

NICHOLAS WOLFF FOUNDATION, INC.

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2021 AND 2020
AND
INDEPENDENT AUDITOR'S REPORT



McKONLY & ASBURY
CPAs & Business Advisors

NICHOLAS WOLFF FOUNDATION, INC.

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MEMBERS

AMERICAN AND PENNSYLVANIA INSTITUTES
OF CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT MEMBER OF



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Nicholas Wolff Foundation, Inc.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Nicholas Wolff Foundation, Inc., which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Nicholas Wolff Foundation, Inc. as of December 31, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Nicholas Wolff Foundation, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Nicholas Wolff Foundation, Inc.'s ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Nicholas Wolff Foundation, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Nicholas Wolff Foundation, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

McKonly & Asbury, LLP

Bloomsburg, Pennsylvania
July 19, 2022

NICHOLAS WOLFF FOUNDATION, INC.

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2021 AND 2020

ASSETS

	<u>2021</u>	<u>2020</u>
Current assets		
Cash and cash equivalents	\$ 280,858	\$ 292,532
Cash, restricted	252,178	208,552
Other current assets	<u>3,607</u>	<u>3,767</u>
Total current assets	536,643	504,851
Property and equipment, net	2,310,474	2,427,214
Other assets		
Assets whose use is limited	880,240	785,492
Investments, at fair value	<u>4,272,349</u>	<u>3,788,774</u>
Total assets	<u>\$ 7,999,706</u>	<u>\$ 7,506,331</u>

LIABILITIES AND NET ASSETS

Current liabilities		
Accounts payable, trade	\$ 1,134	\$ 1,678
Deferred revenues	66,474	65,748
Other current liabilities	<u>3,087</u>	<u>10,017</u>
Total current liabilities	<u>70,695</u>	<u>77,443</u>
Long-term liabilities		
Annuity payable	<u>-</u>	<u>6,991</u>
Total liabilities	<u>70,695</u>	<u>84,434</u>
Net assets		
Without donor restrictions		
Undesignated	4,091,901	4,122,107
Board designated maintenance reserve	<u>880,240</u>	<u>785,492</u>
Total net assets without donor restrictions	4,972,141	4,907,599
With donor restrictions	<u>2,956,870</u>	<u>2,514,298</u>
Total net assets	<u>7,929,011</u>	<u>7,421,897</u>
Total liabilities and net assets	<u>\$ 7,999,706</u>	<u>\$ 7,506,331</u>

The accompanying notes are an integral part of these financial statements.

NICHOLAS WOLFF FOUNDATION, INC.

STATEMENTS OF ACTIVITIES

YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenues						
Net investment return	\$ 159,350	\$ 403,652	\$ 563,002	\$ 136,928	\$ 217,167	\$ 354,095
Contributions	347,675	54,993	402,668	278,633	71,626	350,259
Gain on forgiveness of debt	69,367	-	69,367	49,547	-	49,547
Special events	63,781	-	63,781	36,997	-	36,997
Direct expenses of special events	(13,330)	-	(13,330)	(11,020)	-	(11,020)
Change in value of annuity	-	6,499	6,499	-	435	435
Other revenues	5,301	-	5,301	3,841	-	3,841
Program service revenues	943	-	943	4,527	-	4,527
Grants	-	-	-	15,000	-	15,000
Loss on disposal of equipment	-	-	-	(129)	-	(129)
Net assets released from restrictions, satisfaction of purpose restrictions	22,572	(22,572)	-	52,737	(52,737)	-
Total support and revenues	<u>655,659</u>	<u>442,572</u>	<u>1,098,231</u>	<u>567,061</u>	<u>236,491</u>	<u>803,552</u>
Expenses						
Program services, camping and environmental education	480,825	-	480,825	480,073	-	480,073
Supporting services, general and administrative	78,461	-	78,461	72,612	-	72,612
Fund raising	31,831	-	31,831	40,311	-	40,311
Total expenses	<u>591,117</u>	<u>-</u>	<u>591,117</u>	<u>592,996</u>	<u>-</u>	<u>592,996</u>
Change in net assets	64,542	442,572	507,114	(25,935)	236,491	210,556
Net assets, beginning	<u>4,907,599</u>	<u>2,514,298</u>	<u>7,421,897</u>	<u>4,933,534</u>	<u>2,277,807</u>	<u>7,211,341</u>
Net assets, ending	<u>\$ 4,972,141</u>	<u>\$ 2,956,870</u>	<u>\$ 7,929,011</u>	<u>\$ 4,907,599</u>	<u>\$ 2,514,298</u>	<u>\$ 7,421,897</u>

The accompanying notes are an integral part of these financial statements.

NICHOLAS WOLFF FOUNDATION, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021				2020			
	Program Services	General and Administrative	Fund Raising	Total	Program Services	General and Administrative	Fund Raising	Total
Salaries and wages	\$ 152,738	\$ 34,693	\$ 26,990	\$ 214,421	\$ 167,249	\$ 38,025	\$ 26,990	\$ 232,264
Depreciation	140,701	5,310	-	146,011	140,558	5,231	-	145,789
Maintenance	64,477	-	-	64,477	50,422	-	-	50,422
Insurance and occupancy	30,332	2,487	-	32,819	28,667	2,095	-	30,762
Payroll taxes	23,634	4,056	3,153	30,843	20,152	4,620	3,306	28,078
Utilities	25,442	3,105	-	28,547	27,604	2,871	-	30,475
Supplies	15,517	9,487	1,688	26,692	26,707	6,966	10,015	43,688
Employee benefits	18,579	-	-	18,579	12,985	-	-	12,985
Professional fees	-	16,776	-	16,776	1,360	9,211	-	10,571
KidsKash/Scholarships	6,710	-	-	6,710	-	-	-	-
Miscellaneous	237	1,774	-	2,011	2,506	570	-	3,076
Postage and printing	1,451	-	-	1,451	640	1,981	-	2,621
Vehicle expense	1,007	-	-	1,007	834	-	-	834
Continuing education	-	773	-	773	389	1,042	-	1,431
Total expenses by functional category before direct expenses of special events	<u>480,825</u>	<u>78,461</u>	<u>31,831</u>	<u>591,117</u>	<u>480,073</u>	<u>72,612</u>	<u>40,311</u>	<u>592,996</u>
Direct expenses of special events	<u>-</u>	<u>-</u>	<u>13,330</u>	<u>13,330</u>	<u>-</u>	<u>-</u>	<u>11,020</u>	<u>11,020</u>
Total expenses	<u>\$ 480,825</u>	<u>\$ 78,461</u>	<u>\$ 45,161</u>	<u>\$ 604,447</u>	<u>\$ 480,073</u>	<u>\$ 72,612</u>	<u>\$ 51,331</u>	<u>\$ 604,016</u>

The accompanying notes are an integral part of these financial statements.

NICHOLAS WOLFF FOUNDATION, INC.

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021	2020
Cash flows from operating activities		
Change in net assets	\$ 507,114	\$ 210,556
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	146,011	145,789
Loss on disposal of equipment	-	129
Gain on investments	(425,691)	(247,568)
Contributions restricted to increase permanent endowments	(6,280)	(11,930)
Changes in assets and liabilities		
Other current assets	160	756
Accounts payable, trade	(544)	(9,652)
Deferred revenues	726	54,359
Other current liabilities	(6,930)	420
Annuity payable	(6,991)	(419)
Net cash provided by operating activities	207,575	142,440
Cash flows from investing activities		
Proceeds from sales of investments	562,951	593,819
Purchases of property and equipment	(29,271)	(14,710)
Purchases of investments	(715,583)	(740,309)
Net cash used in investing activities	(181,903)	(161,200)
Cash flows from financing activities		
Contributions restricted to increase permanent endowments	6,280	11,930
Net increase (decrease) in cash, cash equivalents and restricted cash	31,952	(6,830)
Cash, cash equivalents, and restricted cash, beginning of year	501,084	507,914
Cash, cash equivalents, and restricted cash, end of year	\$ 533,036	\$ 501,084

The accompanying notes are an integral part of these financial statements.

NICHOLAS WOLFF FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Nicholas Wolff Foundation, Inc. (the “Foundation”) is a Pennsylvania not-for-profit corporation that owns and operates Camp Victory, a camping facility for children facing medical and physical challenges and the Greenwood Environmental Education Center, which allows elementary school students to learn environmental science in a day camp or overnight camp setting.

The Foundation generates program service revenues from fees paid by the partner groups who operate the various camps, schools who participate in the Greenwood Environmental Education Center, and organizations who rent the camp facility for corporate retreats. In addition, the Foundation is supported by contributions from businesses, foundations, and the general public and generates additional revenues through special fundraising events.

Basis of Presentation

The Foundation prepares its financial statements in accordance with generally accepted accounting principles (“GAAP”) in the United States of America. The significant accounting and reporting policies used by the Foundation are described below to enhance the usefulness and understandability of the financial statements.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires the Foundation’s management 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 revenues and expenses during the reporting period. Actual results could vary from those estimates.

Cash and Cash Equivalents

Cash equivalents include all demand deposits, savings deposits, time deposits, and all highly liquid debt instruments with original maturities of three months or less. In addition, cash and cash equivalents that are discretionary components of the Foundation’s long-term investment portfolio managed by the trust department of a local bank are classified as investments.

Property and Equipment

Property and equipment are stated at cost or, in the case of donated items, the fair market value at the date of the gift. Expenditures that extend the useful life of an asset are capitalized. Routine repairs and maintenance expenditures are expensed as incurred. Depreciation is provided for on the straight-line method over the estimated useful lives of the assets as follows:

NICHOLAS WOLFF FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

Land improvements and site improvements	15 - 33 years
Buildings	7 - 33 years
Equipment	5 - 15 years
Ropes challenge course equipment	7 years
Chapel	7 - 33 years
Automobile	5 years
Sewage treatment plant	33 years

Property and equipment that are being purchased or constructed and have not been placed in service are classified as construction-in-process.

Depreciation expense amounted to \$146,011 and \$145,789 for the years ended December 31, 2021 and 2020, respectively.

Long-Lived Assets

Long-lived assets are tested for recoverability whenever events or changes in circumstances indicate that the related carrying amount may not be recoverable. When required, impairment losses on assets to be held and used are recognized if the asset's carrying amount exceeds the fair value of the asset. There were no impairment losses recorded during the years ended December 31, 2021 and 2020.

Assets Whose Use is Limited / Board Designated Maintenance Reserve

Assets whose use is limited / board designated maintenance reserve includes investments in marketable debt and equity securities set aside by the Board of Directors to be used primarily to fund future facilities repairs and maintenance. The Board retains control over these assets and may, at its discretion, use them for other purposes.

Investments

Investments in securities with readily determinable fair values and all investments in debt securities are measured at fair value. The cost of investments sold is determined by use of the specific identification method. Net investment return is reported in the statements of activities and consists of interest, dividends, and realized and unrealized gain and losses, less external and direct internal investment expenses.

Annuity Payable

In 2008, the Foundation entered into a charitable gift annuity agreement with a donor. Under the terms of the agreement, the donor will receive quarterly payments from the Foundation for the remainder of her life. The accompanying statements of financial position include a liability "Annuity payable" based upon the present value of the estimated future payments to the donor. The change in the present value of the annuity payable is reported as change in value of annuity on the accompanying statements of activities. In 2021, the donor passed away, at which time, all payments under the terms of the agreement ceased.

NICHOLAS WOLFF FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

Deferred Revenues

Deferred revenues consist primarily of program fees collected prior to being earned.

Net Assets

The financial statements report net assets and changes in net assets in two classes that are based upon the existence or absence of restrictions on use that are placed by its donors, as follows:

Net assets without donor restrictions – Net assets that are not subject to donor-imposed restrictions.

Net assets with donor restrictions – Net assets subject to donor-imposed restrictions that may or will be met, either by actions of the Foundation or the passage of time. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Also included in this category are net assets whose use by the Foundation is limited by donor-imposed restrictions that neither expire by being used in accordance with a donor's restriction nor by the passage of time. See Note 11.

Revenue Recognition

Program service revenue consists of fees paid by the partner groups who operate the various camps, schools who participate in the Greenwood Environmental Education Center, and organizations who rent the camp facility for corporate retreats and are recognized at a point in time.

Special events revenue is recognized at the time the corresponding event is concluded. Prices for special events vary based upon individual events.

The Foundation has disaggregated its various revenue streams on the statements of activities and all performance obligations are recognized at a point in time.

Contributions/Promises to Give

All contributions and unconditional promises to give are reported as without donor restrictions unless use of the contributed assets is specifically restricted by the donor. Amounts received that are restricted by the donor to use in future periods or for specific purposes are reported as increases in net assets with donor restrictions.

The Foundation periodically receives contributions in a form other than cash. If the Foundation receives a gift of investments, land, buildings, or equipment, the contributed asset is recognized as an asset at its estimated fair value on the date of the gift, provided that the value of the asset and its estimated useful life meets the Foundation's capitalization policy. Donated use of facilities is reported as a contribution and an expense at the estimated fair value of similar space for rent under similar conditions.

The Foundation benefits from personal services provided by a number of volunteers. Contributed services are recognized in the financial statements if they meet the criteria for recognition under GAAP which are (a) the services create or enhance non-financial assets or (b) the services would have been purchased if not provided by the contribution, require specialized skills, and are provided by individuals possessing those skills. The Foundation recognized no contributed services in either 2021 or 2020.

NICHOLAS WOLFF FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

Income Taxes

The Foundation is a not-for-profit corporation as described in Section 501(c) (3) of the Internal Revenue Code and is exempt from federal income taxes on its exempt income under Section 501(a) of the Internal Revenue Code.

The Foundation adheres to the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 740, *Income Taxes (ASC 740)*. ASC 740 establishes rules for recognizing and measuring tax positions in an income tax return, including disclosures of uncertain tax positions (UTPs). ASC 740 mandates that organizations evaluate all material income tax positions for periods that remain open under applicable statutes of limitation, as well as positions expected to be taken in future returns. The UTP rules then impose a recognition threshold on each tax position. An organization can recognize an income tax benefit only if the position has a “more likely than not” (i.e. more than 50 percent) chance of being sustained on its technical merits. During 2021 and 2020, the Foundation has taken no material tax positions on its applicable tax filings that do not meet the more likely than not threshold. As a result, no amount for UTPs has been included in the financial statements. The Foundation is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Foundation believes it is no longer subject to income tax examinations for years prior to 2018.

Expense Recognition and Allocation

The cost of providing the Foundation’s programs and other activities is summarized on a functional basis in the statements of activities. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Costs common to multiple functions, such as salaries and wages and payroll taxes, have been allocated among the various functions benefited according to an estimate of the employee time spent on each function.

Management and general 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.

Fundraising costs are expensed as incurred, even though they may result in contributions received in future years. The Foundation does not generally conduct its fundraising activities in conjunction with its other activities.

Recently Issued Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. The changes associated with this ASU include the requirement for lessees to recognize the underlying assets and liabilities associated with all operating leases with terms greater than 12 months. The changes became effective for the Foundation on January 1, 2022. Management has not determined the impact of these changes on the Foundation’s financial statements.

NICHOLAS WOLFF FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

2. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

As discussed in Note 1, the Foundation is primarily funded by contributions, fees charged to organizations for the use of the camp facility, and earnings on investments. A portion of these revenues is restricted for specific purposes and, therefore, is not available for general expenditure. Accordingly, the Foundation must maintain adequate resources to fulfill its responsibilities to its resource providers. To ensure that the Foundation maintains adequate resources to comply with these restrictions, assets with donor restrictions and assets without donor restrictions, which consist mainly of cash, are maintained in separate general ledger accounts. The Foundation invests excess cash in long-term investments. Should unforeseen liquidity needs arise, the Foundation has the ability to liquidate long-term investments to generate additional financial assets.

The following presents the Foundation's financial assets as of the statement of financial position date, reduced by amounts that are not available for general use due to donor-imposed restrictions within one year of the statement of financial position date:

	2021	2020
Financial assets at year-end		
Cash and cash equivalents	\$ 280,858	\$ 292,532
Cash, restricted	252,178	208,552
Assets whose use is limited	880,240	785,492
Investments, at fair value	4,272,349	3,788,774
 Total financial assets at year-end	 5,685,625	 5,075,350
 Less amounts with limits on usage		
Capital expenditures and camp improvements	(106,637)	(82,801)
KidsKash camp scholarships	(77,791)	(69,501)
Greenwood Environmental Education Center	(67,500)	(56,000)
Board designated maintenance reserve	(880,240)	(785,492)
Restricted for creation of a perpetual endowment	(2,704,942)	(2,305,996)
 Financial assets available to meet cash needs for general expenditures within one year	 \$ 1,848,515	 \$ 1,775,560

NICHOLAS WOLFF FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

3. RESTRICTED CASH

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the statements of financial position that sum to the total of the same such amounts shown in the statements of cash flows.

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 280,858	\$ 292,532
Cash, restricted	<u>252,178</u>	<u>208,552</u>
	<u>\$ 533,036</u>	<u>\$ 501,084</u>

Amounts included in restricted cash represent those required to be set aside by a donor restriction that requires the contribution be used for a specific purpose. The restriction will lapse when the specific purpose is satisfied.

4. FAIR VALUE MEASUREMENTS

The Foundation reports its fair value measures using a three-level hierarchy that prioritizes the inputs used to measure fair value. This hierarchy, established by GAAP, requires that entities maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The three levels of inputs used to measure fair value are as follows:

- Level 1 Quoted prices for identical assets or liabilities in active markets to which the Foundation has access at the measurement date.
- Level 2 Inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include:
- Quoted prices for similar assets or liabilities in active markets;
 - Quoted prices for identical or similar assets in markets that are not active;
 - Observable inputs other than quoted prices for the asset or liability;
 - Inputs derived principally from, or corroborated by, observable market data by correlation or other means.
- Level 3 Unobservable inputs for the asset or liability. Unobservable inputs should be used to measure the fair value to the extent that observable inputs are not available.

When available, the Foundation measures fair value using level 1 inputs because they generally provide the most reliable evidence of fair value. However, level 1 inputs may not be available for all of the assets and liabilities the Foundation is required to measure at fair value.

The primary uses for fair value measures in the Foundation's financial statements are:

NICHOLAS WOLFF FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

- Initial measurement of noncash gifts, including gifts of investment assets and unconditional promises to give.
- Recurring measurement of investments including endowments.

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

Certificates of deposit, fixed income securities, and equities: Valued at the closing price reported on the active market on which the individual securities are traded.

Mutual funds: Valued at the closing price reported by the mutual fund, at which the fund shares are actively issued and redeemed on a daily basis. The closing price equals the quoted net asset value of shares held by the Foundation at year end.

5. INVESTMENTS

The following tables set forth by level, within the fair value hierarchy, the Foundation's investments at fair value as of December 31, 2021 and 2020:

	Assets at Fair Value as of December 31, 2021			
	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	\$ 293,659	\$ -	\$ -	\$ 293,659
Fixed income securities	960,790	-	-	960,790
Equities	1,316,501	-	-	1,316,501
Mutual funds	1,701,399	-	-	1,701,399
Total	\$ 4,272,349	\$ -	\$ -	\$ 4,272,349

	Assets at Fair Value as of December 31, 2020			
	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	\$ 349,860	\$ -	\$ -	\$ 349,860
Certificates of deposit	260,039	-	-	260,039
Fixed income securities	726,316	-	-	726,316
Equities	1,077,172	-	-	1,077,172
Mutual funds	1,375,387	-	-	1,375,387
Total	\$ 3,788,774	\$ -	\$ -	\$ 3,788,774

NICHOLAS WOLFF FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

6. ENDOWMENT

Contributions to the Foundation's Endowment Fund are invested to (1) provide preservation of capital in real (i.e. inflation adjusted) terms, (2) provide additional resources for perpetual operation, and (3) enhance financial integrity in support of the Foundation's mission. Investment determination is made with primary emphasis on, and in order of priority, (1) safety of investment, (2) return on investment, and (3) liquidity of investment.

Annually, the Foundation's board of directors determines the amount of the endowment fund's earnings to be distributed to the operating fund vs. the earnings to be reinvested. Approval of disbursements from the endowment fund's principal requires a two-thirds majority vote of sixty-percent of all directors of the Foundation board.

The Foundation's Endowment consists of investments (See Note 5). Changes in Endowment assets for the years 2021 and 2020 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Balance, January 1, 2020	\$ 1,334,456	\$ 2,175,355	\$ 3,509,811
Total investment return	65,784	217,167	282,951
Contributions	-	11,680	11,680
Appropriation of endowment assets for expenditure	-	(15,668)	(15,668)
Balance, December 31, 2020	1,400,240	2,388,534	3,788,774
Total investment return	83,643	403,652	487,295
Contributions	-	6,280	6,280
Appropriation of endowment assets for expenditure	-	(10,000)	(10,000)
Balance, December 31, 2021	\$ 1,483,883	\$ 2,788,466	\$ 4,272,349

NICHOLAS WOLFF FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

7. PROPERTY AND EQUIPMENT

Property and equipment consists of the following at December 31:

	2021	2020
Land and site improvements	\$ 1,077,150	\$ 1,077,150
Buildings	2,640,103	2,626,709
Equipment	568,005	578,632
Ropes Challenge Course equipment	66,092	50,215
Chapel	35,224	35,224
Automobile	17,389	17,389
Sewage treatment plant	238,214	238,214
Total cost	4,642,177	4,623,533
Less accumulated depreciation	2,331,703	2,196,319
Net	\$ 2,310,474	\$ 2,427,214

8. ASSETS WHOSE USE IS LIMITED

The following tables set forth by level, within the fair value hierarchy, the Foundation's Assets Whose Use is Limited at fair value as of December 31, 2021 and 2020:

	Assets at Fair Value as of December 31, 2021			
	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	\$ 100,424	\$ -	\$ -	\$ 100,424
Fixed income securities	413,031	-	-	413,031
Equities	125,423	-	-	125,423
Mutual funds	241,362	-	-	241,362
Total	\$ 880,240	\$ -	\$ -	\$ 880,240

	Assets at Fair Value as of December 31, 2020			
	Level 1	Level 2	Level 3	Total
Certificates of deposit	\$ 57,817	\$ -	\$ -	\$ 57,817
Fixed income securities	389,054	-	-	389,054
Equities	87,778	-	-	87,778
Mutual funds	250,843	-	-	250,843
Total	\$ 785,492	\$ -	\$ -	\$ 785,492

NICHOLAS WOLFF FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

9. PAYCHECK PROTECTION PROGRAM LOAN/GAIN ON FORGIVENESS OF DEBT

In April 2020, the Foundation qualified for and received a loan pursuant to the Paycheck Protection Program (PPP), a program implemented by the U.S. Small Business Administration (SBA) under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), from First Columbia Bank and Trust, for the principal amount of \$49,547. The loan was unsecured and guaranteed by the SBA.

During 2020, the Foundation also applied for and received PPP Loan forgiveness from First Columbia Bank and Trust and the SBA. As a result of the loan forgiveness and release of obligation from the loan, \$49,547 was recognized as gain on forgiveness of debt on the 2020 statement of activities.

During February 2021, the Foundation qualified for and received a loan pursuant to the Paycheck Protection Program (PPP), a program implemented by the U.S. Small Business Administration (SBA) under the CARES Act, supplemented by the Economic Aid to Hard-Hit Small Businesses, Nonprofits, and Venues Act, from First Columbia Bank and Trust, for the principal amount of \$69,367. The loan was unsecured and guaranteed by the SBA.

During 2021, the Foundation also applied for and received PPP Loan forgiveness from First Columbia Bank and Trust and the SBA. As a result of the loan forgiveness and release of obligation from the loan, \$69,367 was recognized as gain on forgiveness of debt on the 2021 statement of activities.

10. RELEASE OF NET ASSETS

During 2021 and 2020, respectively, net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes specified by the donors as follows:

	2021	2020
Capital expenditures and camp improvements	\$ 15,862	\$ 52,737
KidsKash camp scholarships provided	6,710	-
Net assets released from restrictions	<u>\$ 22,572</u>	<u>\$ 52,737</u>

NICHOLAS WOLFF FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

11. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consists of the following at December 31:

	<u>2021</u>	<u>2020</u>
Net assets subject to purpose restriction		
Capital expenditures and camp improvements	\$ 106,637	\$ 82,801
KidsKash camp scholarships	77,791	69,501
Greenwood Environmental Education Center	<u>67,500</u>	<u>56,000</u>
Total net assets subject to purpose restrictions	251,928	208,302
Restricted for creation of a perpetual endowment	<u>2,704,942</u>	<u>2,305,996</u>
Total net assets with donor restrictions	<u>\$ 2,956,870</u>	<u>\$ 2,514,298</u>

12. RELATED PARTY TRANSACTIONS

Various family members of the executive director and camp director were employed by the Foundation and were paid wages of \$8,054 and \$7,956 in 2021 and 2020, respectively.

Approximately \$880,000 and \$785,000 of the Foundation's funds were held in a brokerage account managed by one of the Foundation's board members at December 31, 2021 and 2020, respectively.

A member of the Foundation's Board of Directors is employed by First Columbia Bank and Trust, which serves as the Foundation's depository.

13. CONCENTRATIONS

The Foundation maintains a significant portion of its cash and cash equivalent accounts with one financial institution. Total cash deposits are secured up to \$250,000 per financial institution by the Federal Deposit Insurance Corporation. The Foundation's investment balances are uninsured.

The Foundation's investments are subject to various risks, such as interest rate, credit, and overall market volatility risks. Further, because of the significance of the investments to the Foundation's financial position and the level of risk inherent in most investments, it is reasonably possible that changes in the values of these investments could occur in the near term and such changes could materially affect the amounts reported in the financial statements. Management believes that the diversification of its invested assets should mitigate the impact of changes in any one type of investment.

NICHOLAS WOLFF FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

14. DATE OF MANAGEMENT'S REVIEW/SUBSEQUENT EVENTS

The Foundation has evaluated the period from January 1, 2022, through July 19, 2022, which represents the date the financial statements were available to be issued, for its determination as to whether there are any reportable or recordable subsequent events. The Foundation did not have any material subsequent events that would require adjustment to or disclosure in the financial statements.



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INDEPENDENT MEMBER OF



July 19, 2022

To the Board of Directors of
Nicholas Wolff Foundation, Inc.
Millville, Pennsylvania

We have audited the financial statements of Nicholas Wolff Foundation, Inc. (the "Foundation") as of and for the year ended December 31, 2021, and have issued our report thereon dated July 19, 2022. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated January 25, 2022, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of its respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of the Foundation solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

We have provided our comments regarding a significant control deficiency and a material weakness noted during our audit in a separate letter to you dated July 19, 2022.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

To the Board of Directors of
Nicholas Wolff Foundation, Inc.
Millville, Pennsylvania

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, our firm, and our network firms have complied with all relevant ethical requirements regarding independence.

Significant Risks Identified

Professional standards require we communicate significant risks identified in the planning phase and that we design our audit to provide reasonable assurance that the financial statements are free from material misstatement whether caused by error or fraud. Accordingly, we have identified contributions and management override of controls as significant risks.

Qualitative Aspects of the Foundation's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the Foundation is included in Note 1 to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during 2021. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive estimates affecting the financial statements are:

- Management's estimate of the fair value of investments and the return on investments.
- Management's estimate of the functional allocation of expenses.

We evaluated the key factors and assumptions used to develop the fair value of investments and the methods used by management to allocate expenses by function in determining that the estimates are reasonable in relation to the financial statements taken as a whole.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the Foundation's financial statements relate to the Liquidity and Availability of Financial Assets (Note 2) and Fair Value Measurements (Note 4).

To the Board of Directors of
Nicholas Wolff Foundation, Inc.
Millville, Pennsylvania

Significant Unusual Transactions

For purposes of this communication, professional standards require us to communicate to you significant unusual transactions identified during our audit. The forgiveness of debt related to the Paycheck Protection Program Loans as disclosed in Note 9 is the only unusual transaction.

Significant Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Management has corrected all identified misstatements.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. None of the misstatements identified by us as a result of our audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the Foundation's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Circumstances that Affect the Form and Content of the Auditor's Report

For purposes of this letter, professional standards require that we communicate any circumstances that affect the form and content of our auditor's report. No such circumstances exist for the current year under audit.

Representations Requested from Management

We have requested certain written representations from management that are included in the management representation letter dated July 19, 2022.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with the Foundation, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating conditions

To the Board of Directors of
Nicholas Wolff Foundation, Inc.
Millville, Pennsylvania

affecting the Foundation, and operating plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the Foundation's auditors.

This report is intended solely for the information and use of the Board of Directors and management of the Foundation and is not intended to be, and should not be, used by anyone other than these specified parties.

Sincerely,

McKonly & Asbury, LLP

McKonly & Asbury, LLP
Bloomsburg, Pennsylvania

MEMBERS

AMERICAN AND PENNSYLVANIA INSTITUTES
OF CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT MEMBER OF



To the Board of Directors of
Nicholas Wolff Foundation, Inc.
Millville, Pennsylvania

In planning and performing our audit of the financial statements of Nicholas Wolff Foundation, Inc. (the “Foundation”) as of and for the year ended December 31, 2021, in accordance with auditing standards generally accepted in the United States of America, we considered the Foundation’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Foundation’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Foundation’s internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified a certain deficiency in internal control that we consider to be a material weakness and another deficiency that we consider to be a significant deficiency.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the organization’s financial statements will not be prevented, or detected and corrected, on a timely basis. A reasonable possibility exists when the likelihood of an event occurring is either reasonably possible or probable as defined as follows:

- *Reasonably possible.* The chance of the future event or events occurring is more than remote but less than likely.
- *Probable.* The future event or events are likely to occur.

We consider the following deficiency in the Foundation’s internal control to be a material weakness:

PREPARATION OF FINANCIAL STATEMENTS AND RELATED FOOTNOTES IN ACCORDANCE WITH GENERALLY ACCEPTED ACCOUNTING PRINCIPLES

The Foundation’s annual financial statements are prepared in accordance with U.S. generally accepted accounting principles including related footnote disclosures. The Foundation relies on McKonly & Asbury, LLP, as its auditors, to prepare its annual financial statements and related footnote disclosures in order to conform to U.S. generally accepted accounting principles. We realize that additional staffing costs would be needed to acquire the internal expertise to perform this function which could significantly outweigh the benefits derived. We, as your auditors, can propose adjustments and assist the Foundation in assembling or drafting of the financial statements and related footnotes; however, we cannot establish or maintain the Foundation’s controls

MAILING ADDRESS

To the Board of Directors of
Nicholas Wolff Foundation, Inc.
Millville, Pennsylvania

over preventing or detecting material misstatements in the preparation of financial statements, including the related footnotes.

Management's Response:

Management understands this recommendation and is aware of the auditor's role in preparing the financial statements. This is an item that occurs frequently with nonprofit organizations. The cost of maintaining the internal expertise to prepare the financial statements outweighs the benefits to the organization and our mission.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiency in the Foundation's internal control to be a significant deficiency:

SEGREGATION OF DUTIES

Our study and evaluation of the Foundation's internal controls disclosed that one individual performs substantially all of the accounting functions. Specifically, one individual is responsible for entering vendor invoices into the QuickBooks accounting system, printing vendor checks, and providing one of the two required signatures on most checks. The performance of these three duties by one individual significantly weakens controls over the Foundation's cash disbursements that could result in undetected errors or loss of funds.

This lack of segregation of duties is partially offset by the active participation of the Executive Director and Board members. While it is advisable to have adequate segregation of duties among employees, the cost of such implementation must be weighed against the benefits derived. The costs of increasing the number of employees could greatly exceed the benefits that might be derived.

Accordingly, we suggest that the Executive Director continue to review specific transactions such as revenues, cash receipts, and purchases and continue to be involved in the day-to-day operation of the Foundation. Further, we recommend that the Board continue to review financial statements and budgetary comparisons.

Management's Response:

Management understands this recommendation and is aware of this lack of segregation of duties. As a small nonprofit organization, we understand the risks and believe that the Board of Directors has sufficient controls and reviews in place to mitigate this risk.

This communication is intended solely for the information and use of the Board of Directors, management and others within the Foundation and is not intended to be and should not be used by anyone other than these specified parties.

If you have any questions concerning the above-mentioned matters, we will be pleased to discuss them with you at your convenience.

McKonly & Asbury, LLP

Bloomsburg, Pennsylvania
July 19, 2022