

NICHOLAS WOLFF FOUNDATION, INC.

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2022 AND 2021
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.

Opinion

We have audited the financial statements of Nicholas Wolff Foundation, Inc., which comprise the statements of financial position as of December 31, 2022 and 2021, 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, 2022 and 2021, 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
June 29, 2023

NICHOLAS WOLFF FOUNDATION, INC.

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2022 AND 2021

ASSETS

	<u>2022</u>	<u>2021</u>
Current assets		
Cash and cash equivalents	\$ 226,325	\$ 280,858
Cash, restricted	405,439	252,178
Other current assets	<u>4,896</u>	<u>3,607</u>
Total current assets	636,660	536,643
Property and equipment, net	2,242,308	2,310,474
Other assets		
Assets whose use is limited	750,114	880,240
Investments, at fair value	<u>3,762,105</u>	<u>4,272,349</u>
Total assets	<u>\$ 7,391,187</u>	<u>\$ 7,999,706</u>

LIABILITIES AND NET ASSETS

Current liabilities		
Accounts payable, trade	\$ 9,227	\$ 1,134
Deferred revenues	45,168	66,474
Other current liabilities	<u>4,260</u>	<u>3,087</u>
Total current liabilities	<u>58,655</u>	<u>70,695</u>
Net assets		
Without donor restrictions		
Undesignated	4,068,738	4,091,901
Board designated maintenance reserve	<u>750,114</u>	<u>880,240</u>
Total net assets without donor restrictions	4,818,852	4,972,141
With donor restrictions	<u>2,513,680</u>	<u>2,956,870</u>
Total net assets	<u>7,332,532</u>	<u>7,929,011</u>
Total liabilities and net assets	<u>\$ 7,391,187</u>	<u>\$ 7,999,706</u>

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

NICHOLAS WOLFF FOUNDATION, INC.

STATEMENTS OF ACTIVITIES

YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenues						
Contributions	\$ 411,006	\$ 79,700	\$ 490,706	\$ 347,675	\$ 54,993	\$ 402,668
Grants	-	230,000	230,000	-	-	-
Program service revenues	179,393	-	179,393	943	-	943
Special events	46,445	-	46,445	63,781	-	63,781
Direct expenses of special events	(10,517)	-	(10,517)	(13,330)	-	(13,330)
In-kind contributions	15,008	-	15,008	-	-	-
Other revenues	5,857	-	5,857	5,301	-	5,301
Gain on forgiveness of debt	-	-	-	69,367	-	69,367
Change in value of annuity	-	-	-	-	6,499	6,499
Net investment return	(27,529)	(584,495)	(612,024)	159,350	403,652	563,002
Net assets released from restrictions, satisfaction of purpose restrictions	168,395	(168,395)	-	22,572	(22,572)	-
Total support and revenues	788,058	(443,190)	344,868	655,659	442,572	1,098,231
Expenses						
Program services, camping and environmental education	835,270	-	835,270	480,825	-	480,825
Supporting services, general and administrative	70,993	-	70,993	78,461	-	78,461
Fund raising	35,084	-	35,084	31,831	-	31,831
Total expenses	941,347	-	941,347	591,117	-	591,117
Change in net assets	(153,289)	(443,190)	(596,479)	64,542	442,572	507,114
Net assets, beginning	4,972,141	2,956,870	7,929,011	4,907,599	2,514,298	7,421,897
Net assets, ending	\$ 4,818,852	\$ 2,513,680	\$ 7,332,532	\$ 4,972,141	\$ 2,956,870	\$ 7,929,011

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

NICHOLAS WOLFF FOUNDATION, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022				2021			
	Program Services	General and Administrative	Fund Raising	Total	Program Services	General and Administrative	Fund Raising	Total
Salaries and wages	\$ 293,908	\$ 18,166	\$ 28,773	\$ 340,847	\$ 152,738	\$ 34,693	\$ 26,990	\$ 214,421
Depreciation	138,585	5,757	-	144,342	140,701	5,310	-	146,011
Supplies	121,835	9,302	3,008	134,145	15,517	9,487	1,688	26,692
Maintenance	89,745	-	-	89,745	64,477	-	-	64,477
KidsKash/Scholarships	59,808	-	-	59,808	6,710	-	-	6,710
Utilities	46,517	3,460	-	49,977	25,442	3,105	-	28,547
Payroll taxes	32,750	2,066	3,303	38,119	23,634	4,056	3,153	30,843
Insurance and occupancy	30,504	2,029	-	32,533	30,332	2,487	-	32,819
Professional fees	-	27,827	-	27,827	-	16,776	-	16,776
Employee benefits	18,424	-	-	18,424	18,579	-	-	18,579
Postage and printing	2,551	-	-	2,551	1,451	-	-	1,451
Miscellaneous	-	1,706	-	1,706	237	1,774	-	2,011
Continuing education	-	680	-	680	-	773	-	773
Vehicle expense	643	-	-	643	1,007	-	-	1,007
Total expenses by functional category before direct expenses of special events	<u>835,270</u>	<u>70,993</u>	<u>35,084</u>	<u>941,347</u>	<u>480,825</u>	<u>78,461</u>	<u>31,831</u>	<u>591,117</u>
Direct expenses of special events	<u>-</u>	<u>-</u>	<u>10,517</u>	<u>10,517</u>	<u>-</u>	<u>-</u>	<u>13,330</u>	<u>13,330</u>
Total expenses	<u>\$ 835,270</u>	<u>\$ 70,993</u>	<u>\$ 45,601</u>	<u>\$ 951,864</u>	<u>\$ 480,825</u>	<u>\$ 78,461</u>	<u>\$ 45,161</u>	<u>\$ 604,447</u>

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

NICHOLAS WOLFF FOUNDATION, INC.

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022	2021
Cash flows from operating activities		
Change in net assets	\$ (596,479)	\$ 507,114
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	144,342	146,011
(Gain) loss on investments	737,702	(425,691)
Contributions restricted to increase permanent endowments	(5,650)	(6,280)
Changes in assets and liabilities		
Other current assets	(1,289)	160
Accounts payable, trade	8,093	(544)
Deferred revenues	(21,306)	726
Other current liabilities	1,173	(6,930)
Annuity payable	-	(6,991)
	266,586	207,575
Net cash provided by operating activities		
Cash flows from investing activities		
Proceeds from sales of investments	110,000	562,951
Purchases of property and equipment	(76,176)	(29,271)
Purchases of investments	(207,332)	(715,583)
	(173,508)	(181,903)
Net cash used in investing activities		
Cash flows from financing activities		
Contributions restricted to increase permanent endowments	5,650	6,280
	5,650	6,280
Net increase in cash, cash equivalents and restricted cash	98,728	31,952
Cash, cash equivalents, and restricted cash, beginning of year	533,036	501,084
Cash, cash equivalents, and restricted cash, end of year	\$ 631,764	\$ 533,036

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:

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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 \$144,342 and \$146,011 for the years ended December 31, 2022 and 2021, 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, 2022 and 2021.

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.

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

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NOTES TO FINANCIAL STATEMENTS

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.

In-Kind Contributions

In-kind contributions are recorded at fair value at the time of receipt. These contributions are recognized as support in the statements of activities and either expenses in the statements of activities or as property and equipment in the statements of financial position. In-kind contributions consist of the following:

Contributed supplies and services: The Foundation utilizes contributed supplies and services to support its program activities. The contribution is recorded at the value of the supply or service as provided by the donor.

Contributed property and equipment: The Foundation utilizes contributed property and equipment to support its program activities. The contribution is recorded at the value of the property and equipment as provided by the donor.

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 2022 or 2021.

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 the 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 2022 and 2021, 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 2019.

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 Adopted Accounting Standard

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. The adoption of this standard had no impact on the Foundation’s 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.

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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 or board imposed restrictions within one year of the statement of financial position date:

	2022	2021
Financial assets at year-end		
Cash and cash equivalents	\$ 226,325	\$ 280,858
Cash, restricted	405,439	252,178
Assets whose use is limited	750,114	880,240
Investments, at fair value	3,762,105	4,272,349
Total financial assets at year-end	5,143,983	5,685,625
Less amounts with limits on usage		
Capital expenditures and camp improvements	(319,177)	(106,637)
KidsKash camp scholarships	(51,033)	(77,791)
Greenwood Environmental Education Center	(34,575)	(67,500)
Board designated maintenance reserve	(750,114)	(880,240)
Restricted for creation of a perpetual endowment	(2,108,895)	(2,704,942)
Financial assets available to meet cash needs for general expenditures within one year	\$ 1,880,189	\$ 1,848,515

3. CASH AND 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.

	2021	2020
Cash and cash equivalents	\$ 226,325	\$ 280,858
Cash, restricted	405,439	252,178
	\$ 631,764	\$ 533,036

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.

NICHOLAS WOLFF FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

4. INVESTMENTS / FAIR VALUE MEASUREMENTS

Financial Accounting Standards Board (FASB) 820, *Fair Value Measurements and Disclosures (Topic 820)*, establishes a framework for measuring fair value. That framework provides a fair value 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 inputs used to measure fair value are as follows:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access.

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

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

Equities and fixed income securities: Valued at the closing price reported on the active market on which the individual securities are traded.

Certificates of deposit: Valued at amortized cost as reported by the Foundation's financial institution, which approximates fair value.

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.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different

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methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

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

	2022			
	Total	Level 1	Level 2	Level 3
Cash and cash equivalents	\$ 295,112	\$ 295,112	\$ -	\$ -
Certificates of deposit	49,868	49,868	-	-
Fixed income securities	909,203	909,203	-	-
Equities	1,095,029	1,095,029	-	-
Mutual funds	1,412,893	1,412,893	-	-
Total	\$ 3,762,105	\$ 3,762,105	\$ -	\$ -

	2021			
	Total	Level 1	Level 2	Level 3
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	\$ -	\$ -

5. 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.

NICHOLAS WOLFF FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

The Foundation's Endowment consists of investments (See Note 5). Changes in Endowment assets for the years 2022 and 2021 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Balance, January 1, 2021	\$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
Total investment return	78,901	(584,495)	(505,594)
Contributions	-	5,350	5,350
Appropriation of endowment assets for expenditure	-	(10,000)	(10,000)
Balance, December 31, 2022	\$ 1,562,784	\$ 2,199,321	\$ 3,762,105

6. PROPERTY AND EQUIPMENT

Property and equipment consists of the following at December 31:

	2022	2021
Land and site improvements	\$ 1,077,150	\$ 1,077,150
Buildings and improvements	2,664,419	2,640,103
Equipment	600,659	568,005
Ropes Challenge Course equipment	66,092	66,092
Chapel	35,224	35,224
Automobile	17,389	17,389
Sewage treatment plant	238,214	238,214
Construction in process	19,206	-
Total cost	4,718,353	4,642,177
Less accumulated depreciation	2,476,045	2,331,703
Net	\$ 2,242,308	\$ 2,310,474

NICHOLAS WOLFF FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

7. 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, 2022 and 2021:

	2022			
	Total	Level 1	Level 2	Level 3
Cash and cash equivalents	\$ 47,728	\$ 47,728	\$ -	\$ -
Fixed income securities	385,224	385,224	-	-
Equities	115,288	115,288	-	-
Mutual funds	201,874	201,874	-	-
	<u>\$ 750,114</u>	<u>\$ 750,114</u>	<u>\$ -</u>	<u>\$ -</u>
	2021			
	Total	Level 1	Level 2	Level 3
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	-	-
	<u>\$ 880,240</u>	<u>\$ 880,240</u>	<u>\$ -</u>	<u>\$ -</u>

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

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 Coronavirus Aid, Relief, and Economic Security Act (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.

NICHOLAS WOLFF FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

9. RELEASE OF NET ASSETS

During 2022 and 2021, respectively, net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes specified by the donors as follows:

	<u>2022</u>	<u>2021</u>
Capital expenditures and camp improvements	\$ 111,987	\$ 15,862
KidsKash camp scholarships provided	<u>56,408</u>	<u>6,710</u>
Net assets released from restrictions	<u>\$ 168,395</u>	<u>\$ 22,572</u>

10. NET ASSETS WITH DONOR RESTRICTIONS

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

	<u>2022</u>	<u>2021</u>
Net assets subject to purpose restriction		
Capital expenditures and camp improvements	\$ 319,177	\$ 106,637
KidsKash camp scholarships	51,033	77,791
Greenwood Environmental Education Center	<u>34,575</u>	<u>67,500</u>
Total net assets subject to purpose restrictions	404,785	251,928
Restricted for creation of a perpetual endowment	<u>2,108,895</u>	<u>2,704,942</u>
Total net assets with donor restrictions	<u>\$ 2,513,680</u>	<u>\$ 2,956,870</u>

11. RELATED PARTY TRANSACTIONS

Various family members of the executive director and camp director were employed by the Foundation and were paid wages of \$16,460 and \$8,054 in 2022 and 2021, respectively.

Approximately \$750,000 and \$880,000 of the Foundation's funds were held in a brokerage account managed by one of the Foundation's board members at December 31, 2022 and 2021, 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.

12. 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.

NICHOLAS WOLFF FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

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.

13. COMMITMENTS

The Foundation's Executive Director will retire from the position in April 2024. The Foundation Board has approved a retirement program whereby she will receive payment of \$2,300 per month for the first 12 months as an "available consultant" and then \$1,600 per month for the following 4 years.

14. DATE OF MANAGEMENT'S REVIEW/SUBSEQUENT EVENTS

The Foundation has evaluated the period from January 1, 2023, through June 29, 2023, 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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