

**THE SCIOTO AREA COMMUNITY
FOUNDATION, INC.**

FINANCIAL STATEMENTS

**For the Year Ended
DECEMBER 31, 2020**

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THE SCIOTO AREA COMMUNITY FOUNDATION, INC.
STATEMENTS OF NET ASSETS
December 31, 2020

ASSETS	December 31, 2020
CURRENT ASSETS	
Cash and cash equivalents	\$ 479,980
Investments, at fair value	48,872,965
Income receivable	49,090
Cash surrender value of life insurance	<u>54,239</u>
 Total Current Assets	 49,456,274
PROPERTY AND EQUIPMENT, NET	<u>43,315</u>
 Total Assets	 <u><u>\$ 49,499,589</u></u>
LIABILITIES AND NET ASSETS	
LIABILITIES	
CURRENT LIABILITIES	
Accounts payable	\$ 94
Grants payable	137,069
Deposits held and due to other not-for-profits	5,788,841
Other liabilities	<u>18,951</u>
 Total Current Liabilities	 5,944,955
NET ASSETS	
Without donor restrictions	7,845,539
With donor restrictions	<u>35,709,095</u>
 Total Net Assets	 <u>43,554,634</u>
 Total Liabilities and Net Assets	 <u><u>\$ 49,499,589</u></u>

See accompanying notes to financial statements.

THE SCIOTO AREA COMMUNITY FOUNDATION, INC.
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2020

REVENUES, GAINS AND OTHER SUPPORT	Without Donor Restrictions	With Donor Restrictions	Total
Contributions	\$ 46,565	\$ 466,595	\$ 513,160
Investment income	135,122	763,256	898,378
Realized and unrealized gains (losses)	829,182	4,072,157	4,901,339
Other income	29,965	-	29,965
Net assets released from restrictions	<u>1,415,318</u>	<u>(1,415,318)</u>	<u>-</u>
 Total Revenues, Gains and Other Support	 2,456,152	 3,886,690	 6,342,842
 EXPENSES			
Program services			
Grants paid	1,007,570	253,021	1,260,591
Other program services	<u>187,837</u>	<u>62,612</u>	<u>250,449</u>
Net program services	1,195,407	315,633	1,511,040
 Management and general	 164,915	 -	 164,915
 Development and communications	 <u>43,419</u>	 <u>-</u>	 <u>43,419</u>
 Total Expenses	 <u>1,403,741</u>	 <u>315,633</u>	 <u>1,719,374</u>
 CHANGE IN NET ASSETS	 1,052,411	 3,571,057	 4,623,468
 NET ASSETS AT BEGINNING OF YEAR	 <u>6,793,128</u>	 <u>32,138,038</u>	 <u>38,931,166</u>
 NET ASSETS AT END OF YEAR	 <u>\$ 7,845,539</u>	 <u>\$ 35,709,095</u>	 <u>\$ 43,554,634</u>

See accompanying notes to financial statements.

THE SCIOTO COUNTY COMMUNITY FOUNDATION, INC.
STATEMENT OF FUNTIONAL EXPENSES
December 31, 2020

	<u>Program Services</u>	<u>Management & General</u>	<u>Fundraising</u>	<u>Total</u>
Grants	\$ 1,260,591	\$ -	\$ -	\$ 1,260,591
Salaries and benefits	186,332	75,698	29,114	291,144
Professional fees	-	35,774		35,774
Investment maangement fees	54,124			54,124
Advertising and promotion			8,046	8,046
Occupancy		22,037		22,037
Travel	2,228	1,274	717	4,219
Depreciation		12,954		12,954
Insurance		1,387		1,387
Other	7,765	15,791	5,542	29,098
	<u>\$ 1,511,040</u>	<u>\$ 164,915</u>	<u>\$ 43,419</u>	<u>\$ 1,719,374</u>

See accompanying notes to financial statements.

THE SCIOTO AREA COMMUNITY FOUNDATION, INC.
STATEMENTS OF CASH FLOWS
For the Year Ended December 31, 2020

	<u>December 31, 2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ 4,623,468
Adjustments to reconcile net change in net assts to net cash provided by (used in) operating activities	
Depreciation	12,954
(Increase) decrease in cash surrender value of life insurance	-
(Increase) decrease in income receivable	(7,017)
Increase (decrease) in accounts payable	(1,091)
Increase (decrease) in grants payable	91,450
Increase (decrease) in deposits held and due to others	883,345
Increase (decrease) in other liabilities	3,248
Unrealized (gain) losses on investments	<u>(4,901,339)</u>
Net Cash Provided by (used in) Operating Activities	705,018
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of Fixed Assets	-
Net (Purchases) Sales of Investment Securities	<u>(8,562,193)</u>
Net Cash Provided by (Used in) Investing Activities	<u>(8,562,193)</u>
NET INCREASE (DECREASE) IN CASH	(7,857,175)
CASH, BEGINNING OF YEAR	<u>8,337,155</u>
CASH, END OF YEAR	<u><u>\$ 479,980</u></u>
Supplemental Disclosure of Cash Flow Information	
Cash Paid During the Year FOR:	
Interest	\$ -
Income Taxes	\$ -

See accompanying notes to financial statements.

THE SCIOTO AREA COMMUNITY FOUNDATION, INC.

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2020

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of The Scioto Area Community Foundation, Inc., (the Foundation) is presented to assist in the understanding of the Foundation's financial statements. The statements and notes are representations of the Foundation's management, which is responsible for their integrity and objectivity. The accounting policies conform to generally accepted accounting principles.

Nature of Organization

The Foundation is a not-for-profit corporation classified by the Internal Revenue Service as tax exempt under Section 501(c)(3). With income from funds contributed by individuals, families, businesses and other groups, the Foundation works to improve the quality of life in Southern Ohio and Northern Kentucky. By making grants to local not-for-profit organization and providing scholarships to benefit local students, the Foundation responds to the changing needs of the community and builds on local strengths in the areas of arts, civic affairs, education, health and social services.

Financial Statement Presentation

The Foundation has presented its financial statements in accordance with generally accepted accounting principles for not-for-profit organizations. Under this guidance, the Foundation is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These assets may be used at the discretion of the Organization's management and board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or the passage of time. Other donor restrictions are perpetual in nature, where the donor has stipulated the funds be maintained in perpetuity.

Contributions

Donor restricted contributions are recorded as increases in new assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities. Contributions received without donor restrictions are recorded as net assets without donor restrictions.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the members to make estimates and assumptions that affect the reported amounts of assets and liabilities, the 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.

THE SCIOTO AREA COMMUNITY FOUNDATION, INC.

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments

The Foundation carries investments in marketable securities with readily determinable fair values at their fair values in the statements of net assets. Unrealized gains and losses are included in the change in net assets in the accompanying statement of activities. Investment income and gains are reported as increases in unrestricted net assets if the restrictions are met (either a stipulated time period ends or a purpose restriction is accomplished) in the reporting period in which the income and gains are recognized.

Income Taxes

The Foundation is exempt from federal income taxes under Section 501©(3) of the Internal Revenue Code. The Foundation is no longer subject to examination by the Internal Revenue Service for years prior to 2013 and there are currently no audits for any prior tax periods in progress.

Grants

Grants are recorded as expenses when they are approved by the Board of Governors for payment. Grants payable at December 31, 2018 represent unconditional promises to give to other organizations.

Cash and Equivalents – For the purpose of the statements of cash flows, the Company considers all cash amounts that are not subject to withdrawal restrictions or penalties and all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Property and Equipment

Property and equipment are stated at cost or at their estimated fair value at the date of donation. Depreciation is provided using the straight-line method over the estimated useful lives.

Additions and betterments of \$1,000 are capitalized, while maintenance and repairs that do not improve or extend the useful lives of the respective assets are expenses as incurred.

The useful lives of property and equipment for purposes of computing depreciation are:

Leasehold Improvements	10-20 Years
Furniture and Equipment	5-10 Years

Functional Expenses

The costs of providing program and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among program services and supporting services benefited. Such allocations are determined by management on an equitable basis.

THE SCIOTO AREA COMMUNITY FOUNDATION, INC.

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

New Accounting Pronouncement

On August 18, 2016, FASB issued ASU 2016-14, Not-for Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for Profit Entities. The update addresses the complexity and understandability of net asset classifications, deficiencies in information about liquidity, and availability of resources and the lack of consistency in the type of information provided about expenses and investment return. The Foundation has adjusted the presentation of these statements accordingly.

NOTE 2- PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

	December 31, 2020
Furniture and fixtures	\$ 69,707
leasehold improvements	181,213
	<u>250,920</u>
Less: Accumulated Depreciation	(207,605)
Net property and equipment	<u><u>\$ 43,315</u></u>

NOTE 3- RISK AND UNCERTAINTIES

Financial instruments, which potentially subject the Foundation to a concentration of credit risk, consist of cash and investments.

The Foundation maintains several custodial accounts, which include insurance coverage against major losses. Coverage is provided by insurance companies which the custodial fund managers believe to be financially sound, and is maintained at levels which the custodial fund managers consider reasonable given the size and scope of its operations. Insurance coverage is approved annually by the custodial fund managers.

Cash held outside the independently insured custodial accounts does not exceed the federally insured limits.

THE SCIOTO AREA COMMUNITY FOUNDATION, INC.

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 4 – FAIR VALUE MEASUREMENT

The Foundation's investments are reported at fair value in the accompanying statement of financial position. The methods used to measure fair value may produce an amount that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The fair value measurement 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 process for identical assets, and Level 3 inputs are unobservable and have the lowest priority. The Foundation uses appropriate valuation techniques based upon available inputs to measure the fair value of its investments. When available, the Foundation measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. No Level 2 or Level 3 inputs were available to the Foundation.

Level 1 Fair Value Measurements

The fair value of mutual funds are based upon quoted net asset values of the shares held by the Foundation at year end. The fair values of common stocks, corporate bonds, and US Government Securities are based on the closing price reported on the active market where the individual securities are traded.

The following tables set forth, by level with the fair value hierarchy, the Foundation's investments at fair value as of December 31, 2020:

December 31, 2020	Fair Value	Identical Assets (Level 1)
Marketable Securities	\$ 48,872,965	\$ 48,872,965
Other assets	54,239	54,239
Total assets at fair value	<u>\$ 48,927,204</u>	<u>\$ 48,927,204</u>

THE SCIOTO AREA COMMUNITY FOUNDATION, INC.

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 4 – FAIR VALUE MEASUREMENT (Continued)

The following schedule summarizes the investment return and its classification in the statement of activities for the years ended December 31, 2020.

	<u>December 31, 2020</u>
Interest and dividends	\$ 898,378
Net realized gains (losses)	1,423,126
Net unrealized gains (losses)	<u>3,478,213</u>
Total	<u>\$ 5,799,717</u>

NOTE 5 – OPERATING LEASE

The Foundation has a real estate lease agreement with Portsmouth Housing Partners, Ltd. for property located at 303 Chillicothe Street Portsmouth, Ohio. Rent payments are \$779 per month for 2020 and subject to incremental increases of 3% per year. The Foundation has the right and option to renew this lease for three additional terms of five years each.

The following is a schedule by year of future minimum rental payments required under the operating lease:

Year Ended December 31,	
2021	9,637
2022	9,926
2023	10,224
2024	10,531
2025	-
Thereafter	-
Total	<u>\$ 40,318</u>

THE SCIOTO AREA COMMUNITY FOUNDATION, INC.

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 6 – AGENCY ENDOWMENT FUND COMPOSITION

The Foundation’s agency endowment funds consists of approximately 36 individual finds established for a variety of purposes. These endowments include donor-restricted funds and unrestricted funds functioning as endowments. As required by generally accepted accounting principles, net assets associated with endowment funds, including unrestricted funds functioning as endowments, are classified and reported based upon the existence or absence of donor imposed restrictions.

Changes in endowment assets for the year ended December 31, 2020:

	<u>Total</u>
Net assets, beginning of year	\$ 4,905,496
Investment return	
Investment income, net	130,065
net appreciation (realized and unrealized gains/losses)	<u>633,663</u>
Total investment return	763,728
Contributions	242,683
Amounts appropriated for expenditure	<u>(123,066)</u>
Net assets, end of year	<u><u>\$ 5,788,841</u></u>

Investment Return Objectives, Risk Parameters and Strategies

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk. Endowment assets are invested in a well-diversified asset mix, which included equity and debt securities, that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make an annual distribution of 4% to the beneficiaries and 1% to the Foundation while still growing the funds if possible. Therefore, the Foundation expects endowment assets, over time, to produce an average rate of return of approximately 7% annually. Actual returns in any given year may vary from this amount. Investment risk is measured in terms of the total endowment funds; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

THE SCIOTO AREA COMMUNITY FOUNDATION, INC.

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 6 – AGENCY ENDOWMENT FUND COMPOSITION (Continued)

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Foundation has a policy of only spending the earnings, including appreciation, of the endowment funds. This is consistent with the Foundation’s objective to maintain the purchasing power of the endowment assets as well as provide additional real growth through new gifts and investment return.

Funds With Deficiencies

From time to time, the fair market value of assets associated with individual donor restricted endowment funds may fall below the level that the UPMIFA requires the Foundation to retain as a fund of perpetual duration. There were no funds with deficiencies at December 31, 2020.

Agency Endowments	December 31, 2020 FMV Net Assets	December 31, 2019 FMV Net Assets	Net Change
Boy Scout Trust	\$ 32,443	\$ 28,244	\$ 4,199
Southern Ohio Museum	1,596,709	1,459,078	137,630
Portsmouth Area Arts Council	37,849	33,123	4,726
Portsmouth Community Orchestra	16,060	14,579	1,481
REACH	30,360	26,603	3,756
Southern Ohio Performing Arts Association	36,858	27,796	9,062
United Way of Scioto County Endowment Fund	75,505	66,351	9,154
Community Services for the Deaf and Hard of Hearing	22,384	19,787	2,597
SOMC-Endowment Fund	3,031,933	2,617,646	414,287
SOMC-Cancer Center	6,774	6,003	771
SOMC-Life Insurance Endowment	54,239	54,239	-
Community Partners of Shawnee Mental Health	115,378	99,542	15,836
Scioto County Habit for Hummanity	75,989	54,400	21,589
STEM Academy Endowment Fund	31,396	28,990	2,405
Hillview Retirement Center	59,486	53,311	6,175
Portsmouth Little Theater	43,603	36,696	6,906
Animal Welfare League of Scioto County	58,344	42,788	15,557
Potters House Ministries	15,309	12,499	2,810
Connex, Inc.	24,721	18,157	6,564
Counseling Center, Inc.	20,126	17,826	2,300
USSA of Scioto County, Inc.	1,057	991	66
Catholic Social Services	65,172	43,256	21,917
Compass Housing	3,127	2,711	416
Scioto CAO Dental Center	2,401	976	1,424
Time Out for Me	9,084	4,018	5,066
Portsmouth Murals	26,693	13,490	13,203
Compass Community Health	4,161	3,078	1,084
Miracle City Academy	2,233	600	1,633
Friends of Portsmouth Endowment	9,916	5,100	4,816
Ascend Counseling and Recovery	4,891	3,907	984
Portsmouth Area Museum - Roy Rogers	367	296	71
Adams County Community Foundation	112,844	100,000	12,844
ACCF - First State Bank Fund	42,472	-	42,472
ACCF - Scholarship Fund	110,639	-	110,639
Goodwill Industries of Southern Ohio	8,316	9,414	(1,098)
Total Agency Endowments	\$ 5,788,841	\$ 4,905,496	\$ 883,344

THE SCIOTO AREA COMMUNITY FOUNDATION, INC.

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 7 – CASH SURRENDER OF LIFE INSURANCE POLICIES

The Foundation has been notified that they are the beneficiary of several life insurance policies. The cash surrender values of these policies was \$54,239 at December 31, 2020. These policies are designated for the benefit of the Southern Ohio Medical Center Cancer Center Endowment Fund.

NOTE 8 – GRANTS PAYABLE

Grants authorized but unpaid at year end are measured at fair value and reported as liabilities. All grants payable are due and payable within one year.

NOTE 9 – EMPLOYEE BENEFIT PLAN

The Foundation sponsors a defined contribution plan (the Plan) covering all employees who earn at least \$5,000 annually and agree to make contributions to the Plan. The Foundation matches participants' contributions to the Plan each year up to 3% of the individual participant's compensation. Total expense for the year ended December 31, 2020 was \$6,752.

Note 10 – AVAILABILITY AND LIQUIDITY

The following represents the Foundation's financial assets at December 31, 2020:

Financial assets at year end

Cash and equivalents	\$ 479,980
Investments	48,872,965
Total financial assets	<u>\$ 49,352,945</u>

Less amounts not available to be used within one year:

Net assets with donor restrictions	41,497,936
Less net assets with purpose restrictions to be met in less than a year	(1,659,917)
Board designated for future use	-
	<u>39,838,019</u>

Financial assets available to meet general expenditures over the next twelve months

\$ 9,514,926

THE SCIOTO AREA COMMUNITY FOUNDATION, INC.

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 10 – AVAILABILITY AND LIQUIDITY (Continued)

The Foundation's goal is to maintain financial assets to meet 90 days of operating expenses. As a part of its liquidity plan, excess cash is transferred to its money managers and invested.

NOTE 11 – INVESTMENTS

The following is a summary of investments at December 31, 2020:

Cash and equivalents	\$ 388,575
Equities	8,761,554
Fixed Income	2,441,864
Mutual Funds	<u>37,949,323</u>
	<u>\$ 49,541,316</u>

At December 31, 2020 all investments were considered level 1 investments.

NOTE 12 – SUBSEQUENT EVENTS

The Foundation has evaluated all subsequent events through 2021, the date on which the financial statements were available for issue.