

Dallastown Area Educational Foundation

Financial Statements
Compilation

June 30, 2021

Dallastown Area Educational Foundation
Dallastown, Pennsylvania

Table of Contents

Independent Accountant's Compilation Report	1
Statement of Financial Position	2
Statement of Activities	3
Statement of Cash Flows	4
Statement of Functional Expenses	5
Notes to the Financial Statements	6

WENDY ERDENBRACK

CERTIFIED PUBLIC ACCOUNTANT

2756-C South Queen Street, Dallastown, PA17313
Telephone (717) 244-1217 FAX (717) 244-4049

Independent Accountant's Compilation Report

To the Board of Directors
Dallastown Area Educational Foundation
Dallastown, Pennsylvania

Management is responsible for the accompanying financial statements of Dallastown Area Educational Foundation (non-profit organization), which comprise the statements of financial position as of June 30, 2021, and the related statements of activities, functional expenses, and cash flows for the six-month period then ended, and the related notes to the financial statements in accordance with accounting principles generally accepted in the United States of America. I have performed the compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. I did not audit or review the financial statements, nor was I required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, I do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

Dallastown, Pennsylvania
November 9, 2021

DALLASTOWN AREA EDUCATIONAL FOUNDATION
Statement of Financial Position
June 30, 2021

	<u>2021</u>
Assets	
Cash and cash equivalents	\$ 227,800
Investments	<u>582,251</u>
Total assets	<u><u>\$ 810,051</u></u>
Net Assets	
Net assets without donor restrictions	\$ 307,206
Net assets with donor restrictions	<u>502,845</u>
Total net assets	<u><u>\$ 810,051</u></u>

See Accountant's Compilation Report and Accompanying Notes

DALLASTOWN AREA EDUCATIONAL FOUNDATION
Statement of Activities
For the six-month period ended June 30, 2021

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Revenue and Other Support			
Donations	\$ 66,671	\$ 28,549	\$ 95,220
Fundraising and special events	3,159	-	3,159
Interest and dividends	2,866	8,464	11,330
Net assets released from restrictions	-	-	-
Total revenue and other support	<u>72,696</u>	<u>37,013</u>	<u>109,709</u>
 Expenses			
Program services	5,666	-	5,666
Supporting services			
Management and general	336	-	336
Fundraising	1,692	-	1,692
Total supporting services	<u>2,028</u>	<u>-</u>	<u>2,028</u>
Total operating expenses	<u>7,694</u>	<u>-</u>	<u>7,694</u>
 Changes in net assets from operations	65,002	37,013	102,015
 Non-Operating Income, Expenses and Losses			
Net realized and unrealized (loss) on investments	<u>9,851</u>	<u>35,411</u>	<u>45,262</u>
 Changes in net assets	74,853	72,424	147,277
 Net assets as of January 1, 2021	<u>232,353</u>	<u>430,421</u>	<u>662,774</u>
Net Assets as of June 30, 2021	<u>\$ 307,206</u>	<u>\$ 502,845</u>	<u>\$ 810,051</u>

See Accountant's Compilation Report and Accompanying Notes

DALLASTOWN AREA EDUCATIONAL FOUNDATION
Statement of Cash Flows
For the six-month period ended June 30, 2021

	2021
Cash Flows from Operating Activities	
Changes in net assets	\$ 147,277
Adjustments to reconcile changes in net assets to net cash (used in) provided by operating activities	
Realized and unrealized (gains) losses on investments	(45,262)
Net cash (used in) provided by operating activities	102,015
 Cash Flows from Investing Activities	
Net proceeds from sales of investments	10,441
Purchase of mutual funds and reinvestment of	
Net investment income	(10,450)
Net cash (used in) provided by investing activities	(9)
Net change in cash and cash equivalents	102,006
 Cash and Cash Equivalents:	
Beginning	125,794
Ending	\$ 227,800

See Accountant's Compilation Report and Accompanying Notes

DALLASTOWN AREA EDUCATIONAL FOUNDATION
Statement of Functional Expenses
For the six-month period ended June 30, 2021

	Supporting Services			Total
	Program Service	Management & General	Fundraising	
Brick orders	\$ 190			\$ 190
Advertising		136		136
Registration fee		200		200
Grants	5,007			5,007
Fundraiser exp			1,692	1,692
Plaque order	256			256
Ceremony	213			213
	\$ 5,666	\$ 336	\$ 1,692	\$ 7,694

See Accountant's Compilation Report and Accompanying Notes

DALLASTOWN AREA EDUCATIONAL FOUNDATION

Notes to the Financial Statements

June 30, 2021

Note 1: Nature of Activities

Dallastown Area Educational Foundation is a broad-based, non-profit community organization established to solicit funds to expand academic and cultural opportunities, and to expand and strengthen the educational mission of the Dallastown Area School District. The purpose of the Foundation is to provide an organization to work exclusively with the Dallastown Area School District administration and board of school directors to solicit funds, accept charitable contributions, and provide a charitable status for estates and trusts. The Foundation works with individuals, businesses, and the community to enhance the academic and cultural experiences for Dallastown Area School District students. It is an approved educational improvement tax credit organization governed by a board of directors comprised of parents, business professionals, community representatives, and school district officials. By partnering with these various individuals, the Foundation strives to provide unique learning opportunities to current students.

The Dallastown Area Educational Foundation organized as a non-profit corporation in 2002. The primary sources of funding are contributions made by various private and public parties and sponsoring community fundraising events. In turn, the Foundation then provides grant funding on an annual basis to students and teachers as well as supplementing special projects of the District.

Effective January 1, 2014, the Foundation acquired the net assets of the Dallastown Area Dollars For Scholars (DADFS). The separate existence of DADFS as an unincorporated association ceased. The Foundation formed a Scholarship Committee, which became the Dallastown Foundation Scholarship Committee of the Educational Foundation. It is empowered to oversee the monies provided to the Foundation by DADFS, for the purpose of scholarships.

See Accountant's Compilation Report

DALLASTOWN AREA EDUCATIONAL FOUNDATION

Notes to the Financial Statements

June 30, 2021

Note 2: Summary of Significant Accounting Policies

This summary of significant accounting policies of Dallastown Area Educational Foundation is presented to assist in understanding the organization's financial statements. The financial statements and notes are representations of the organization's management who are responsible for their integrity and objectivity.

Basis of Presentation

The financial statements, which are prepared on the accrual basis of accounting, are prepared to focus on the Foundation as a whole and to present balances and transactions according to the existence or absence of donor-imposed restrictions, in accordance with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require the reporting of total assets, liabilities, and net assets in a Statement of Financial Position; reporting the change in net assets in a Statement of Activities and reporting the sources and uses of cash and cash equivalents in a Statement of Cash Flows. Net assets and revenue, gains, expenses, and losses are classified as with donor restriction or without donor restrictions based on the existence or absence of donor-imposed restrictions as follows:

Net Assets without Donor Restrictions – amounts that are not subject to donor-imposed restrictions or where the restriction has expired or been met.

Net Assets with Donor Restrictions – assets subject to usage limitation based on donor-imposed restrictions. These restrictions may be temporary or may be based on particular use. Assets with time or purpose restrictions are satisfied either by the passage of time or by action of the Foundations.

Revenue is reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are generally reported as decreases in unrestricted net assets. Expirations of donor-imposed stipulations that simultaneously increase one class of net assets and decrease another are reported as reclassifications between applicable classes of net assets.

See Accountant's Compilation Report

DALLASTOWN AREA EDUCATIONAL FOUNDATION

Notes to the Financial Statements

June 30, 2021

Note 2: Summary of Significant Accounting Policies (Continued)

Contributions

Contributions, including unconditional promises to give, must be recognized as revenue in the period received. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value.

Cash and Cash Equivalents

For purposes of the Statements of Cash Flows, the Foundation considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Concentrations of Credit Risk

The Foundation maintains cash balances at two financial institutions. The accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The Foundation has not experienced any such losses and management believe the Foundation is not exposed to significant credit risk pertaining to cash.

The Foundation maintains investments in uninsured brokerage accounts which are subject to fluctuations in the securities markets.

See Accountant's Compilation Report

DALLASTOWN AREA EDUCATIONAL FOUNDATION

Notes to the Financial Statements

June 30, 2021

Note 2: Summary of Significant Accounting Policies (Continued)

Donated Goods and Services

Donated marketable securities and other noncash donations are recorded as contributions in the financial statements at their estimated value at the date of donation.

Donated services that create or enhance nonfinancial assets or require specialized skills, provided by individuals possessing those skills, and that would typically be purchased if not provided by donation, are recorded as contributions in the financial statements. For the period ended June 30, 2021, there are no amounts for contributed services that met the criteria for recognition as described above.

Investments

The Foundation reports its investments in marketable securities at their fair values in the Statement of Financial Position. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability on an orderly transaction between market participants at the balance sheet date. Realized and unrealized gains and losses are included in the changes in net assets in the accompanying Statement of Activities. While investments are available as a source of operational cash, the Foundation has not utilized these funds in such a manner.

Income Tax Status

The Internal Revenue Service has determined that the Foundation is exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code and applicable state regulations. The Foundation evaluates its exposure to income taxes at the entity level as a result of uncertain tax positions taken in current and previously filed tax returns. Examples of tax positions taken at the entity level include the continuing validity of its exempt organization status, potential filing requirements for unrelated business income and other tax positions that could result in income tax liabilities to the Foundation upon examination by taxing authorities. Current accounting standards require any tax benefits associated with uncertain tax positions that are in excess of a realization threshold to be recorded as a liability for unrecognized tax benefits in the financial statements, along with any associated interest and penalties. Presently, management believes that it is more likely than not its tax position will be sustained upon examination, including any appeals and litigation, such that the Foundation has no exposure to income tax liabilities from uncertain tax position.

See Accountant's Compilation Report

DALLASTOWN AREA EDUCATIONAL FOUNDATION

Notes to the Financial Statements

June 30, 2021

Note 2: Summary of Significant Accounting Policies (Continued)

Functional Allocation of Expenses

The cost of program and supporting services have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Expenses that are identified with a specific program or support service are charged directly to the appropriate function.

Recent Accounting Pronouncements

In February 2016, the Financial Accounting and Standards Board (FASB) amended the Leases topic of the Accounting Standards Codification to revise certain aspect of recognition, measurement, presentation, and disclosure of lease transactions. The amendment will be in effect for fiscal period beginning after December 15, 2020. The Foundation is currently evaluating the effect that implementation of the new standard will have on its financial position, results of operations, and cash flows.

Subsequent Events

The Foundation has evaluated subsequent events through November 9, 2021, the date on which the financial statements were available to be issued. As a result of the spread of the COVID19, economic uncertainties have arisen which are likely to negatively impact the Foundation's operations though the potential long-term impact is unknown at this time.

See Accountant's Compilation Report

DALLASTOWN AREA EDUCATIONAL FOUNDATION

Notes to the Financial Statements

June 30, 2021

Note 3: Fair Value Measurements

Accounting standards establish a framework for measuring fair value. That framework enables the reader of financial statements to assess the inputs used to develop fair value measurements by establishing a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described below:

- Level 1 Inputs to the valuation methodology are adjusted quoted prices for identical assets or liabilities in active markets the Foundation has the ability to access. These generally provide the most reliable evidence and are used to measure fair value whenever available.
- Level 2 Inputs to the valuation methodology include significant inputs, other than Level 1 inputs, that are observable either directly or indirectly for substantially the full term of the asset through corroboration with observable market data. Level 2 inputs include quoted prices for similar assets in active markets, quoted market prices in markets that are not active for identical or similar assets, and other observable inputs.
- Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurements.

The assets that are recorded at fair value on a recurring basis are investments. The Foundation has no financial liabilities or non-financial items that are recognized or disclosed at fair value on a recurring basis. There have been no changes in the valuation methodologies used at June 30, 2021.

Following is a description of the valuation methodologies used for assets measured at fair value:

Mutual funds: The fair value of these investments' securities is based on closing market prices for the respective securities as reported in active markets.

Certificate of deposits: Fair value represents the carrying value including accrued interest, which approximates market value.

Corporate and government bonds: Fixed income securities do not always trade on a daily basis so the fair value of each security is dependent upon various pricing models that incorporate benchmark yields, interest rates, credit risk, broker-dealer quotes and other valuation processes.

See Accountant's Compilation Report

DALLASTOWN AREA EDUCATIONAL FOUNDATION

Notes to the Financial Statements

June 30, 2021

Note 3: Fair Value Measurements (Continued)

Investments as of June 30, 2021, consist of the following:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Corporate and Government Bonds				
Credit Suisse First Boston	\$ -	\$ 210	\$ -	\$ 210
Government National Mortgage		8,338		8,338
Mutual Funds				
American Balanced Fund C	23,222			23,222
American Balance Fund A	1,142			1,142
Franklin Income C	322,317			322,317
Franklin Income Fund Class A	191,736			191,736
Allianz Income Fund C	35,286			35,286
Total Investments, at fair value	<u>\$573,703</u>	<u>\$ 8,548</u>	<u>\$ -</u>	<u>\$582,251</u>

Note 4: Net Assets with Donor Restrictions

Net assets with donor restrictions are available for the following purpose for the period ended June 30, 2021, is \$502,845. The assets with donor restrictions are available to be used in the form of academic scholarships.

Note 5: Assets Released from Donor Restrictions

During the period ended June 30, 2021, the organization did not have any donor restricted assets that were released from their restrictions.

See Accountant's Compilation Report

DALLASTOWN AREA EDUCATIONAL FOUNDATION
Notes to the Financial Statements
June 30, 2021

Note 6: Board Designated Net Assets

The foundation's board has designated the following net assets without donor restrictions for a specific purpose:

	<u>2021</u>
Military memorial	\$ 5,693
EITC	<u>7,002</u>
	<u>\$ 12,695</u>

Note 7: Related Party Transactions

The foundation receives donated office space and administrative services from the Dallastown Area School District. The estimated value of these items is not material to the financial statements.

See Accountant's Compilation Report