ACTIVITIES

351,981

CASH FLOWS FROM INVESTING ACTIVITIES

| | |
|--|---------|
| Purchases of fixed assets for cash | (2,040) |
| Net (Purchases of), and Proceeds from, the Sales of Investments | 545,995 |

NET CASH PROVIDED BY INVESTING ACTIVITIES

543,955

CASH FLOWS FROM FINANCING ACTIVITIES

0

NET INCREASE IN CASH AND CASH EQUIVALENTS

895,936

**CASH AND CASH EQUIVALENTS -
JANUARY 1, 2021**

488,022

**CASH AND CASH EQUIVALENTS -
DECEMBER 31, 2021**

\$ 1,383,958

SUPPLEMENTAL DISCLOSURES:

| | |
|----------------------------|----------------|
| Interest paid and expensed | None |
| Income taxes paid | Not Applicable |

See notes to financial statements
which are an integral part of this statement.

SCHUYLKILL AREA COMMUNITY FOUNDATION

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

DESCRIPTION OF ENTITY

Schuykill Area Community Foundation is a nonprofit organization exempt from federal income tax under Section 501 (c)(3) of the Internal Revenue Code. In addition, the Foundation qualifies for the charitable contribution deduction under Section 170 (b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509 (a)(3). The Foundation was incorporated on January 16, 1967 for the purposes of administering funds of a public nature for educational, charitable, scientific, or literary uses and purposes, or other of similar nature to meet the existing and changing community needs in Schuykill County.

BASIS OF ACCOUNTING

The financial statements of the Foundation have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

ADVERTISING COSTS

The Company follows the policy of charging costs of advertising to expense as incurred. Advertising expense for the year ended December 31, 2021 was \$191.

USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

RELATED PARTY TRANSACTIONS

Keith J. Strouse, Esq., Secretary/Treasurer, performed indirect administrative duties in the amount of \$6,000.

SCHUYLKILL AREA COMMUNITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

FINANCIAL STATEMENT PRESENTATION

The Foundation has adopted Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations." Under SFAS No. 117, the Foundation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets temporarily restricted net assets and permanently restricted net assets.

CONTRIBUTIONS

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted net assets depending on the existence or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All donor contributions are considered to be permanently restricted because the Foundation has agreements with the donors stating that the principal amount of their gifts will be held in perpetuity. The earnings from these contributions are considered either temporarily restricted or unrestricted, depending on whether there were further donor restrictions placed on the earnings. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

CONTRIBUTIONS RECEIVABLE (PROMISES TO GIVE)

Contributions are recognized when the donor makes a promise to give to the Foundation, that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

The Foundation uses the allowance method to determine uncollectible unconditional promises receivable. The allowance is based on prior years' experience and management's analysis of specific promises made.

SCHUYLKILL AREA COMMUNITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

CASH AND CASH EQUIVALENTS

For the purpose of the Statement of Cash Flows, the Foundation considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents. Uninsured cash balances for the year ended December 31, 2021 were \$ 660,816.

INVESTMENTS

The Foundation elected to adopt Statement of Financial Accounting Standards (SFAS) No. 124, "Accounting for Certain Investments Held by Not-for-Profit Organizations," in 2000. Under SFAS No. 124, 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. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by the donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in reporting period in which the income and gains are recognized.

PROPERTY, EQUIPMENT, DEPRECIATION AND AMORTIZATION

Depreciation of property, plant and equipment is provided on the straight-line method in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives. Depreciation expense for the current year was \$9,083.

DONATED SERVICES

During the year ended December 31, 2021, the value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded. In addition, many individuals volunteer their time and perform a variety of tasks, but these services do not meet the criteria for recognition as contributed services.

SCHUYLKILL AREA COMMUNITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 2 - COMMITMENTS:

On September 19, 2007, the Foundation entered into a one-year lease of office facilities with Secorp Partners beginning January 1, 2008 and ending on December 31, 2008. Leased premises are the first floor at 216 South Centre Street, Pottsville, PA. Monthly rent installments are \$850. not including utilities for the one-year term of the lease. In November 2021 the lease was renewed under substantially the same terms for the period beginning January 1, 2022 and ending on December 31, 2022. Total lease expense for the current year was \$10,200.

On March 4, 2020, the entity entered into an operating lease agreement with Edwards Business Systems for a Bizhib C287 copier. Lease terms require 5 annual payments of \$1,401.36. Total current year expense was \$1,401.36.

NOTE 3 - INVESTMENTS:

Investments as of December 31, 2021, are as follows:

| | |
|---|----------------------|
| Marketable Securities, at cost | \$ 17,725,514 |
| Net Unrealized Gain (Loss) on Marketable Securities | <u>19,731,361</u> |
| Marketable Securities, at market | <u>\$ 37,456,875</u> |

These investments constitute equity funds, mutual funds, and investments in and corporate bonds.

Financial Accounting Standards Board Statement No. 157, Fair Value Measurements (FASB Statement No. 157), establishes a framework for measuring fair value. That framework provides a fair value 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 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB Statement No. 157 are described below:

SCHUYLKILL AREA COMMUNITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 3 - INVESTMENTS - continued

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

Level 2 - Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets
- Quoted prices for identical or similar assets or liabilities in inactive markets
- Inputs other than quoted prices that are observable for the asset or liability
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The inputs or methodology used for valuing investments are not an indication of the risk associated with investing in those securities.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

All investments on the Statement of Financial Position are reported at fair value. Inputs used to determine the fair value of the Foundation's investments are considered to be Level 1.

SCHUYLKILL AREA COMMUNITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 4 - FUNDS HELD FOR OTHER AGENCIES:

Schuykill Area Community Foundation has agreements with other agencies to serve as a conduit of funds owned by other agencies. Funds in this conduit are subject to the Foundation's control but are themselves earmarked for distribution for other agencies. Funds held in this capacity are included as liabilities in the Statement of Financial Position.

NOTE 5 - RETIREMENT PLAN:

The Company sponsors a savings incentive match plan for employees (SIMPLE) Retirement Plan for eligible employees. Employee contributions are subject to limits established by the Internal Revenue Service. Company contributions for the current year were \$2,653.

NOTE 6 - DEFERRED REVENUE:

In prior years the Foundation received various grants totaling \$50,796 which were utilized to partially fund the purchase of new accounting foundation operations software (Community Pearl). The acquisition of this software took place during 2012. Annually, an amount equal to the depreciation expense on the Community Pearl System (\$5,567. in 2020) will be recognized as income until fully amortized. At December 31, 2021, the balance has been fully amortized.

NOTE 7 - SUBSEQUENT EVENTS:

The Foundation has evaluated events and transactions occurring subsequent to the balance sheet date of December 31, 2021 for items that should potentially be recognized or disclosed in these financial statements. The evaluation was conducted through August 22, 2022, the date these financial statements were available to be issued.

SCHUYLKILL AREA COMMUNITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 8 - CORONAVIRUS (COVID-19) PANDEMIC DECLARATION:

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a pandemic which continues to spread throughout the United States. On March 6, 2020 Pennsylvania Governor Tom Wolf proclaimed the existence of a disaster emergency throughout the Commonwealth of Pennsylvania. As provided in the order he prohibited the Operation of Businesses that are not Life Sustaining. As such he ordered all non-life-sustaining businesses in Pennsylvania to close their physical locations as of 8 P.M. March 19, 2020. Our business operations were considered non-life-sustaining. Consequently, in compliance with the Governor's order, our business operations were suspended. Subsequently, the Governor has lifted the prohibition and our operations have commenced.

The duration of the business disruption and related financial impact cannot be reasonably estimated at this time but may materially affect our ability to operate our business and result in additional costs. The extent to which this virus pandemic may impact our operating results, financial condition, and cash flows will depend on future developments, which are highly uncertain and cannot be predicted at the date of this report, including new information that may emerge concerning the severity of the coronavirus and steps taken to contain the coronavirus or treat its impact, among others.