

# ADAMS COUNTY COMMUNITY FOUNDATION

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## Financial Statements

December 31, 2022 and 2021

**ADAMS COUNTY COMMUNITY FOUNDATION**  
**YEARS ENDED DECEMBER 31, 2022 AND 2021**

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## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors  
Adams County Community Foundation  
Gettysburg, Pennsylvania

### **Opinion**

We have audited the accompanying financial statements of Adams County Community Foundation (a nonprofit organization), which comprise the statements of financial position as of December 31, 2022 and 2021 and the related statements of activities, functional expenses, and cash flows for the years 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 Adams County Community Foundation as of December 31, 2022 and 2021, 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.

### **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 Adams County 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 Adams County 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, including omissions, 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 Adams County 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 Adams County Community Foundation's ability to continue as a going concern for a reasonable period of time.

### **Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedules of Operations are presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the

Board of Directors  
Adams County Community Foundation

financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Boles Metzger Brosius & Walborn PC*

Harrisburg, Pennsylvania  
March 29, 2023

**ADAMS COUNTY COMMUNITY FOUNDATION**

**STATEMENTS OF FINANCIAL POSITION**

**DECEMBER 31, 2022 AND 2021**

|  | ASSETS              |                     |
|--|---------------------|---------------------|
|  | 2022                | 2021                |
| Cash and cash equivalents                      | \$1,817,458         | \$1,227,454         |
| Contributions receivable (Note 4)              | 52,809              | 5,949               |
| Other receivables                              | 6,419               | 11,162              |
| Prepaid expenses                               | 733                 | 698                 |
| Investments, at fair value (Note 5)            | 18,104,602          | 21,252,208          |
| Property, equipment and software, net (Note 6) | 211,225             | 217,949             |
| Total assets                                   | <u>\$20,193,246</u> | <u>\$22,715,420</u> |
|  |                     |                     |
| LIABILITIES AND NET ASSETS                     |                     |                     |
| Accounts payable and accrued liabilities       | \$17,880            | \$34,832            |
| Funds held as agency endowments (Note 7)       | <u>1,335,738</u>    | <u>1,423,195</u>    |
| Total liabilities                              | <u>1,353,618</u>    | <u>1,458,027</u>    |
| Net assets, all without donor restrictions     | <u>18,839,628</u>   | <u>21,257,393</u>   |
| Total liabilities and net assets               | <u>\$20,193,246</u> | <u>\$22,715,420</u> |

***See notes to financial statements.***

**ADAMS COUNTY COMMUNITY FOUNDATION**

**STATEMENTS OF ACTIVITIES**

**YEARS ENDED DECEMBER 31, 2022 AND 2021**

|  | <u>2022</u>                | <u>2021</u>                |
|--|----------------------------|----------------------------|
| Revenue and other support:   |                            |                            |
| Contributions  | \$4,045,396                | \$4,274,245                |
| Program fees   | 782                        | 22,756                     |
| Investment income (Note 5):  |                            |                            |
| Interest, dividends and capital gain distributions                 | 272,678                    | 190,155                    |
| Realized and unrealized gains (losses)                             | <u>(3,003,681)</u>         | <u>2,327,154</u>           |
| Total revenue and other support,<br>all without donor restrictions | <u>1,315,175</u>           | <u>6,814,310</u>           |
| Expenses:  |                            |                            |
| Program - grants and scholarships (Note 9)                         | 3,265,242                  | 3,055,784                  |
| Program - other  | 216,848                    | 195,841                    |
| Administrative   | 135,504                    | 132,668                    |
| Development  | <u>115,346</u>             | <u>71,819</u>              |
| Total expenses   | <u>3,732,940</u>           | <u>3,456,112</u>           |
| Change in net assets   | (2,417,765)                | 3,358,198                  |
| Net assets, beginning of year,<br>without donor restrictions       | <u>21,257,393</u>          | <u>17,899,195</u>          |
| Net assets, end of year<br>without donor restrictions              | <u><u>\$18,839,628</u></u> | <u><u>\$21,257,393</u></u> |

***See notes to financial statements.***

# ADAMS COUNTY COMMUNITY FOUNDATION

## STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2022

|                          | 2022                |                  |                  |                    | 2021               |
|--------------------------|---------------------|------------------|------------------|--------------------|--------------------|
|                          | Supporting services |                  |                  | Total              | (memo)<br>Total    |
| Program                  | Administrative      | Development      | Total            | Total              |                    |
| Program grants           | \$3,265,242         | \$ -             | \$ -             | \$3,265,242        | \$3,055,784        |
| Salaries and wages       | 132,897             | 52,322           | 56,106           | 241,325            | 228,875            |
| Employee benefits        | 6,628               | 2,610            | 2,798            | 12,036             | 16,768             |
| Retirement expense       | 6,013               | 2,367            | 2,538            | 10,918             | 10,813             |
| Payroll taxes            | 11,171              | 4,398            | 4,716            | 20,285             | 18,501             |
| Advertising              | 2,891               | -                | -                | 2,891              | 4,767              |
| Bank charges             | -                   | 3,950            | -                | 3,950              | 2,631              |
| Contracted services      | -                   | 19,473           | 42,646           | 62,119             | 19,613             |
| Depreciation             | 3,694               | 3,030            | -                | 6,724              | 6,361              |
| Dues and subscriptions   | 2,848               | 1,403            | -                | 4,251              | 5,515              |
| Events and costs         | 32,434              | -                | -                | 32,434             | 25,108             |
| Insurance                | 3,525               | 778              | 275              | 4,578              | 4,365              |
| Meals and entertainment  | 758                 | 758              | -                | 1,516              | 828                |
| Meetings and conferences | -                   | 1,480            | -                | 1,480              | 138                |
| Office expense           | 3,091               | 3,091            | 395              | 6,577              | 2,874              |
| Postage and shipping     | 1,234               | 219              | 1,290            | 2,743              | 3,213              |
| Printing                 | 3,761               | -                | 3,760            | 7,521              | 5,924              |
| Professional fees        | -                   | 34,725           | -                | 34,725             | 36,444             |
| Repairs and maintenance  | 2,634               | 2,633            | -                | 5,267              | 2,128              |
| Telephone                | 1,303               | 301              | 67               | 1,671              | 2,090              |
| Travel                   | -                   | -                | 755              | 755                | 71                 |
| Utilities                | 1,966               | 1,966            | -                | 3,932              | 3,301              |
| Total expenses           | <u>\$3,482,090</u>  | <u>\$135,504</u> | <u>\$115,346</u> | <u>\$3,732,940</u> | <u>\$3,456,112</u> |

*See notes to financial statements.*



# ADAMS COUNTY COMMUNITY FOUNDATION

## STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2021

|                          | Program            | Supporting services |                 | Total            | Total              |
|--------------------------|--------------------|---------------------|-----------------|------------------|--------------------|
|                          |                    | Administrative      | Development     |                  |                    |
| Program grants           | \$3,055,784        | \$ -                | \$ -            | \$ -             | \$3,055,784        |
| Salaries and wages       | 120,571            | 52,734              | 55,570          | 108,304          | 228,875            |
| Employee benefits        | 8,834              | 3,863               | 4,071           | 7,934            | 16,768             |
| Retirement expense       | 5,697              | 2,491               | 2,625           | 5,116            | 10,813             |
| Payroll taxes            | 9,746              | 4,263               | 4,492           | 8,755            | 18,501             |
| Advertising              | 4,767              | -                   | -               | -                | 4,767              |
| Bank charges             | -                  | 2,631               | -               | 2,631            | 2,631              |
| Contracted services      | -                  | 19,613              | -               | 19,613           | 19,613             |
| Depreciation             | 3,544              | 2,817               | -               | 2,817            | 6,361              |
| Dues and subscriptions   | 3,695              | 1,820               | -               | 1,820            | 5,515              |
| Events and costs         | 25,108             | -                   | -               | -                | 25,108             |
| Insurance                | 3,361              | 742                 | 262             | 1,004            | 4,365              |
| Meals and entertainment  | 414                | 414                 | -               | 414              | 828                |
| Meetings and conferences | -                  | 138                 | -               | 138              | 138                |
| Office expense           | 1,350              | 1,351               | 173             | 1,524            | 2,874              |
| Postage and shipping     | 1,446              | 257                 | 1,510           | 1,767            | 3,213              |
| Printing                 | 2,962              | -                   | 2,962           | 2,962            | 5,924              |
| Professional fees        | -                  | 36,444              | -               | 36,444           | 36,444             |
| Repairs and maintenance  | 1,064              | 1,064               | -               | 1,064            | 2,128              |
| Telephone                | 1,631              | 376                 | 83              | 459              | 2,090              |
| Travel                   | -                  | -                   | 71              | 71               | 71                 |
| Utilities                | 1,651              | 1,650               | -               | 1,650            | 3,301              |
| Total expenses           | <u>\$3,251,625</u> | <u>\$132,668</u>    | <u>\$71,819</u> | <u>\$204,487</u> | <u>\$3,456,112</u> |

***See notes to financial statements.***

# ADAMS COUNTY COMMUNITY FOUNDATION

## STATEMENTS OF CASH FLOWS

**YEARS ENDED DECEMBER 31, 2022 AND 2021**

|   | <u>2022</u>               | <u>2021</u>               |
|---|---------------------------|---------------------------|
| Cash flows from operating activities:   |                           |                           |
| Change in net assets  | (\$2,417,765)             | \$3,358,198               |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: |                           |                           |
| Depreciation and amortization   | 6,724                     | 6,361                     |
| Unrealized and realized gain on investments   | 3,003,681                 | (2,327,154)               |
| Donation of investments   | (45,723)                  | (152,932)                 |
| (Increase) decrease in current assets:  |                           |                           |
| Receivables   | (42,117)                  | (8,154)                   |
| Prepaid expenses  | (35)                      | 109                       |
| Increase (decrease) in current liabilities:   |                           |                           |
| Accounts payable and accrued liabilities  | (16,952)                  | 20,851                    |
| Funds held as agency endowments   | (87,457)                  | 124,310                   |
| Net cash provided by operating activities   | <u>400,356</u>            | <u>1,021,589</u>          |
| Cash flows from investing activities:   |                           |                           |
| Capital expenditures  | -                         | (8,000)                   |
| Purchase of securities  | (6,053,025)               | (14,094,287)              |
| Proceeds from sale of securities  | 6,242,673                 | 13,311,793                |
| Net cash used by investing activities   | <u>189,648</u>            | <u>(790,494)</u>          |
| Cash flows from financing activities  | <u>-</u>                  | <u>-</u>                  |
| Net increase (decrease) in cash and cash equivalents  | 590,004                   | 231,095                   |
| Cash and cash equivalents at beginning of year  | <u>1,227,454</u>          | <u>996,359</u>            |
| Cash and cash equivalents at end of year  | <u><u>\$1,817,458</u></u> | <u><u>\$1,227,454</u></u> |
| <b>Supplemental disclosures of cash flow information:</b>                                   |                           |                           |
| Cash paid during the year for:  |                           |                           |
| Interest  | <u>\$ -</u>               | <u>\$ -</u>               |
| Taxes   | <u><u>\$ -</u></u>        | <u><u>\$ -</u></u>        |
| <b>Supplemental schedule of noncash operating activities:</b>                               |                           |                           |
| Donated securities  | <u><u>\$45,723</u></u>    | <u><u>\$152,932</u></u>   |

***See notes to financial statements.***

## **ADAMS COUNTY COMMUNITY FOUNDATION**

### **NOTES TO FINANCIAL STATEMENTS**

**YEARS ENDED DECEMBER 31, 2022 AND 2021**

#### **NOTE 1 - PURPOSE AND ORGANIZATION**

The Adams County Community Foundation is a community foundation. Under Internal Revenue Code Sections 501(c)(3), 170(b)(1)(A)(vi) and Section 509(a), it is a public support charitable organization, gifts to which are deductible for tax purposes. The purpose of the Community Foundation is to inspire people and communities to build and distribute charitable funds for the greater Adams County Pennsylvania area, which constitutes a concentration of the Community Foundation's revenues and expenses.

The Community Foundation is certified under National Standards for Community Foundations, which is overseen by the Council on Foundations. These standards require adherence to certain stewardship and accountability standards, including required Investment & Spending Policies. These policies outline Investment Goals and Targets, Performance Objectives, Asset Class, Allocation and Diversification, Allowable Securities and Prohibited Securities and Transactions.

#### **NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The summary of significant accounting policies of the Community Foundation is presented to assist in understanding the Community Foundation's financial statements. The financial statements and notes are representations of the Community Foundation's management who is responsible for their integrity and objectivity. These accounting policies conform to U.S. generally accepted accounting principles and have been consistently applied in the preparation of these financial statements.

##### **Basis of presentation:**

The financial statements are presented using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

##### **Use of estimates:**

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure 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.

##### **Cash and cash equivalents:**

For the purposes of the statement of cash flows, the Community Foundation considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

# ADAMS COUNTY COMMUNITY FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2022 AND 2021

### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Cash and cash equivalents (continued):

Cash and cash equivalents consist of the following at December 31, 2022 and 2021:

|                                    | 2022               | 2021               |
|------------------------------------|--------------------|--------------------|
| Cash in banks                      | \$339,649          | \$182,344          |
| Cash in PA Treasury INVEST program | 508,705            | 405,000            |
| Cash equivalents in investments    | 969,104            | 640,110            |
| Total cash and cash equivalents    | <u>\$1,817,458</u> | <u>\$1,227,454</u> |

#### Concentrations of risk:

Financial instruments that subject the Community Foundation to concentrations of credit risk include cash and investments. The Community Foundation maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits as guaranteed by the Federal Deposit Insurance Corporation (FDIC), however, the Community Foundation has not experienced any loss in such accounts. The Community Foundation believes it is not exposed to any significant credit risk on its cash balances. Investments are held by a broker in customer accounts which are protected against physical loss and broker bankruptcy by the Securities Investor Protection Corporation (SIPC).

The Community Foundation has significant investments in corporate bonds and government and agency bonds and is therefore subject to concentrations of credit risk. Investments in equity securities, mutual funds, and exchange-traded funds subject the Community Foundation to market risk. Investments are made by investment managers engaged by the Community Foundation in accordance with the Community Foundation's established investment policies. Though the market value of investments is subject to fluctuations on a year-to-year basis, management believes the investment policy is prudent for the long-term welfare of the Community Foundation.

#### Investments:

Investments in marketable securities and all investments in debt securities are reported at their fair values based on quoted prices in active markets. The Community Foundation measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value and are readily available for all investments of the Community Foundation. Unrealized gains and losses are included in the change in net assets. Realized gains and losses are determined using the specific identification method. Purchases and sales of securities are recorded on a trade-date basis.

## **ADAMS COUNTY COMMUNITY FOUNDATION**

### **NOTES TO FINANCIAL STATEMENTS**

**YEARS ENDED DECEMBER 31, 2022 AND 2021**

#### **NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

##### **Property, equipment and software:**

Property, equipment and software are stated at cost and donated equipment is stated at the estimated market value. The Community Foundation capitalizes items with an initial cost or market value in excess of \$2,500. Depreciation is provided by the straight-line method based on an estimated life of 3-7 years for equipment, furniture and software and 40 years for buildings and improvements. Depreciation expense for the years ended December 31, 2022 and 2021 was \$6,724 and \$6,361, respectively.

##### **Fair value measurements:**

U.S. generally accepted accounting principles establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of observable inputs other than quoted prices for identical assets, and Level 3 inputs consist of unobservable inputs in situations where markets do not exist or are illiquid and have the lowest priority. The Community Foundation uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments.

##### **Net assets:**

All contributions, including those with donor-imposed restrictions, are subject to the variance power of the Community Foundation established in its governing documents. The variance power gives the Board of Directors the ability to modify donor restrictions that are incapable of fulfillment or inconsistent with the charitable needs of the community except where Court approval and review by the Pennsylvania Attorney General is required by a Charitable Fund Agreement, or required by any order or decree from a Court of competent jurisdiction. As a result of the variance power, all contributions are classified as net assets without donor restrictions for financial statement purposes.

The Community Foundation maintains its net assets without donor restrictions in accordance with original donor intent at the time of contribution. These classifications include amounts established as scholarship funds, field-of-interest funds, donor advised funds and designated funds.

## **ADAMS COUNTY COMMUNITY FOUNDATION**

### **NOTES TO FINANCIAL STATEMENTS**

**YEARS ENDED DECEMBER 31, 2022 AND 2021**

#### **NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

##### **Endowment spending policy:**

The Community Foundation anticipates distributions from each endowed fund at least annually of an appropriate percentage of the fund's market value, as determined by the Community Foundation's investment and spending policy statement. In determining the annual distribution amount, the Community Foundation's board of directors may consider the expected total return on the investments of the Community Foundation's permanent funds, the desirability of maintaining the value of the Community Foundation's permanent funds, and any other factors that it deems relevant. Currently, spending is limited to 4.5% of market value based on a twenty-quarter trailing average policy. As a permanent endowment fund, all assets of the fund in excess of the spending limit will remain invested, and will not be distributed.

##### **Contributions:**

Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions. When a 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 restriction. Contributions are recorded at fair value at the date of donation.

##### **Grants:**

The Community Foundation records grants when all conditions stipulated by the grant have been substantially met. Grant cancellations and refunds of paid grants are recorded as they occur. Direct charitable service program expenses are recorded as incurred.

##### **Income taxes:**

The Community Foundation is exempt from Federal income taxes under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3). However, income from certain activities not directly related to the Community Foundation's tax-exempt purpose may be subject to taxation as unrelated business income.

# ADAMS COUNTY COMMUNITY FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2022 AND 2021

### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Functional allocation of expenses:

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The expenses that are allocated include salaries and wages, payroll taxes, depreciation, office expenses, and various other, which are allocated on the basis of estimates of time and effort of employees and the intended purpose of the expenditures.

#### Subsequent events:

The Community Foundation has evaluated subsequent events through March 29, 2023, the date which the financial statements were available to be issued.

### NOTE 3 - LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

|  | 2022        | 2021        |
|--|-------------|-------------|
| Financial assets at year end:  |             |             |
| Cash and cash equivalents  | \$1,817,458 | \$1,227,454 |
| Contributions receivable   | 52,809      | 5,949       |
| Other receivables, net   | 6,419       | 11,162      |
| Financial assets, at year end  | 1,876,686   | 1,244,565   |
| Less those unavailable for general expenditures:                                       |             |             |
| PA Treasury INVEST funds held for charitable funds                                     | (508,705)   | (405,000)   |
| Investment cash held for charitable funds  | (969,104)   | (640,110)   |
| Holding fund cash held for pass-through grants   | (145,100)   | (4,356)     |
| Contributions receivable for charitable funds  | (52,809)    | (5,949)     |
| Financial assets available within one year to meet cash needs for general expenditures | \$200,968   | \$189,150   |

**ADAMS COUNTY COMMUNITY FOUNDATION**

**NOTES TO FINANCIAL STATEMENTS**

**YEARS ENDED DECEMBER 31, 2022 AND 2021**

**NOTE 3 - LIQUIDITY AND AVAILABILITY (continued)**

The organization manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged.

**NOTE 4 - CONTRIBUTIONS RECEIVABLE**

Contributions receivable consist of operating and charitable fund contributions. All contributions receivable are expected to be collected during the next year. Management has determined that the contributions receivable are fully collectible; therefore, no allowance for uncollectible accounts is considered necessary at December 31, 2022 and 2021.

**NOTE 5 - INVESTMENTS**

The Community Foundation's investments at December 31, 2022 and 2021 consist of funds designated as summarized below:

|                                 | <u>2022</u>                | <u>2021</u>                |
|---------------------------------|----------------------------|----------------------------|
| Undesignated                    | \$16,768,864               | \$19,829,013               |
| Designated for agency endowment | <u>1,335,738</u>           | <u>1,423,195</u>           |
| Total                           | <u><u>\$18,104,602</u></u> | <u><u>\$21,252,208</u></u> |

Realized and unrealized gains (losses) on the statement of activities consist of the following for the years ended December 31, 2022 and 2021:

|  | <u>2022</u>                 | <u>2021</u>               |
|--|-----------------------------|---------------------------|
| Net realized gains (losses)                  | (\$139,246)                 | \$2,327,565               |
| Net unrealized gains (losses)                | <u>(2,864,435)</u>          | <u>(411)</u>              |
| Total realized and unrealized gains (losses) | <u><u>(\$3,003,681)</u></u> | <u><u>\$2,327,154</u></u> |



**ADAMS COUNTY COMMUNITY FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2022 AND 2021**

**NOTE 5 - INVESTMENTS (continued)**

Investment income on the statement of activities includes interest and dividend income and is reported net of manager, consultant and custodian fees of \$9,526 and \$38,928 for the years ended December 31, 2022 and 2021, respectively.

The Community Foundation uses the following methodologies for assets measured at fair value:

Mutual funds are valued at the net asset value (NAV) of shares held by the Community Foundation at year end. Equity securities are valued at the closing price reported on the active market on which the securities are traded.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. No changes in the methodologies used were made in 2022 and 2021.

**NOTE 6 - PROPERTY, EQUIPMENT AND SOFTWARE**

Major classifications of property, equipment and software consists of the following as of December 31, 2022 and 2021:

|  | <u>2022</u>             | <u>2021</u>             |
|--|-------------------------|-------------------------|
| Land   | \$38,246                | \$38,246                |
| Buildings and improvements                     | 203,402                 | 203,402                 |
| Equipment and fixtures                         | 8,815                   | 13,425                  |
| Software                                       | <u>56,143</u>           | <u>56,143</u>           |
|  | 306,606                 | 311,216                 |
| Less accumulated depreciation and amortization | <u>(95,381)</u>         | <u>(93,267)</u>         |
| Property, equipment and software               | <u><u>\$211,225</u></u> | <u><u>\$217,949</u></u> |

# ADAMS COUNTY COMMUNITY FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2022 AND 2021

### NOTE 7 - FUNDS HELD AS AGENCY ENDOWMENTS

The Community Foundation maintains variance power and legal ownership of agency endowment funds, and as such, continues to report these funds as assets of the Community Foundation. In accordance with accounting principles generally accepted in the United States of America, when a nonprofit grants variance power and specifies themselves, or their affiliate as the beneficiary of the contributed assets, the recipient organization is precluded from accounting for this transaction as a contribution. As a result, the Community Foundation has established a liability for funds held as agency endowments, which is equivalent to the contributed assets' fair value and related earnings and distributions. Funds held as agency endowments totaled \$1,335,738 and \$1,423,195 at December 31, 2022 and 2021, respectively.

### NOTE 8 - FAIR VALUE MEASUREMENTS

Fair values of assets measured on a recurring basis at December 31, 2022 and 2021 are as follows:

|                            | <u>Fair Value</u>   | <u>(Level 1)</u>    | <u>(Level 2)</u> | <u>(Level 3)</u> |
|----------------------------|---------------------|---------------------|------------------|------------------|
| December 31, 2022:         |                     |                     |                  |                  |
| Stocks, options & ETFs     | \$1,874,194         | \$1,874,194         | \$ -             | \$ -             |
| Fixed income securities    | 4,947,749           | 4,947,749           | -                | -                |
| Mutual funds               | <u>11,282,659</u>   | <u>11,282,659</u>   | <u>-</u>         | <u>-</u>         |
| Total assets at fair value | <u>\$18,104,602</u> | <u>\$18,104,602</u> | <u>\$ -</u>      | <u>\$ -</u>      |
|                            | <u>Fair Value</u>   | <u>(Level 1)</u>    | <u>(Level 2)</u> | <u>(Level 3)</u> |
| December 31, 2021:         |                     |                     |                  |                  |
| Stocks, options & ETFs     | \$2,159,098         | \$2,159,098         | \$ -             | \$ -             |
| Fixed income securities    | 5,380,274           | 5,380,274           | -                | -                |
| Mutual funds               | <u>13,712,836</u>   | <u>13,712,836</u>   | <u>-</u>         | <u>-</u>         |
| Total assets at fair value | <u>\$21,252,208</u> | <u>\$21,252,208</u> | <u>\$ -</u>      | <u>\$ -</u>      |

# ADAMS COUNTY COMMUNITY FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

### YEARS ENDED DECEMBER 31, 2022 AND 2021

#### NOTE 9 - GRANTS AND SCHOLARSHIPS

Grants and scholarships approved and paid consist of the following for the years ended December 31, 2022 and 2021:

|                                 | <u>2022</u>               | <u>2021</u>               |
|---------------------------------|---------------------------|---------------------------|
| Total distributions             | \$3,313,744               | \$3,214,659               |
| Agency fund grant distributions | <u>(48,502)</u>           | <u>(158,875)</u>          |
| Grants and scholarships         | <u><u>\$3,265,242</u></u> | <u><u>\$3,055,784</u></u> |

#### NOTE 10 - RETIREMENT COSTS

The Community Foundation has a defined contribution plan (the Plan) covering all eligible employees. The Community Foundation contributes 5% of all eligible participants' compensation. Total expense for the years ended December 31, 2022 and 2021, was \$10,918 and \$10,813, respectively.

#### NOTE 11 - FUNCTIONAL EXPENSES

Functional expenses are as follows for the years ended December 31, 2022 and 2021:

|                                   | <u>2022</u>               |                     | <u>2021</u>               |                     |
|-----------------------------------|---------------------------|---------------------|---------------------------|---------------------|
| Program - grants and scholarships | \$3,265,242               | 87 %                | \$3,055,784               | 88 %                |
| Program - other                   | 216,848                   | 6                   | 195,841                   | 6                   |
| Administrative                    | 135,504                   | 4                   | 132,668                   | 4                   |
| Development                       | <u>115,346</u>            | <u>3</u>            | <u>71,819</u>             | <u>2</u>            |
| Total expenses                    | <u><u>\$3,732,940</u></u> | <u><u>100 %</u></u> | <u><u>\$3,456,112</u></u> | <u><u>100 %</u></u> |

**ADAMS COUNTY COMMUNITY FOUNDATION**

**SCHEDULES OF OPERATIONS**

**YEARS ENDED DECEMBER 31, 2022 AND 2021**

|  | <u>2022</u>           | <u>2021</u>            |
|--|-----------------------|------------------------|
| Revenue and other support:                     |                       |                        |
| Contributions                                  | \$66,385              | \$66,471               |
| Investment income                              | 18,079                | 81                     |
| Grant and other transfers from endowment funds | 60,301                | 4,920                  |
| Other income                                   | 14,237                | 24,321                 |
| Fund administration fee revenue                | <u>304,703</u>        | <u>335,584</u>         |
| Total revenue and other support                | <u>463,705</u>        | <u>431,377</u>         |
| Expenses:                                      |                       |                        |
| Program  | 216,848               | 195,841                |
| Administrative                                 | 131,815               | 130,021                |
| Development                                    | <u>115,346</u>        | <u>71,819</u>          |
| Total expenses                                 | <u>464,009</u>        | <u>397,681</u>         |
| Change in net assets from operations           | <u><u>(\$304)</u></u> | <u><u>\$33,696</u></u> |
| Non-cash depreciation expense included above:  | <u><u>\$6,724</u></u> | <u><u>\$6,361</u></u>  |

Schedule Notes:

The Schedule of Operations consists of only transactions of the general operating fund.

***See independent auditors' report.***