

The Scioto Area Community Foundation
Financial Statements
For the Year Ended December 31, 2021



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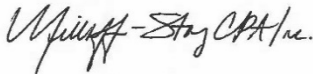
The Scioto Area Community FoundationFoundation
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For the Year Ended December 31, 2021

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Independent Accountant's Compilation Report

Board of Directors
The Scioto Area Community Foundation
303 Chillicothe Street
Portsmouth, Ohio 45694

Management is responsible for the accompanying financial statements of The Scioto Area Community Foundation (a not-for-profit organization), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements, nor were we required to perform any procedures to verify the accuracy or the completeness of the information provided by management. We do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.



Millhuff-Stang, CPA, Inc.
Wheelersburg, Ohio

September 23, 2022

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THE SCIOTO COUNTY COMMUNITY FOUNDATION, INC.
STATEMENTS OF NET ASSETS
December 31, 2021

ASSETS	December 31, 2021
CURRENT ASSETS	
Cash and cash equivalents	\$ 741,278
Investments, at fair value	53,664,741
Income receivable	54,568
Cash surrender value of life insurance	340,958
Total Current Assets	54,801,545
PROPERTY AND EQUIPMENT, NET	51,063
Total Assets	\$ 54,852,608
LIABILITIES AND NET ASSETS	
LIABILITIES	
CURRENT LIABILITIES	
Accounts payable	\$ 270
Grants payable	147,150
Deposits held and due to other not-for-profits	6,921,245
Other liabilities	4,423
Total Current Liabilities	7,073,088
NET ASSETS	
Without donor restrictions	8,073,844
With donor restrictions	39,705,676
Total Net Assets	47,779,520
Total Liabilities and Net Assets	\$ 54,852,608

See accompanying notes to the financial statements.
See independent accountant's compilation report.

THE SCIOTO COUNTY COMMUNITY FOUNDATION, INC.
STATEMENT OF ACTIVITIES
December 31, 2021

REVENUES, GAINS AND OTHER SUPPORT	Without Donor Restrictions	With Donor Restrictions	Total
	<u> </u>	<u> </u>	<u> </u>
Contributions	\$ 79,268	\$ 848,387	\$ 927,655
Investment income	202,731	1,395,191	1,597,922
Realized and unrealized gains (losses)	606,502	2,489,073	3,095,575
Administrative fee income	590,162	-	590,162
Net assets released from restrictions	736,070	(736,070)	-
	<u> </u>	<u> </u>	<u> </u>
Total Revenues, Gains and Other Support	2,214,733	3,996,581	6,211,314
 EXPENSES			
Program services			
Grants paid	1,568,549	-	1,568,549
Other program services	197,430	-	197,430
Net program services	1,765,979	-	1,765,979
	<u> </u>	<u> </u>	<u> </u>
Management and general	175,246	-	175,246
Development and communications	45,203	-	45,203
	<u> </u>	<u> </u>	<u> </u>
Total Expenses	1,986,428	-	1,986,428
	<u> </u>	<u> </u>	<u> </u>
CHANGE IN NET ASSETS	228,305	3,996,581	4,224,886
NET ASSETS AT BEGINNING OF YEAR	7,845,539	35,709,095	43,554,634
	<u> </u>	<u> </u>	<u> </u>
NET ASSETS AT END OF YEAR	\$ 8,073,844	\$ 39,705,676	\$ 47,779,520
	<u> </u>	<u> </u>	<u> </u>

See accompanying notes to the financial statements.
See independent accountant's compilation report.

THE SCIOTO COUNTY COMMUNITY FOUNDATION, INC.
STATEMENT OF FUNTIONAL EXPENSES
December 31, 2021

	<u>Program Services</u>	<u>Management & General</u>	<u>Fundraising</u>	<u>Total</u>
Grants	\$ 1,568,549	\$ -	\$ -	\$ 1,568,549
Salaries and benefits	186,798	76,154	29,187	292,139
Professional fees	2,504	28,170	-	30,674
Advertising and promotion	-	-	9,414	9,414
Occupancy	-	20,168	-	20,168
Travel	1,699	717	265	2,681
Depreciation	-	17,431	-	17,431
Insurance	-	12,593	-	12,593
Other	6,429	20,013	6,337	32,779
	<u>\$ 1,765,979</u>	<u>\$ 175,246</u>	<u>\$ 45,203</u>	<u>\$ 1,986,428</u>

See accompanying notes to the financial statements.
See independent accountant's compilation report.

THE SCIOTO AREA COMMUNITY FOUNDATION, INC.
STATEMENTS OF CASH FLOWS
For the Year Ended December 31, 2021

	<u>December 31,</u> <u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ 4,224,886
Adjustments to reconcile net change in net assts to net cash provided by (used in) operating activities	
Depreciation	17,431
(Increase) decrease in cash surrender value of life insurance	(286,719)
(Increase) decrease in income receivable	(5,478)
Increase (decrease) in accounts payable	176
Increase (decrease) in grants payable	10,081
Increase (decrease) in deposits held and due to others	1,132,404
Increase (decrease) in other liabilities	(14,528)
Unrealized (gain) losses on investments	<u>(145,138)</u>
Net Cash Provided by (used in) Operating Activities	4,933,115
 CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of Fixed Assets	(25,178)
Net (Purchases) Sales of Investment Securities	<u>(4,646,639)</u>
Net Cash Provided by (Used in) Investing Activities	<u>(4,671,817)</u>
 NET INCREASE (DECREASE) IN CASH	 261,298
 CASH, BEGINNING OF YEAR	 <u>479,980</u>
 CASH, END OF YEAR	 <u>\$ 741,278</u>

See accompanying notes to the financial statements.
See independent accountant's compilation report.

The Scioto Area Community Foundation

*Notes to the Financial Statements
For the Year Ended December 31, 2021*

Note 1 – Description of the Organization

The Scioto Area Community Foundation, Inc. (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.

Note 2- Summary of Significant Accounting Policies

This summary of significant accounting policies of 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.

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.

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(c)(3) of the Internal Revenue Code. The Foundation is no longer subject to examination by the Internal Revenue Service for years prior to 2014 and there are currently no audits for any prior tax periods in progress.

The Scioto Area Community Foundation

Notes to the Financial Statements
For the Year Ended December 31, 2021

Grants

Grants are recorded as expenses when they are approved by the Board of Governors for payment. Grants payable at December 31, 2021 represent unconditional promises to give to other organizations.

Cash and Equivalents

For the purpose of the statements of cash flows, the Foundation 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. General and administrative expenses include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of the Foundation.

Note 3- Property and Equipment

Property and equipment consists of the following:

	December 31,
	2021
Furniture and fixtures	\$ 94,886
leasehold improvements	181,213
	276,099
Less: Accumulated Depreciation	(225,036)
Net property and equipment	\$ 51,063

Note 4- 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.

The Scioto Area Community Foundation

*Notes to the Financial Statements
For the Year Ended December 31, 2021*

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

Note 5 – 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, 2021:

		Quoted Prices in Active markets for Identical Assets (Level 1)
December 31, 2021	Fair Value	
Marketable Securities	\$ 53,664,741	\$ 53,664,741
Other assets	340,958	340,958
Total assets at fair value	\$ 54,005,699	\$ 54,005,699

The following schedule summarizes the investment income for the years ended December 31, 2021.

	December 31, 2021
Interest and dividends	\$ 1,597,922
Investment fees	(755,330)
Net realized and unrealized gains (losses) on investments	3,095,575
Total	\$ 3,938,167

The Scioto Area Community Foundation

Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 6 – 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 \$803 per month for 2021 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,	Amount
2022	9,917
2023	10,215
2024	10,521
Total	<u>\$ 30,653</u>

Note 7 – Agency Endowment Fund Composition

The Foundation's agency endowment funds consists of approximately 40 individual funds 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, 2021:

	Total
Net assets, beginning of year	\$ 5,830,956
Investment return	
Investment income, net	324,434
Net appreciation (realized and unrealized gains/losses)	355,309
Total investment return	679,743
Contributions	568,919
Amounts appropriated for expenditure	(158,373)
Net assets, end of year	<u>\$ 6,921,245</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.

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.

The Scioto Area Community Foundation

*Notes to the Financial Statements
For the Year Ended December 31, 2021*

	December 31, 2021	December 31, 2020	
	FMV Net	FMV Net	Net
Agency Endowments	Assets	Assets	Change
ACCF - First State Bank Fund	\$ 70,919	\$ 42,472	\$ 28,447
ACCF - Humane Society of Adams County	22,732	-	22,732
ACCF - Scholarship Fund	144,290	110,639	33,651
Adams County Community Foundation	145,732	112,844	32,888
Animal Welfare League of Scioto County	71,932	58,344	13,588
Ascend Counseling and Recovery	6,336	4,891	1,445
Boy Scout Trust	38,842	32,443	6,399
Catholic Social Services	86,438	65,172	21,266
Community Partners of Shawnee Mental Health	121,865	115,378	6,487
Community Services for the Deaf and Hard of Hear	23,790	22,384	1,406
Compass Community Health	5,000	4,161	839
Compass Housing	3,898	3,127	771
Connex, Inc.	34,443	24,721	9,722
Counseling Center, Inc.	22,125	20,126	1,999
Friends of Portsmouth Endowment	15,296	9,916	5,380
Friends of the Welcome Center	2,539	2,400	139
Goodwill Industries of Southern Ohio	10,317	8,316	2,001
Hillview Retirement Center	67,909	59,486	8,423
Kataria Equal Access Scholarship	5,358	-	5,358
Miracle City Academy	6,654	2,233	4,421
Portsmouth Area Arts Council	41,431	37,849	3,582
Portsmouth Area Museum - Roy Rogers	604	367	237
Portsmouth Community Orchestra	17,557	16,060	1,497
Portsmouth Little Theater	49,918	43,603	6,315
Portsmouth Murals	39,727	26,693	13,034
Potters House Ministries	17,248	15,309	1,939
REACH	34,544	30,360	4,184
Scenic Scioto Heritage Trail	52,103	40,713	11,390
Scioto County Heritage Museum Endowment	2,411	-	2,411
Scioto County Habit for Hummanity	104,843	75,989	28,854
SOMC-Cancer Center	7,442	6,774	668
SOMC-Endowment Fund	3,392,503	3,031,933	360,570
SOMC-Hospice Sub Fund	1,403	1,403	-
SOMC-Life Insurance Endowment	340,958	54,239	286,719
Southern Ohio Museum	1,693,780	1,596,709	97,071
Southern Ohio Performing Arts Association	78,977	36,858	42,119
STEM Academy Endowment Fund	33,239	31,396	1,843
Time Out for Me	11,638	9,084	2,554
United Way of Scioto County Endowment Fund	83,094	75,505	7,589
USSA of Scioto County, Inc.	1,177	1,057	120
West Portsmouth Youth Complex Endowment	10,233	-	10,233
Total Agency Endowments	\$ 6,921,245	\$ 5,830,956	\$ 1,090,289

The Scioto Area Community Foundation

Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 8 – 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 \$340,958 at December 31, 2021. These policies are designated for the benefit of the Southern Ohio Medical Center Cancer Center Endowment Fund.

Note 9 – 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 10 – 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, 2021 was \$6,958.

Note 11 – Availability and Liquidity

The following represents the Foundation's financial assets at December 31, 2021:

Financial assets at year end	
Cash and equivalents	\$ 741,278
Investments	53,664,741
Total financial assets	\$ 54,406,019
Less amounts not available to be used within one year:	
Net assets with donor restrictions	39,705,676
Assets held and due to others	6,921,245
Less net assets with purpose restrictions to be met in less than a year	(1,588,227)
	45,038,694
Financial assets available to meet general expenditures over the next twelve months	
	\$ 9,367,325

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 12 – Investments

The following is a summary of the fair value of investments at December 31, 2021:

Cash and equivalents	\$ 323,216
Equities	9,065,311
Fixed Income	1,819,996
Mutual Funds	42,779,434
Total	\$ 53,987,957

At December 31, 2021 all investments were considered level 1 investments.

The Scioto Area Community Foundation

Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 13 – Subsequent Events

The Foundation's management has performed an analysis for the activities and transactions subsequent to December 31, 2021 to determine the need for any adjustments or disclosures within the financial statements. Management has performed the analysis through September 23, 2022.

Note 14 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June 2021 while the national state of emergency continues. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Organization. The impact on the Organization's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

During 2021, the Foundation did not receive any CARES Act funding.

Note 15 - Net Assets with Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes or periods as of December 31, 2021:

Purpose restrictions, available for spending:	
Funds received and restricted for specified purposes	\$32,385,457
Endowment funds, which must be held in perpetuity for:	
Scholarships and grants	2,941,792
Subtotal	2,941,792
Accumulated earnings on endowment funds:	
Scholarships and grants	4,378,427
Subtotal	4,378,427
Net assets with donor restrictions	\$39,705,676

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of the passage of time or other events specified by donors for the year ended December 31, 2021 as follows:

Purpose restrictions accomplished:	
Release of appropriated endowment amounts with purpose restrictions:	
Scholarships and grants	\$736,070
Total releases of donor restrictions	\$736,070