



**THE COMMUNITY FOUNDATION FOR THE OHIO VALLEY, INC.
AND SUBSIDIARIES**

WHEELING, WEST VIRGINIA

**REGULAR AUDIT
FOR THE YEAR ENDED JUNE 30, 2021**

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COMMUNITY FOUNDATION FOR THE OHIO VALLEY, INC. AND SUBSIDIARIES

TABLE OF CONTENTS

| TITLE | PAGE |
|--|------|
| Independent Auditor's Report | 1 |
| Financial Statements: | |
| Consolidated Statements of Financial Position | 3 |
| Consolidated Statements of Activities | 4 |
| Consolidated Statement of Functional Expenses | 6 |
| Consolidated Statements of Cash Flows | 8 |
| Notes to the Consolidated Financial Statements | 9 |

INDEPENDENT AUDITOR'S REPORT

April 28, 2022

The Community Foundation for the Ohio Valley, Inc. and Subsidiaries
1226 Chapline Street
Wheeling, WV 26003

To the Board of Trustees:

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of **The Community Foundation for the Ohio Valley, Inc. and Subsidiaries**, (The Foundation), (a non-profit organization) which comprise the consolidated statements of financial position as of June 30, 2021 and 2020, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Foundation's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

Tax - Accounting - Audit - Review - Compilation - Agreed Upon Procedure - Consultation - Bookkeeping - Payroll - Litigation Support - Financial Investigations
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Auditor's Responsibility (Continued)

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Community Foundation for the Ohio Valley, Inc. and Subsidiaries as of June 30, 2021 and 2020, and the changes in their net assets and their cash flows for the years then ended in accordance with the accounting principles generally accepted in the United States of America.

A handwritten signature in cursive script that reads "Perry & Associates CPAs A.C.".

Perry and Associates
Certified Public Accountants, A.C.
Marietta, Ohio

**THE COMMUNITY FOUNDATION FOR THE
OHIO VALLEY, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS OF JUNE 30, 2021 AND 2020**

| | <u>2021</u> | <u>2020</u> |
|--|-----------------------------|-----------------------------|
| ASSETS | | |
| Cash and Cash Equivalents | \$ 3,505,360 | \$ 4,192,547 |
| Grants and Bequests Receivable | 138,994 | 107,394 |
| Investments, at fair value | 72,860,578 | 60,379,015 |
| Property and Equipment, net | <u>761,327</u> | <u>768,670</u> |
| TOTAL ASSETS | <u><u>\$ 77,266,259</u></u> | <u><u>\$ 65,447,626</u></u> |
| LIABILITIES AND NET ASSETS | | |
| LIABILITIES | | |
| Accounts Payable | \$ 133,256 | \$ 111,660 |
| Grants Payable and Endowment Liabilities | 731,976 | 619,919 |
| Accrued Payroll and Payroll Taxes | 18,423 | 33,549 |
| Mortgage Payable | 214,312 | 235,970 |
| PPP Loan Payable | 66,580 | - |
| Funds Held for Others | <u>4,213,923</u> | <u>3,426,474</u> |
| Total Liabilities | <u>5,378,470</u> | <u>4,427,572</u> |
| NET ASSETS | | |
| Without Donor Restriction | 68,275,180 | 57,407,445 |
| With Donor Restriction | <u>3,612,609</u> | <u>3,612,609</u> |
| Total Net Assets | <u>71,887,789</u> | <u>61,020,054</u> |
| TOTAL LIABILITIES AND NET ASSETS | <u><u>\$ 77,266,259</u></u> | <u><u>\$ 65,447,626</u></u> |

See accompanying Notes to the Financial Statements.

**THE COMMUNITY FOUNDATION FOR THE
OHIO VALLEY, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021**

| | Without Donor Restriction | With Donor Restriction | Total |
|--|--------------------------------------|-----------------------------------|-----------------------------|
| SUPPORT AND REVENUES: | | | |
| Contributions | \$ 2,065,250 | \$ - | \$ 2,065,250 |
| Investment Return | 12,950,533 | - | 12,950,533 |
| Other | 462,486 | - | 462,486 |
| Total Support and Revenues | <u>15,478,269</u> | <u>-</u> | <u>15,478,269</u> |
| EXPENSES: | | | |
| Program Services | 3,917,890 | - | 3,917,890 |
| Supporting Services: | | | |
| Management and General | 588,745 | - | 588,745 |
| Fundraising | <u>103,899</u> | <u>-</u> | <u>103,899</u> |
| TOTAL EXPENSES | <u>4,610,534</u> | <u>-</u> | <u>4,610,534</u> |
| CHANGE IN NET ASSETS | 10,867,735 | - | 10,867,735 |
| NET ASSETS AT BEGINNING OF YEAR | <u>57,407,445</u> | <u>3,612,609</u> | <u>61,020,054</u> |
| NET ASSETS AT END OF YEAR | <u><u>\$ 68,275,180</u></u> | <u><u>\$ 3,612,609</u></u> | <u><u>\$ 71,887,789</u></u> |

See accompanying Notes to the Financial Statements

**THE COMMUNITY FOUNDATION FOR THE
OHIO VALLEY, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020**

| | Without Donor Restriction | With Donor Restriction | Total |
|---|--------------------------------------|-----------------------------------|-----------------------------|
| SUPPORT AND REVENUES: | | | |
| Contributions | \$ 2,122,827 | \$ - | \$ 2,122,827 |
| Investment Return | 2,052,930 | - | 2,052,930 |
| Other | 551,270 | - | 551,270 |
| Total Support and Revenues | <u>4,727,027</u> | <u>-</u> | <u>4,727,027</u> |
| EXPENSES: | | | |
| Program Services: | | | |
| Grants | 2,349,746 | - | 2,349,746 |
| Supporting Services: | | | |
| Management and General | 466,302 | - | 466,302 |
| Fundraising | 94,683 | - | 94,683 |
| TOTAL EXPENSES | <u>2,910,731</u> | <u>-</u> | <u>2,910,731</u> |
| CHANGE IN NET ASSETS | 1,816,296 | - | 1,816,296 |
| NET ASSETS AT BEGINNING OF YEAR (Restated See Note 20) | <u>55,591,149</u> | <u>3,612,609</u> | <u>59,203,758</u> |
| NET ASSETS AT END OF YEAR | <u><u>\$ 57,407,445</u></u> | <u><u>\$ 3,612,609</u></u> | <u><u>\$ 61,020,054</u></u> |

See accompanying Notes to the Financial Statements.

**THE COMMUNITY FOUNDATION FOR THE
OHIO VALLEY, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2021**

| | <u>Program</u> | <u>Management and General</u> | <u>Fundraising</u> | <u>Total Expenses</u> |
|------------------------------------|----------------------------|-----------------------------------|--------------------------|----------------------------|
| Salaries and Wages | \$ 107,442 | \$ 145,704 | \$ 72,436 | \$ 325,582 |
| Payroll Taxes | <u>29,429</u> | <u>39,908</u> | <u>19,842</u> | <u>89,179</u> |
| Total Salaries and Payroll Taxes | 136,871 | 185,612 | 92,278 | 414,761 |
| Grant Expense | 3,391,127 | - | - | 3,391,127 |
| Facilities Rent | 12,266 | 24,904 | - | 37,170 |
| Professional Development | 5,288 | 10,736 | - | 16,024 |
| Other Professional Fees | 29,316 | 29,316 | - | 58,632 |
| Bank Fees | 247,641 | 247,641 | - | 495,282 |
| Telephone and Communication | 9,176 | 11,572 | 2,192 | 22,940 |
| Travel | 2,746 | - | 4,909 | 7,655 |
| Printing | 483 | 483 | 965 | 1,931 |
| Postage | 2,392 | 2,479 | 3,102 | 7,973 |
| Repairs and Maintenance | 5,448 | 11,061 | - | 16,509 |
| Miscellaneous Expense | <u>65,395</u> | <u>64,941</u> | <u>453</u> | <u>130,789</u> |
| Total Expenses Before Depreciation | 3,908,149 | 588,745 | 103,899 | 4,600,793 |
| Depreciation Expense | <u>9,741</u> | <u>-</u> | <u>-</u> | <u>9,741</u> |
| Total Expenses | <u><u>\$ 3,917,890</u></u> | <u><u>\$ 588,745</u></u> | <u><u>\$ 103,899</u></u> | <u><u>\$ 4,610,534</u></u> |

See accompanying notes to the Financial Statements.

**THE COMMUNITY FOUNDATION FOR THE
OHIO VALLEY, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2020**

| | <u>Program</u> | <u>Management and General</u> | <u>Fundraising</u> | <u>Total Expenses</u> |
|------------------------------------|----------------------------|-----------------------------------|-------------------------|----------------------------|
| Salaries and Wages | \$ 104,169 | \$ 141,261 | \$ 70,236 | \$ 315,666 |
| Payroll Taxes | <u>21,058</u> | <u>28,557</u> | <u>14,199</u> | <u>63,814</u> |
| Total Salaries and Payroll Taxes | 125,227 | 169,818 | 84,435 | 379,480 |
| Grant Expense | 1,924,926 | - | - | 1,924,926 |
| Facilities Rent | 15,423 | 31,313 | - | 46,736 |
| Professional Development | 3,152 | 6,399 | - | 9,551 |
| Other Professional Fees | 19,189 | 19,189 | - | 38,378 |
| Bank Fees | 125,217 | 125,216 | - | 250,433 |
| Telephone and Communication | 4,063 | 5,180 | 914 | 10,157 |
| Travel | 4,204 | - | 7,097 | 11,301 |
| Printing | 179 | 179 | 359 | 717 |
| Postage | 1,134 | 1,221 | 1,425 | 3,780 |
| Repairs and Maintenance | 5,932 | 12,043 | - | 17,975 |
| Miscellaneous Expense | <u>96,198</u> | <u>95,744</u> | <u>453</u> | <u>192,395</u> |
| Total Expenses Before Depreciation | 2,324,844 | 466,302 | 94,683 | 2,885,829 |
| Depreciation Expense | <u>24,902</u> | <u>-</u> | <u>-</u> | <u>24,902</u> |
| Total Expenses | <u><u>\$ 2,349,746</u></u> | <u><u>\$ 466,302</u></u> | <u><u>\$ 94,683</u></u> | <u><u>\$ 2,910,731</u></u> |

See accompanying Notes to the Financial Statements.

**THE COMMUNITY FOUNDATION FOR THE
OHIO VALLEY, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

| | 2021 | 2020 |
|--|----------------------------|----------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Change in Net Assets | \$ 10,867,735 | \$ 1,816,296 |
| Cash Used by Operating Activities: | | |
| Depreciation and Amortization | 9,741 | 24,902 |
| Unrealized (Gains) Losses on Investments | (1,711,369) | (1,221,843) |
| (Gain) Loss on Sale of Investments | (10,333,334) | (663,588) |
| (Increase) Decrease in Receivables | (31,600) | 1,525,391 |
| Increase (Decrease) in Grants Payable | 112,057 | 294,205 |
| Increase (Decrease) in Accounts Payable and Other Liabilities | 6,470 | 38,935 |
| Increase (Decrease) in Funds Held for Others | 787,449 | (138,945) |
| Net Cash Provided by Operating Activities | <u>(292,851)</u> | <u>1,675,353</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of Property and Equipment | (838) | (13,617) |
| Purchase of Investments | (4,969,469) | (3,910,012) |
| Proceeds from Sale of Investments | 4,597,630 | 4,430,821 |
| Proceeds/(Payment) from Mortgage Payable | (21,658) | 105,819 |
| Net Cash (Used) by Investing Activities | <u>(394,335)</u> | <u>613,011</u> |
| Net (Decrease) in Cash and Cash Equivalents | (687,186) | 2,288,364 |
| Cash and Cash Equivalents at Beginning of Year (Restated) | <u>4,192,547</u> | <u>1,904,183</u> |
| Cash and Cash Equivalents at End of Year | <u><u>\$ 3,505,360</u></u> | <u><u>\$ 4,192,547</u></u> |

See accompanying Notes to the Financial Statements

THE COMMUNITY FOUNDATION FOR THE OHIO VALLEY, INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations and Basis of Consolidation

The Community Foundation for the Ohio Valley, Inc. and Subsidiaries (the Foundation) is a nonprofit corporation. The consolidated financial statements of the Foundation include its wholly owned subsidiaries, The Community Foundation of Jefferson County, Inc. and CFOV Weirton, LLC. The Foundation is responsible for the fiduciary management of donated funds and investment portfolios to provide a source of perpetual support enabling the Foundation to meet its overall objective of providing grants to deserving individuals and organizations in the Upper Ohio Valley and adjoining areas. The Foundation is committed to promoting the well-being of mankind, serving the general public in charitable, educational, or scientific needs through the provision of grants provided at the discretion of the Foundation's Board of Trustees.

Summary of Significant Accounting Policies

Basis of Accounting

The accompanying consolidated financial statement have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Financial Statement Position

The Foundation prepares its financial statements in accordance with generally accepted accounting principles.

The Financial Accounting Standards Board issued Financial Accounting Standards Codification (FASB ASC) No. 958-205. Under FASB ASC No. 958-205, defined nonprofits are required to report information regarding 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 Restriction – Net assets that are not subject to or are no longer subject to donor-imposed stipulations.

Net Assets With Donor Restriction – Net assets whose use is limited by donor-imposed time and/or purpose restrictions.

Revenues are reported as increases in net assets without donor restrictions unless use of the related asset is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restriction. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of donor restrictions on the net assets (i.e., the donor stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassification between the applicable classes of net assets.

Net assets with voluntary designations by the governing board of the Foundation are considered to be without donor restriction under the guidelines of FASB ASC 958-205-45-2.

THE COMMUNITY FOUNDATION FOR THE OHIO VALLEY, INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

For the purpose of the consolidated statements of cash flows, the Foundation considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Grants and Other Receivables

Grants and other receivables are stated at the amount management expects to collect from outstanding balances. The Foundation uses the specific charge-off method to record bad debts. Grants and other receivables are charged to expense when, in the opinion of management, they are uncollectible.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the consolidated statements of financial position. Unrealized gains and losses are included in the changes in net assets. Investment income and gains restricted by a donor are reported as increases in net assets without donor restriction if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized. Investment purchases and sales are accounted for on a trade-date basis. Interest income is recorded when earned and dividends are recorded on the ex-dividend date.

Property and Equipment

Acquisitions of property and equipment in excess of \$500 are capitalized. Capitalized property and equipment are recorded at cost if purchased by the Foundation or recorded at fair market value if received through contribution. Depreciation is computed on the straight-line method based on the class of asset and its expected useful life.

Classification of Contributions, Grants, and Net Assets

The Foundation presents its net assets and its revenue and gains (losses) based upon the existence or absence of donor-imposed restrictions into two classes: net assets without donor restriction and net assets with donor restriction.

Net Assets Without Donor Restriction

The Foundation's policy is to report revenues, gains, and other support that are limited to specific uses by donor-imposed restrictions as increases in net assets without donor restriction when the restrictions are met in the same reporting period as the income recognized. Net assets without donor restriction consist of assets available for operating purposes and amounts designed by the Board of Directors for a specific purpose.

While certain donors and fund holders may make recommendations on distribution of funds, a 501(c)(3) community foundation retains variance power pursuant to the U.S. Treasury regulations. This variance power provides the Foundation's Board of Directors with the ability to modify donor stipulations that are unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community. As a result of this variance power, the Foundation's financial statements classify the majority of funds as net assets without donor restriction. For internal management and recordkeeping, the Foundation classifies net assets without donor restriction as follows:

THE COMMUNITY FOUNDATION FOR THE OHIO VALLEY, INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Assets Without Donor Restriction (Continued)

Donor Advised – Fund holder annually recommends grants to specific qualified charities.

Designated – Fund holder suggests specific eligible organizations to receive charitable grants in the fund agreement. If a designated grantee organization ceases to exist or if the Foundation's Board of Directors votes that support of the organization is no longer necessary or is inconsistent with the needs in the community, the Foundation works with the fund holder to identify a similar organization to maintain the spirit of the original charitable intent.

Scholarship – Fund holder recommends an academic focus for the scholarship fund (such as nursing, the arts, or engineering) and eligibility criteria (including financial need, academic merit, geographic residence, and/or community service). The Foundation provides oversight and administrative support of the scholarship selection process and manages due diligence.

Field of Interest – Fund holder establishes a fund for unspecified programs or organizations in a general field of interest important to the donor, such as education, historic preservation, children, the elderly, the environment, or arts and culture.

Undesignated – Fund holder provides the Foundation with ongoing operational support to meet changing needs, giving the Foundation the flexibility to respond quickly to emerging community needs and shifting priorities.

All distributions are approved by the Board of Directors, whose charge it is to see that all grants are within the charitable purposes of the Foundation as set forth in the Foundation's governing instruments.

Net Assets With Donor Restriction

Net assets subject to donor-imposed restrictions must be maintained separate from the net assets absent of donor restriction by the Foundation. Generally, the donors of these assets permit the Foundation to use all or part of the earnings on related investments for general or specific charitable purposes.

Grants Payable

Charitable grants are recorded as expenses when the Foundation's Board of Trustees approves them for payment. Generally, all grants are paid within one year. Distributions from agency funds are recorded as a decrease in the amount held for the fund.

Pension

The Foundation sponsors a simplified employee pension plan which covers substantially all eligible employees. Contributions to the plan for 2021 and 2020 were \$9,360 and \$8,422, respectively.

Fair Value of Financial Instruments

Due to the short-term nature of cash equivalents, receivables, prepaid expense, and other assets, and accounts payable and other liabilities, fair value approximates reported values.

THE COMMUNITY FOUNDATION FOR THE OHIO VALLEY, INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. Accordingly, actual results could differ from those estimates.

Fair Market Value of Financial Instruments

The fair market value of financial instruments has been determined through quoted market rates and discounted cash flow analysis to approximate the amounts in the consolidated statements of financial position.

Income Taxes

The Foundation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the Code) and has been determined not to be a private foundation under 509(a)(1) of the Code. However, the Foundation is subject to income taxes on any net income that is derived from a trade or business and not in the furtherance of the purposes in which it was granted exemption. No tax provision has been recorded as the net income, if any, from unrelated trade or business, in the opinion of management, is not material to the consolidated financial statements taken as a whole. Federal income tax returns for the tax years ended 2017 and beyond remain subject to examination by the Internal Revenue Service.

The Foundation evaluates uncertain tax positions in accordance with FASB ASC 740, *Income Taxes*, whereby the effect of the uncertainty would be recorded if the tax positions will more likely than not be sustained upon examination. As of June 30, 2021 and 2020, management believes that the Foundation had no uncertain tax positions requiring accrual or disclosure.

Fundraising

Joint costs associated with fundraising consist of compensation which is allocated based on management's estimate of the time spent. Total compensation allocated to fundraising was \$75,441 and \$84,435 for the years ended June 30, 2021 and 2020.

THE COMMUNITY FOUNDATION FOR THE OHIO VALLEY, INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

2. LIQUIDITY AND AVAILABILITY OF RESOURCES

The following reflects the Foundation's financial assets as of June 30, 2021, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date. Amounts not available include amounts set aside for long-term investing.

| | 2021 | 2020 |
|--|----------------------|----------------------|
| Financial assets, at year end: | | |
| Cash and cash equivalents | \$ 3,505,360 | \$ 3,834,561 |
| Investments | 72,860,578 | 60,379,015 |
| Grants and bequests receivable | 138,994 | 107,394 |
| Subtotal financial assets, at year end | <u>76,504,932</u> | <u>64,320,970</u> |
| Less those unavailable for general expenditure within one year due to: | | |
| Donor restricted for time or purpose | (3,612,609) | (3,612,609) |
| Funds held for others | (4,213,923) | (3,426,474) |
| Rental real estate | (414,976) | (433,533) |
| Oil and gas rights | <u>(4,864,900)</u> | <u>(4,864,900)</u> |
| Subtotal financial assets not available for general expenditure within one year due to: | <u>(13,106,408)</u> | <u>(12,337,516)</u> |
| Financial assets available within one year to meet cash needs for general expenditures within one year | <u>\$ 63,398,524</u> | <u>\$ 51,983,454</u> |

Cash and cash equivalents are held in a business checking account. Investments are held in an investment pool. As part of the Foundation's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

3. INVESTMENTS

Investments consisted of the following at June 30, 2021 and 2020:

| | 2021 | | |
|--------------------|----------------------|----------------------|--|
| | Amortized Cost | Fair Value | Unrealized Appreciation (Depreciation) |
| Fixed income | \$ 16,055,369 | \$ 16,546,519 | \$ 491,149 |
| Equities | 42,631,297 | 54,007,331 | 11,376,034 |
| Oil and gas rights | 4,864,900 | 4,864,900 | - |
| Rental real estate | 414,976 | 414,976 | - |
| Other | 16,625 | 16,625 | - |
| Totals | <u>\$ 63,983,167</u> | <u>\$ 75,850,351</u> | <u>\$ 11,867,183</u> |

THE COMMUNITY FOUNDATION FOR THE OHIO VALLEY, INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

4. INVESTMENTS (CONTINUED)

| | 2020 | | |
|--------------------|----------------------|----------------------|--|
| | Amortized Cost | Fair Value | Unrealized Appreciation (Depreciation) |
| Fixed income | \$ 16,283,859 | \$ 17,238,146 | \$ 954,287 |
| Equities | 29,110,442 | 34,429,306 | 5,318,864 |
| Oil and gas rights | 4,864,900 | 4,864,900 | - |
| Rental real estate | 433,533 | 433,533 | - |
| Other | 3,266,619 | 3,946,664 | 680,045 |
| Totals | <u>\$ 53,959,353</u> | <u>\$ 60,912,549</u> | <u>\$ 6,953,196</u> |

Investment return consisted of the following for the years ended June 30, 2021 and 2020:

| | 2021 | 2020 |
|--|----------------------|---------------------|
| Without Donor Restriction: | | |
| Investment income | 905,830 | \$ 785,222 |
| Net realized gain on sale of investments | 10,333,334 | 170,586 |
| Net unrealized gain on of investments | 1,711,369 | 1,097,122 |
| Totals | <u>\$ 12,950,533</u> | <u>\$ 2,052,930</u> |

The Foundation has adopted investment and spending policies, approved by the Board, for those investments relating to agreements subject to spending policy adoption by the Foundation. Those accounts are expected to follow a total return investment policy. The primary objective is to provide for a constant long-term growth of capital, without undue exposure of risk. The objective should be accomplished utilizing a strategy of fixed income, equities, and cash equivalents in a mix which is conducive to protection in rising markets while allowing for protection in falling markets.

Due to the inevitability of short-term market fluctuations which may cause variations in the investment performance, it is intended that the performance objectives will be achieved by the investment managers over a moving 3-year period, net of investment management fees. However, the Foundation reserves the right to evaluate, and make any necessary changes regarding the investment managers over a shorter term using the criteria established.

The Foundation's spending policy is presently 4 percent calculated annually based on a 12-quarter rolling average of the market value of the Foundation's investments. Fees are in addition to the distribution amount.

THE COMMUNITY FOUNDATION FOR THE OHIO VALLEY, INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

5. PROPERTY AND EQUIPMENT

Property and equipment included the following as of June 30, 2021 and 2020:

| | 2021 | 2020 |
|--------------------------------|------------|------------|
| Building | \$ 235,990 | \$ 235,990 |
| Building Improvements | 498,528 | - |
| Land | 29,010 | 29,010 |
| Leasehold improvements | 23,900 | 23,900 |
| Office furniture and equipment | 28,196 | 27,358 |
| Construction in progress | - | 498,528 |
| Total | 815,624 | 814,786 |
| Accumulated depreciation | (54,297) | (46,116) |
| Net Property and equipment | \$ 761,327 | \$ 768,670 |

Depreciation expense related to these assets was \$9,741 and \$6,838 for years ended June 30, 2021 and 2020, respectively. Depreciation expense in the financial statements includes depreciation expense related to assets held as investment property. Depreciation expense related to assets held as investment property was \$16,997 and \$18,064 for years ended June 30, 2021 and 2020, respectively.

6. LEASES

The Foundation is the lessor of office space in its primary building to a tenant for \$500 per month. Lease revenue was \$6,000 for the years ended June 30, 2021 and June 30, 2020.

The Foundation is also the lessor of commercial and residential real estate. The commercial real estate is an operating lease expiring April 2023. The residential real estate is an operating lease on a month-to-month contract. The following is a summary of the property held for lease at June 30, 2021 and 2020:

| | 2021 | 2020 |
|----------------------------|------------|------------|
| Land | \$ 43,500 | \$ 43,500 |
| Buildings and improvements | 640,537 | 640,537 |
| Total | 684,037 | 684,037 |
| Accumulated depreciation | (269,061) | (250,504) |
| Net rental real estate | \$ 414,976 | \$ 433,533 |

As of June 30, 2021, future minimum rentals to be received on the non-cancelable commercial lease are \$48,165 for the year ending June 30, 2021.

THE COMMUNITY FOUNDATION FOR THE OHIO VALLEY, INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

7. MORTGAGE PAYABLE

In June of 2018, the Foundation contracted with WesBanco for a business loan in the amount of \$250,000 at a 4.55% interest rate. The Foundation made its first draw on the loan on May 24, 2019. As of June 30, 2021, the outstanding principal balance was \$214,312.

Future expected principal and interest payments are as follows:

| Year Ending June 30, | Principal | Interest | Total |
|----------------------|-------------------|------------------|-------------------|
| 2022 | \$ 8,652 | \$ 10,719 | \$ 19,371 |
| 2023 | 8,853 | 10,331 | 19,184 |
| 2024 | 9,262 | 9,938 | 19,200 |
| 2025 | 9,703 | 9,466 | 19,169 |
| 2026 | 10,171 | 9,263 | 19,434 |
| Thereafter | 167,671 | 26,816 | 194,487 |
| Total | <u>\$ 214,312</u> | <u>\$ 76,533</u> | <u>\$ 290,845</u> |

8. FUNDS HELD FOR OTHERS

Agency funds are created through contributions made by other nonprofit organizations when the organization or an affiliate is designated as the beneficiary when the fund is created in accordance with FASS ASC 958-605-04, *Transfers of Assets to a Not-For-Profit Entity or Charitable Trust that Raises or Holds Contributions for Others*. The net assets of these funds are held in trust, by the Foundation, on behalf of the nonprofit organization. The Foundation records a corresponding liability as funds held for others for these assets to reflect the donor's economic interest in the funds. Activities from these funds are recorded as changes in the respective liability. The Foundation does not include the change in investments and the change in funds held for others in the statement of activities.

Summary of activity in funds held for others for the years ended June 30, 2021 and 2020, are as follows:

| | 2021 | 2020 |
|-------------------------------------|-------------------|---------------------|
| Support and revenue: | | |
| Contributions | \$ 8,991 | \$ 2,787 |
| Investment return | 696,336 | 139,522 |
| Total support and revenue | <u>705,327</u> | <u>142,309</u> |
| Expenses: | | |
| Program services: | | |
| Grants/contributions | 142,318 | 240,423 |
| Bank fees | 21,700 | 11,548 |
| Administrative fees | 39,251 | 29,283 |
| Total expenses | <u>203,269</u> | <u>281,254</u> |
| Net change in funds held for others | <u>\$ 502,058</u> | <u>\$ (138,945)</u> |

THE COMMUNITY FOUNDATION FOR THE OHIO VALLEY, INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

9. ADMINISTRATION MANAGEMENT

The Foundation assesses an administrative charge on all of its funds. This charge is used primarily to support the operations of the Foundation.

The total administrative charges for the years ended June 30, 2021 and 2020, were \$1,023,153 and \$563,269, respectively. The Foundation's policy is to recognize as revenue only the administrative charges relating to Agency Funds, which it managed and held for other 501 (c)(3) organizations. All other administrative charges are transfers from managed Foundation Funds to the general operating account.

10. FUNCTIONAL EXPENSES

Expenses of the Foundation are categorized by functional classification as follows:

| | 2021 | 2020 |
|----------------------|---------------------|---------------------|
| Program | \$ 3,917,890 | \$ 3,725,387 |
| Management & General | 588,745 | 872,507 |
| Fundraising | 103,899 | 39,119 |
| Total | <u>\$ 4,610,534</u> | <u>\$ 4,637,013</u> |

Program expenses are those incurred by the Foundation while serving its purpose to promote the well-being of mankind, serving the general public in charitable, educational, or scientific needs through the provision of grants provided at the discretion of the Foundation's Board of Trustees. Fundraising expenses are the costs related to activities that involve potential donors to contribute to the Foundation. The remaining expenses that relate to the overall direction of the Foundation and are not identifiable with a particular program have been reported as management and general.

11. NET ASSETS WITHOUT DONOR RESTRICTION

The Foundation has variance power over the net assets that it holds for charitable purposes. Donors may designate a beneficiary or purpose to receive charitable grants from a fund when it is created, or establish an advisory committee to recommend grants. However, the Foundation's variance power allows it to have ultimate discretion in directing the use of funds for charitable purposes. Thus, net assets are classified as without donor restriction, unless certain restrictions are stipulated at the time of the contribution or creation of a fund.

Net assets without donor restriction included the following:

| | 2021 | 2020 |
|--|----------------------|----------------------|
| Administrative Funds | \$ 157,401 | \$ 1,843,863 |
| Donor Advised Funds | 26,302,938 | 24,510,231 |
| Designated Funds | 34,257,230 | 25,860,894 |
| Scholarship Funds | 7,117,741 | 4,400,938 |
| Rental Real Estate | 439,870 | 433,533 |
| Total Net Assets Without Donor Restriction | <u>\$ 68,275,180</u> | <u>\$ 57,049,459</u> |

THE COMMUNITY FOUNDATION FOR THE OHIO VALLEY, INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

12. RESTRICTIONS ON NET ASSETS

Net assets with donor restriction at June 30, 2021 and 2020, consist of endowment funds established to support educational, religious, and community organizations and programs which exist in the Middlebourne, West Virginia community area. Contributions to the endowment funds are subject to donor restrictions that stipulate the original principal of the gift is to be held and invested by the Foundation indefinitely and income from the fund is to be expended for the designated purposes originally set forth.

13. ENDOWMENT FUNDS

The Foundation has adopted investment and spending policies based on the requirements of the Uniform Prudent Management of Institutional Funds Act (UPMIFA). As a result, the Foundation in accordance with donor restrictions and contributions to the endowment fund, are classified as permanently restricted net assets. The historic dollar value of those contributions must be maintained inviolate. Income from the fund is considered as unrestricted and available for distribution at the Foundation's discretion. Net assets with donor restrictions totaled \$3,612,609 at both June 30, 2021 and 2020.

The donor-restricted endowment funds are invested in accordance with the Foundation's investment and spending objectives. The Foundation expends the endowment fund's investment income for the donor-designated purpose based on its spending policy on an annual basis.

| | Without Donor Restriction | With Donor Restriction | Total |
|-------------------------------------|------------------------------|---------------------------|----------------------|
| Endowment net assets, June 30, 2021 | <u>\$ 49,831,597</u> | <u>\$ 3,612,609</u> | <u>\$ 53,444,206</u> |

14. FAIR VALUE MEASUREMENTS

In accordance with FASB ASC 820, fair value is defined as the price that the Foundation would receive upon selling an asset or transferring a liability in an orderly transaction to an independent buyer in the principal or most advantageous market of the asset. FASB ASC 820 established a three-tier hierarchy to maximize the use of observable market data and minimize the use of unobservable inputs, and to establish classification of fair value measurements for disclosure purposes. Inputs refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available.

THE COMMUNITY FOUNDATION FOR THE OHIO VALLEY, INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

14. FAIR VALUE MEASUREMENTS (CONTINUED)

The three-tier hierarchy of inputs is summarized in the three broad levels listed as follows:

Level 1 - Quoted prices in active markets for identical assets

Level 2 - Other significant observable inputs (including quoted prices for similar assets, interest rates, prepayment speeds, and credit risk)

Level 3 - Significant unobservable inputs (including the Foundation's own assumptions in determining the fair value of assets)

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the determination of which category within the fair value hierarchy is appropriate for any given asset or liability is based on the lowest level of input that is significant to the fair value measurement. The Foundation's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the asset or liability.

Assets measured on a recurring basis at fair value at June 30, 2021 and 2020, comprise the following classes:

| | 2021 | 2020 |
|-----------------------|----------------------|----------------------|
| Investment securities | \$ 67,564,077 | \$ 66,502,135 |
| Oil and gas rights | 4,864,900 | 4,864,900 |
| Rental real estate | 414,976 | 433,533 |
| Other | 16,625 | 16,625 |
| Total | <u>\$ 72,860,578</u> | <u>\$ 71,823,530</u> |

The fair value of each asset and liability in the tables below was measured using FASB ASC 820 input guidance and valuation techniques. The following tables set forth estimated fair values of assets and liabilities measured and recorded on a recurring basis at June 30, 2021 and 2020:

| | Total at June 30, 2021 | Fair Value Measurements Using: | | |
|--------------------|---------------------------|--------------------------------|----------------------|---------------------|
| | | Level 1 | Level 2 | Level 3 |
| Fixed income | \$ 16,518,834 | \$ - | \$ 16,518,834 | \$ - |
| Equities | 48,943,780 | 48,943,780 | - | - |
| Oil and gas rights | 4,864,900 | - | - | 4,864,900 |
| Rental real estate | 414,976 | - | - | 414,976 |
| Other | 5,107,860 | 5,107,860 | - | - |
| Total | <u>\$ 75,850,350</u> | <u>\$ 54,051,640</u> | <u>\$ 16,518,834</u> | <u>\$ 5,279,876</u> |

THE COMMUNITY FOUNDATION FOR THE OHIO VALLEY, INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

14. FAIR VALUE MEASUREMENTS (CONTINUED)

| | Total at June 30, 2020 | Fair Value Measurements Using: | | |
|--------------------|---------------------------|--------------------------------|----------------------|---------------------|
| | | Level 1 | Level 2 | Level 3 |
| Fixed income | \$ 17,238,146 | \$ - | \$ 17,238,146 | \$ - |
| Equities | 34,429,306 | 34,429,306 | - | - |
| Oil and gas rights | 4,864,900 | - | - | 4,864,900 |
| Rental real estate | 433,533 | - | - | 433,533 |
| Other | 5,107,860 | 5,107,860 | - | - |
| Total | \$ 62,073,745 | \$ 39,537,166 | \$ 17,238,146 | \$ 5,298,433 |

Changes in Level 3 assets measured at fair value on a recurring basis for the year ended June 30, 2021, are:

| | Oil and Gas Rights | Rental Real Estate |
|----------------------|-----------------------|-----------------------|
| Beginning balance | \$ 4,864,900 | \$ 414,976 |
| Contributions | - | - |
| Change in fair value | - | - |
| Ending balance | <u>\$ 4,864,900</u> | <u>\$ 414,976</u> |

Changes in Level 3 assets measured at fair value on a recurring basis for the year ended June 30, 2020, are:

| | Oil and Gas Rights | Rental Real Estate |
|----------------------|-----------------------|-----------------------|
| Beginning balance | \$ 4,864,900 | \$ 433,533 |
| Contributions | - | - |
| Change in fair value | - | - |
| Ending balance | <u>\$ 4,864,900</u> | <u>\$ 433,533</u> |

Both observable and unobservable inputs may be used to determine the fair value of positions classified as Level 3 assets. As a result, the unrealized gains and losses for these assets presented in the tables above may include changes in fair value that were attributable to both observable and unobservable inputs. The Foundation uses independent appraisals to value Level 3 assets.

15. ADVERTISING

Advertising expenses totaled \$3,932 and \$7,852 for the years ended June 30, 2021 and 2020, respectively. The Foundation's policy is to record advertising expenses in the period in which they are incurred.

16. RELATED-PARTY TRANSACTIONS

In the normal course of business, the Foundation has utilized marketing and professional services from companies controlled by officers and trustees of the Foundation. Expenses incurred for such services were not significant.

THE COMMUNITY FOUNDATION FOR THE OHIO VALLEY, INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

17. RISKS AND UNCERTAINTIES

The Foundation holds a variety of investments. Such investments are exposed to various risks such as interest rate, market, and credit. Due to the level of risk associated with these securities and the level of uncertainty related to changes in the value, it is at least reasonably possible that changes in the various risk factors could occur and that could affect the amounts reported in the accompanying financial statements.

18. SUBSEQUENT EVENTS

The Foundation evaluated subsequent events and transactions that occurred after the date of the statement of net assets up to the date that the financial statements were issued. Management is currently evaluating the impact of the COVID-19 pandemic on the industry and has concluded that while it is reasonably possible that the virus could have a negative effect on the Foundation's financial position and/or the results of its operations, the specific impact is not readily determinable as of the date of these financial statements. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

19. PAYROLL PROTECTION PROGRAM

On June 19, 2020, the Foundation received loan proceeds in the amount of \$66,580 under the Paycheck Protection Program (PPP). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (CARES Act), provides for loans to qualifying businesses for monthly payroll expenses of the qualifying business. The loans and accrued interest are forgivable as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of loan forgiveness will be reduced if the borrower terminates employees or reduces salaries during the eight-week period. The Foundation expects the loan to be fully forgiven in FY 2022.

20. RESTATEMENT OF BEGINNING FUND BALANCE

The fund balance for Net Assets Without Donor Restrictions was restated as of June 30, 2019 due to unreconciled differences in their old accounting system. The effect of the restatement is noted below.

| | Net Assets Without Donor Restrictions |
|---|--|
| Beginning Fund Balance at June 30, 2019 | \$ 57,049,459 |
| Restatement | 357,986 |
| Restated Fund Balance July 1, 2019 | <u>\$ 57,407,445</u> |