COMMUNITY FOUNDATION
FOR THE ALLEGHENIES

THE COMMUNITY FOUNDATION OF GREATER JOHNSTOWN
d/b/a COMMUNITY FOUNDATION FOR THE ALLEGHENIES

CONSOLIDATED FINANCIAL REPORT
June 30, 2021 and 2020

THE COMMUNITY FOUNDATION OF GREATER JOHNSTOWN
d/b/a COMMUNITY FOUNDATION FOR THE ALLEGHENIES

CONSOLIDATED FINANCIAL REPORT
June 30, 2021 and 2020

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Barnes Saly & Company P.C.
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS
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INDEPENDENT AUDITOR'S REPORT

Board of Directors
The Community Foundation of Greater Johnstown
d/b/a Community Foundation for the Alleghenies
Johnstown, Pennsylvania

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of the Community Foundation of Greater Johnstown (a nonprofit organization) d/b/a Community Foundation for the Alleghenies and its supporting organizations, which comprise the consolidated statements of financial position as of June 30, 2021 and 2020, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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Analyzing Yesterday. Adjusting Today. Planning Tomorrow.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Community Foundation of Greater Johnstown d/b/a Community Foundation for the Alleghenies and its supporting organizations as of June 30, 2021 and 2020, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 20 to the consolidated financial statements, the beginning net assets have been restated to correct a misstatement recorded in the prior period. Our opinion is not modified with respect to this matter.

Barnes Saly Company PC
Johnstown, Pennsylvania
November 29, 2021

THE COMMUNITY FOUNDATION OF GREATER JOHNSTOWN
d/b/a COMMUNITY FOUNDATION FOR THE ALLEGHENIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
June 30, 2021 and 2020

Assets

	2021	2020
Assets:		
Cash and cash equivalents	$ 9,683,241	$ 10,169,712
Investments	90,555,132	70,943,764
Contributions and grants receivable	416,527	890,216
Pledges receivable	147,271	228,233
Notes receivable, net	936,194	1,056,921
Interest income receivable, net	111,947	113,323
Prepaid expenses	62,527	73,515
Property and equipment, net	829,420	569,694
Cash surrender value of life insurance policies	43,143	45,724
Total assets	$ 102,785,402	$ 84,091,102

Liabilities and Net Assets

	2021	2020
Liabilities:		
Accounts payable and accrued liabilities	$ 613,242	$ 323,682
Line of credit	-	247,722
Grants payable	2,415,463	1,873,286
Deferred revenue	1,496,476	1,784,223
Agency and trust funds liability	10,578,123	8,437,069
Long term debt - PPP loan	104,900	251,649
Other liabilities	372,667	10,000
Total liabilities	15,580,871	12,927,631
Net Assets:		
Net assets without donor restrictions	2,114,928	1,419,761
Net assets with donor restrictions:		
Restricted by purpose	55,079,402	40,635,631
Restricted in perpetuity	30,010,201	29,108,079
Total net assets with donor restrictions	85,089,603	69,743,710
Total net assets	87,204,531	71,163,471
Total liabilities and net assets	$ 102,785,402	$ 84,091,102

See Notes to Consolidated Financial Statements

THE COMMUNITY FOUNDATION OF GREATER JOHNSTOWN
d/b/a COMMUNITY FOUNDATION FOR THE ALLEGHENIES

CONSOLIDATED STATEMENT OF ACTIVITIES
Year Ended June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Public Support and Revenues:			
Grants and contributions	$ 24,025	$ 13,731,627	$ 13,755,652
Special event revenue	12,860	367,086	379,946
Net investment income	77,791	757,034	834,825
Realized gains on investments	39,107	3,396,294	3,435,401
Unrealized gains on investments	250,100	12,061,551	12,311,651
Other income	310,465	556,869	867,334
In-kind contributions	52,949	19,191	72,140
Interest income - other	-	61,360	61,360
Fund balance reclassifications	-	(255)	(255)
Net assets released from restrictions	15,604,864	(15,604,864)	-
Total Public Support and Revenues	16,372,161	15,345,893	31,718,054
Expenses:			
Program	14,874,412	-	14,874,412
Administrative	480,955	-	480,955
Fundraising	321,627	-	321,627
Total Expenses	15,676,994	-	15,676,994
Change in Net Assets	695,167	15,345,893	16,041,060
Net assets, beginning of year	1,419,761	69,743,710	71,163,471
Net assets, end of year	$ 2,114,928	$ 85,089,603	$ 87,204,531

See Notes to Consolidated Financial Statements

THE COMMUNITY FOUNDATION OF GREATER JOHNSTOWN
d/b/a COMMUNITY FOUNDATION FOR THE ALLEGHENIES

CONSOLIDATED STATEMENT OF ACTIVITIES
Year Ended June 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Public Support and Revenues:			
Grants and contributions	$ 684,641	$ 15,924,798	$ 16,609,439
Special event revenue	5,862	401,916	407,778
Net investment income	17,876	1,053,749	1,071,625
Realized gains on investments	20,860	1,046,739	1,067,599
Unrealized (losses) on investments	(14,178)	(81,629)	(95,807)
Other income	33,295	176,197	209,492
In-kind contributions	57,654	7,604	65,258
Interest income - other	-	48,993	48,993
Fund balance reclassifications	10,000	43,336	53,336
Net assets released from restrictions	12,370,251	(12,370,251)	-
Total Public Support and Revenues	13,186,261	6,251,452	19,437,713
Expenses:			
Program	11,783,929	-	11,783,929
Administrative	491,817	-	491,817
Fundraising	240,697	-	240,697
Total Expenses	12,516,443	-	12,516,443
Change in Net Assets	669,818	6,251,452	6,921,270
Net assets, beginning of year	749,943	63,492,258	64,242,201
Net assets, end of year	$ 1,419,761	$ 69,743,710	$ 71,163,471

See Notes to Consolidated Financial Statements

THE COMMUNITY FOUNDATION OF GREATER JOHNSTOWN
d/b/a COMMUNITY FOUNDATION FOR THE ALLEGHENIES

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2021

	Program	Administrative	Fundraising	Total
Grants and charitable distributions	$ 11,245,561	$ -	$ -	$ 11,245,561
Supporting organization grants	828,194	-	-	828,194
Total grants and charitable distributions	12,073,755	-	-	12,073,755
Supporting organization program distributions	2,164,287	-	-	2,164,287
Other fund program distributions	161,880	-	-	161,880
Operating salaries and payroll taxes	258,205	223,798	121,810	603,813
Operating employee benefits	95,224	82,535	44,922	222,681
Contract labor and professional fees	16,696	73,532	6,096	96,324
Occupancy costs	22,441	19,451	10,587	52,479
Bedford and Somerset County expenses	-	1,200	2,801	4,001
Insurance	8,769	7,601	4,137	20,507
Office expense	39,162	54,767	41,473	135,402
Program and marketing	-	-	79,131	79,131
Memberships	10,673	9,251	6,125	26,049
Total program and operating expenses	2,777,337	472,135	317,082	3,566,554
Bad debt expense (recovery)	(5,406)	-	-	(5,406)
Depreciation	9,634	8,350	4,545	22,529
In-kind contributions	19,092	470	-	19,562
Total expenses	$ 14,874,412	$ 480,955	$ 321,627	$ 15,676,994

See Notes to Consolidated Financial Statements

THE COMMUNITY FOUNDATION OF GREATER JOHNSTOWN
d/b/a COMMUNITY FOUNDATION FOR THE ALLEGHENIES

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2020

	Program	Administrative	Fundraising	Total
Grants and charitable distributions	$ 8,448,747	$ -	$ -	$ 8,448,747
Supporting organization grants	653,471	-	-	653,471
Total grants and charitable distributions	9,102,218	-	-	9,102,218
Supporting organization program distributions	2,104,887	-	-	2,104,887
Other fund program distributions	129,588	-	-	129,588
Operating salaries and payroll taxes	247,789	219,108	101,201	568,098
Operating employee benefits	63,695	56,323	26,015	146,033
Contract labor and professional fees	15,817	72,466	4,766	93,049
Occupancy costs	22,890	20,240	9,349	52,479
Bedford and Somerset County expenses	-	956	2,231	3,187
Insurance	8,371	7,403	3,419	19,193
Office expense	18,939	97,531	23,834	140,304
Program and marketing	-	-	62,074	62,074
Memberships	8,701	7,695	4,953	21,349
Total program and operating expenses	2,620,677	481,722	237,842	3,340,241
Bad debt expense	38,087	-	-	38,087
Depreciation	15,343	4,920	2,855	23,118
In-kind contributions	7,604	5,175	-	12,779
Total expenses	$ 11,783,929	$ 491,817	$ 240,697	$ 12,516,443

See Notes to Consolidated Financial Statements

THE COMMUNITY FOUNDATION OF GREATER JOHNSTOWN
d/b/a COMMUNITY FOUNDATION FOR THE ALLEGHENIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
Years Ended June 30, 2021 and 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$ 16,041,060	$ 6,921,270
Adjustments to reconcile change in net assets to cash used in operating activities:		
Depreciation expense	22,529	23,118
Depreciation expense of supporting organizations	15,287	3,149
Additions (reduction) to allowance for loan losses, net	(3,927)	36,795
Realized (gains) on investments	(3,435,401)	(1,067,599)
Unrealized (gains) losses on investments	(12,311,651)	95,807
(Gain) on forgiveness of PPP loans	(356,549)	-
(Increase) decrease in assets:		
Contributions and grants receivable	473,689	(887,114)
Pledges receivable	80,962	(91,357)
Investment income receivable, net	(26,117)	(16,725)
Prepaid expenses	10,988	(17,967)
Cash surrender value of life insurance policies	2,581	88,697
Increase (decrease) in liabilities:		
Grants payable	542,177	220,197
Accounts payable and accrued liabilities	289,560	(94)
Agency and trust funds liability	2,141,054	(22,966)
Deferred revenue	(287,747)	(1,543,712)
Other liabilities	362,667	-
Net cash provided by operating activities	3,561,162	3,741,499
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	(297,543)	(439,722)
Notes receivable advances	(15,000)	(92,524)
Payments received on notes receivable	167,148	131,837
Net increase in investments	(3,864,316)	(349,753)
Net cash (used) in investing activities	(4,009,711)	(750,162)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net proceeds from (payments on) line of credit	(247,722)	247,722
Proceeds from long-term debt-PPP loan	209,800	251,649
Net cash provided by (used in) financing activities	(37,922)	499,371
Net increase (decrease) in cash and cash equivalents	(486,471)	3,490,708
Cash and cash equivalents, beginning of year	10,169,712	6,679,004
Cash and cash equivalents, end of year	$ 9,683,241	$ 10,169,712
Cash and cash equivalents are composed of:		
Cash and cash equivalents - unrestricted	$ 120,507	$ 232,109
Cash and cash equivalents - restricted	9,562,734	9,937,603
	$ 9,683,241	$ 10,169,712

See Notes to Consolidated Financial Statements

Note 1: Nature of Activities and Summary of Significant Accounting Policies

Organization

The Community Foundation of Greater Johnstown d/b/a Community Foundation for the Alleghenies (Foundation), was incorporated on July 16, 1990. The Foundation is recognized as a publicly supported charitable organization under Section 501(c)(3) of the Internal Revenue Code and is not a private foundation as defined in Sections 509(a)(1) and 170(b)(1)(A)(vi) of the Code. The Foundation's primary goal is to serve the best interest of donors in perpetuating their philanthropic interest in financially supporting the communities located primarily in the Pennsylvania counties of Bedford, Cambria, Somerset and Indiana.

The consolidated financial statements include the operations of these supporting organizations: Foundation for Pennsylvania Watersheds (FPW), Firecrackers Alliance (FTA), Southwest Pennsylvania Environmental Health Project (SPEHP), John P. Murtha Foundation (JPMF), and Regional Property Holding Company, Inc (RPHC).

FPW, FTA and SPEHP are Type 1 supporting organizations of the Foundation under Section 509(a)(3) of the Internal Revenue Code (IRC). These entities are organized and operate exclusively for the benefit of, to perform the function of and to carry out the purposes of the Foundation specifically working with protecting Pennsylvania's water resources and watersheds. JPMF is a Type 1 supporting organization of the Foundation under Section 509(a)(3) of the Internal Revenue Code. JPMF was organized to preserve historical materials, promote research through educational facilities and materials and to provide forums and venues for public debate, research and academic inquiry into local, regional and national public service issues. RPHC was formed as a 501(c)(2) tax-exempt organization of the Foundation to hold title to property on behalf of the Foundation. As defined by the Internal Revenue Service, a Type 1 supporting organization is controlled by the Foundation through operation, supervision, or control by appointing the majority of the supporting organization's board members.

All material inter-organization balances and transactions have been eliminated in the preparation of the accompanying consolidated financial statements.

Basis of Accounting

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

In accordance with the Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-14, Presentation of Financial Statements of Not-for-Profit Entities, the Foundation is required to report information regarding its financial position according to two classes of net assets.

Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. In the accompanying consolidated financial statements, net assets that have similar characteristics have been combined into similar categories as follows:

Note 1: Nature of Activities and Summary of Significant Accounting Policies (continued)

Basis of Accounting (continued)

Net assets without donor restrictions - Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Foundation's management and the board of directors.

Net assets with donor restrictions - Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Foundation or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

In accordance with ASC 958.225 *Classification of Revenues, Expenses, Gains and Losses*, the Foundation reports gifts of cash and other assets as restricted support if they are restricted with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose for the restriction is accomplished, net assets with donor restrictions are released from restrictions to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions.

Expenses are reported as decreases in net assets without donor restrictions. Expirations of donor-imposed stipulations that simultaneously increase one class of net assets and decrease another are reported as reclassifications between the applicable classes of net assets (net assets released from restrictions) in the consolidated statements of activities.

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, and the reported amounts of revenues and expenses during the reporting periods. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

The Foundation considers short-term investments with initial maturities of three months or less to be cash equivalents, excluding cash equivalents held temporarily for investment purposes by investment custodians. Temporary cash positions in investment portfolios are considered investments and are not included in cash and cash equivalents in the accompanying consolidated financial statements. A portion of cash is restricted by donors and grantees for various specific purposes.

Contributions Receivable

Unconditional promises to give are recognized as revenue in the period received and as assets.

Note 1: Nature of Activities and Summary of Significant Accounting Policies (continued)

Investments

Investments are reported at their fair values in the consolidated statements of financial position with unrealized gains and losses included in the consolidated statement of activities and changes in net assets. The Foundation follows the established fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value.

Investments, except for real estate, are held in trusts administered by various local banks and major brokerage firms, which are responsible for custody and investment management. The Board of Directors sets investment policy, selects the financial institutions and reviews investment performance based on investment policies adopted by the Board. The Foundation contracts the investment services of a professional consulting firm to provide chief investment officer oversight and an additional layer of fiduciary responsibility. The goal is for the Foundation to achieve greater professional investment management for all its donors' funds, now and in the future.

Realized gains or losses from redemption or sale of investments is determined based on specific cost. Unrealized gains or losses represents the gains or losses on investments held throughout the year and are included in the change in net assets in the accompanying consolidated statements of activities. Investment management and custodial fees are netted against investment income. Management and custodial fees were $372,065 and $360,681 for the years ended June 30, 2021 and 2020, respectively.

The Foundation's investments are exposed to various risks, such as interest rate, market, and credit. Due to the level of risk associated with investments and the level of uncertainty related to changes in the value of investments, it is at least reasonably possible that significant changes in risks in the near term may materially affect the amounts reported in the financial statements.

Property and Equipment

Property and equipment are recorded at cost at date of acquisition, or if donated, at fair market value at the date of donation. Property and equipment are depreciated using the straight-line method over the estimated useful lives of the depreciable assets ranging from five to seven years. Amortization of leasehold improvements is provided on a straight-line basis over the remaining term of the lease or the useful life of the improvement, whichever is shorter.

Notes Receivable

Loans extended from several funds are reported on the consolidated statements of financial position at the outstanding principal. The Foundation has adjusted notes receivables for all known uncollectible amounts. An allowance of $470,063 and $493,998 was recorded as of June 30, 2021 and 2020, respectively. An allowance for loan losses is a valuation for probable loan losses and related accrued interest receivable recorded on notes receivable. Management estimates the allowance balance using information about specific borrower's current and projected financial condition and operating results, their payment history, and their ability to generate sufficient cash flow to make payments when due.

Note 1: Nature of Activities and Summary of Significant Accounting Policies (continued)

Notes Receivable (continued)

Management believes the allowance for loan losses is adequate. While management uses the best information available to make evaluations, future adjustments may be necessary if economic and other conditions differ from the assumptions used.

Grants Payable

Unconditional promises to give are recognized as grants payable and expenses in the period the grant award is approved by the Foundation.

Agency and Trust Funds

FASB ASC 958-605, *Transfer of Assets to a Not-for-Profit Entity or Charitable Trust that Raises or Holds Contributions for Others,* establishes standards for transactions in which a not-for-profit organization accepts a contribution from a donor and agrees to transfer those assets, the return on investment of those assets or both to another entity that is specified by the donor. The Foundation recognizes a liability for those funds in which it does not have variance power over the use of the transferred assets. Variance power is a power explicitly granted in the donor agreement permitting the Foundation to redirect the use of the assets transferred to the Foundation to a beneficiary other than the one stated in the donor agreement. The Foundation has determined the funds for which a variance power does not exist. The transactions of these funds are not reflected in the statement of activities as the Foundation is acting as an agent for these funds. For those funds, the unexpended portion of such funds is reported as a liability instead of as a net asset of the Foundation.

Advertising

The policy of the Foundation is to expense advertising costs, as they are incurred. Costs incurred amounted to $79,383 and $62,074 for the years ended June 30, 2021 and 2020, respectively.

Income Taxes

The Foundation and its supporting organizations are not-for-profit organizations that are exempt from income taxes under Section 50l(c)(3) of the Internal Revenue Code. The Regional Property Holding Company, Inc. is a holding corporation exempt from income taxes under Section 501(c)(2) of the Internal Revenue Code. No income taxes have been paid or accrued in the consolidated financial statements.

Management has analyzed the tax positions taken by the Foundation and its supporting organizations and has concluded that as of June 30, 2021, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the consolidated financial statements. The Foundation's income tax returns are subject to review and examination by federal and state authorities. The Foundation is not aware of any activities that would jeopardize their tax-exempt statuses. The Foundation's tax returns for the years ending June 30, 2018 and forward are open to examination by federal and state authorities.

Note 1: Nature of Activities and Summary of Significant Accounting Policies (continued)

Donated Services and In-Kind Contributions

Donated services are recognized as contributions in accordance with generally accepted accounting principles, if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills and would otherwise be purchased by the Foundation. The consolidated statements of activities include in-kind contributions totaling $19,662 and $12,779 for donated goods and services for the years ended June 30, 2021 and 2020, respectively. The Foundation is provided office space free of charge for offices located in Cambria, Bedford and Somerset Counties. The consolidated statements of activities include in-kind contributions and occupancy expense in the amount of $52,479 and $52,479 for this office space for the years ended June 30, 2021 and 2020, respectively.

A number of unpaid volunteers donated their time and performed a variety of tasks that assist the Foundation in implementing various projects and programs throughout the year. However, these services are not recognized as contributions in the financial statements since the recognition criteria under current accounting standards were not met.

Functional Expense Allocation

The costs of providing the various programs and other activities are summarized on a functional basis in the accompanying consolidated statements of activities. Directly identifiable expenses are charged to the applicable programs and supporting services. Expenses related to more than one function are allocated among the programs and supporting services benefited based on management's time and service estimates. Management and general expense include those expenses that are not directly identifiable with any other specific functions, but provide for the overall support and direction of the Foundation. All expenses incurred by the Foundation's supporting organizations and those funds where the Foundation acts as the fiscal sponsor are recorded as program expenses within these consolidated financial statements. Fundraising expenses include originating and maintaining relationships with donors.

Risks and Uncertainties

Financial instruments, which potentially expose the Foundation to concentrations of credit risk, include cash and investments in marketable securities. As a matter of policy, the Foundation maintains cash balances only with financial institutions having a high credit quality. Concentration of credit risk for investments in marketable securities is mitigated by the overall diversification of managed investment portfolios. Investment securities are also exposed to various other risks such as interest rate and market risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in values of investment securities will occur in the near-term and that such changes could materially affect the amount reported on the consolidated statements of financial position.

Note 1: Nature of Activities and Summary of Significant Accounting Policies (continued)

Deferred Funds and Bequests

Contributions such as a bequest or a residual trust distribution contingent upon the occurrence of some future event have not been included in the accompanying consolidated financial statements.

Reclassifications

Certain prior year amounts have been reclassified to conform to the current year presentation. This reclassification had no effect on total assets or change in net assets.

Recent Accounting Pronouncements

Accounting Standard Adopted
The requirements of the following Financial Accounting Standards Board (FASB) Accounting Standards Update were adopted during the year ended June 30, 2020. Accounting Standards Update (ASU) 2018-08, "*Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (Topic 958)," which provides guidance for characterizing grants and similar contracts with government agencies and others as reciprocal transactions (exchanges) or nonreciprocal transactions (contributions) and distinguishing between conditional and unconditional contributions. The Foundation implemented this new standard under a modified prospective basis. Accordingly, there is no effect on the net assets related to the implementation of this standard. Due to the implementation of ASU 2018-08, grants from other foundations previously recorded as deferred revenue are now being recorded as contribution revenue in the year received or the year in which an unconditional pledge is received.

Accounting Standard Pending
In February 2016, FASB issued ASU 2016-02, Leases (Topic 842). The guidance is this ASU supersedes the leasing guidance in Topic 840, Leases. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the statement of financial position for all lease terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. The effective date of ASU 2016-02 has been delayed one year for nonpublic entities from its original effective date. ASU 2016-02 is now effective for fiscal years beginning after December 15, 2021 (fiscal year ending June 30, 2023 for the Foundation). Early application of the amendments in ASU 2016-02 is allowed. The Foundation is currently evaluating the impact of the pending adoption of the new standard on their consolidated financial statements.

Subsequent Events

The Foundation has evaluated subsequent events through the date of the audit report, the date in which the financial statements were available to be issued. The results of this evaluation indicated that there are no subsequent events or transactions that are required to be disclosed in the consolidated financial statements.

Note 2: Cash and Cash Equivalents

Cash and cash equivalents consisted of the following as of June 30, 2021 and 2020:

	2021	2020
Unrestricted cash	$ 120,507	$ 232,109
Restricted cash	9,562,734	9,937,603
Total	$ 9,683,241	$ 10,169,712

The Foundation maintains its cash balances at several financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to $250,000. The Foundation's uninsured cash bank balances were $8,825,641 and $9,291,398 as of June 30, 2021 and 2020, respectively. The Foundation mitigates its risk by investing with reputable commercial institutions with satisfactory credit ratings. The Foundation has never experienced any losses in such accounts and believes it is not exposed to any significant risk therein.

Note 3: Investments and Fair Value

Foundation investments are generally pooled. Segregated accounts are created at the Foundation's discretion, generally at the request of donor or due to the nature of the gift. Investments are summarized as follows as of June 30, 2021 and 2020:

	2021	2020
Investments at fair value:		
Cash and cash equivalents	$ 1,104,173	$ 2,795,536
Government securities and government agencies	3,526,357	3,829,627
Corporate bonds and notes	9,821,229	8,964,004
Common and preferred stock	17,860,167	11,994,970
Mutual funds-fixed income	10,621,415	10,714,851
Mutual funds-equity	46,510,342	31,474,956
Real estate and other	1,111,449	1,169,820
	$ 90,555,132	$ 70,943,764

FASB Accounting Standards Codification (ASC) 820, Fair Value Measurements requires that assets and liabilities reported at fair value be classified in one of three levels. ASC 820 defines fair value, establishes a framework for measuring fair value, and mandates disclosures about fair value for assets and liabilities carried at fair value. ASC 820 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. ASC 820 also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

Note 3: Investments and Fair Value (continued)

ASC 820 describes three levels of inputs that may be used to measure fair value:

- Level 1 - Quoted prices in active markets for identical assets and liabilities.
- Level 2 - Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in active markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies as of June 30, 2021 and 2020.

Cash and cash equivalents – These investments are valued at the net asset of the units held by the Foundation at year-end.

Government securities, government agencies and corporate bonds and notes – Securities for which quotations are readily available in active markets are valued at the most recent quote in the principal market in which securities are normally traded. These investments may also include securities valued on the basis of information provided by pricing services that employ valuation models reflecting such factors as benchmark yields, reported trades, broker/dealer quotes, bid/offer data and other relevant elements.

Common stock and preferred stock – Corporate stocks traded in active markets are valued based on quoted prices of the shares held by the Foundation at year-end.

Mutual funds – Investments in these funds are valued using the net asset value per unit as quoted in active markets at the valuation date.

Common trust fund – Value based on the fair value of the securities within the common trust fund at the daily closing price as reported and valued by the fund.

Real estate and other – Investments consist primarily of real estate and are valued based on appraisals and other estimated methods.

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

Note 3: Investments and Fair Value (continued)

The following table represents fair value of assets measured as of June 30, 2021:

	Level 1	Level 2	Level 3	Total
Fair Value Measurements on a Recurring Basis:				
Cash and cash equivalents	$ 1,104,173	$ -	$ -	$ 1,104,173
Government securities and government agencies	-	3,526,357	-	3,526,357
Corporate bonds and notes	-	9,821,229	-	9,821,229
Common trust fund	-	806,524	-	806,524
Common and preferred stocks	17,860,167	-	-	17,860,167
Equity mutual funds	45,703,818	-	-	45,703,818
Fixed income mutual funds	10,621,415	-	-	10,621,415
Total-recurring basis	75,289,573	14,154,110	-	89,443,683
Fair Value Measurements on a Nonrecurring Basis:				
Real estate and other	-	-	1,111,449	1,111,449
Total-nonrecurring basis	-	-	1,111,449	1,111,449
	$ 75,289,573	$ 14,154,110	$ 1,111,449	$ 90,555,132

The following table represents fair value of assets measured as of June 30, 2020:

	Level 1	Level 2	Level 3	Total
Fair Value Measurements on a Recurring Basis:				
Cash and cash equivalents	$ 2,795,536	$ -	$ -	$ 2,795,536
Government securities and government agencies	-	3,829,627	-	3,829,627
Corporate bonds and notes	-	8,964,004	-	8,964,004
Common trust fund	-	1,181,874	-	1,181,874
Common and preferred stocks	11,994,970	-	-	11,994,970
Equity mutual funds	30,293,082	-	-	30,293,082
Fixed income mutual funds	10,714,851	-	-	10,714,851
Total-recurring basis	55,798,439	13,975,505	-	69,773,944
Fair Value Measurements on a Nonrecurring Basis:				
Real estate and other	-	-	1,169,820	1,169,820
Total-nonrecurring basis	-	-	1,169,820	1,169,820
	$ 55,798,439	$ 13,975,505	$ 1,169,820	$ 70,943,764

Note 3: Investments and Fair Value (continued)

The following reconciles the beginning and ending balances of financial assets measured at fair value using significant unobservable (Level 3) inputs during the years ended June 30, 2021 and 2020:

	2021	2020
Balance, beginning of year	$ 1,169,820	$ 1,169,820
Purchases/contributions	221,629	-
Sales/disposals/write-downs	(280,000)	-
Balance, end of year	$ 1,111,449	$ 1,169,820

A portion of these investments includes investments held for others as Agency and Trust funds, which are reflected as a corresponding liability on the consolidated statements of financial position.

The Foundation maintains investment balances at various brokerage and investment companies. These investments consist of cash, money market funds and other short-term investments, various mutual funds, stocks, and bonds. Generally, they are not insured by the FDIC or any other government agency and are subject to investment risk, including the risk of loss of principal. Investors are provided limited protection by the Securities Investor Protection Corporation, a nonprofit membership corporation funded by its member securities broker dealers.

Note 4: Property and Equipment

Property, plant and equipment consisted of the following as of June 30, 2021 and 2000:

	2021	2020
Office equipment	$ 101,305	$ 101,305
Building	737,265	439,722
Leasehold improvements	167,515	167,515
	1,006,085	708,542
Less: Accumulated depreciation	(176,665)	(138,848)
Total	$ 829,420	$ 569,694

Depreciation expense amounted to $37,816 and $26,267 for the years ended June 30, 2021 and 2020, respectively. The depreciation expense includes $15,287 and $3,149 of depreciation on assets held by supporting organizations as of June 30, 2021 and 2020, respectively, which were reclassified as program expenses in the preparation of the consolidated financial statements.

Note 5: Pledges Receivable

Pledges receivable consist of unconditional promises to give stated amounts over future periods. None of the amounts included are contingent upon any donor conditions and none of these receivables are pledged in any way. The consolidated statements of financial position reflects no allowance for any uncollectible promises and no discount of the pledge due to the future collection of these funds. As of June 30, 2021, the total pledges receivable of $147,271 are estimated to be collectible as follows: $102,379 within the next year and $44,892 in one to five years. As of June 30, 2020, the total pledges receivable of $228,233 are estimated to be collectible as follows: $93,249 within the next year and $134,984 in one to five years.

Note 6: Loans and Interest Receivable

The Foundation has loans outstanding to businesses, non-profit organizations and students from several funds. Repayment terms vary from five to fifteen years with interest rates ranging from 2% to 12%.

Loans and interest receivable are as follows as of June 30, 2021 and 2020:

	2021	2020
Loans receivable in less than one year	$ 414,968	$ 486,093
Loans receivable in one to five years	698,903	794,619
Loans receivable in more than five years	106,537	110,373
Total loans receivable	1,220,408	1,391,085
Less allowance for loan losses	284,214	334,164
Net loans receivable	936,194	1,056,921
Interest receivable	191,835	164,679
Less allowance for interest receivable	185,849	159,834
Net interest receivable	5,986	4,845
Net loans and interest receivable	$ 942,180	$ 1,061,766

Management determined the need for an allowance based on review of the individual loans outstanding. Management has established an allowance for loan and interest losses of $470,063 and $493,998 as of June 30, 2021 and 2020, respectively.

During the years ended June 30, 2021 and 2020, the Foundation received principal payments of $167,148 and $131,837, respectively, and recorded interest income on these loans receivable in the amounts of $61,360 and $48,993, respectively.

Activity in the allowance was as follows in the years ending June 30, 2021 and 2020:

	2021	2020
Beginning balance	$ 493,998	$ 457,203
Loans charged against allowance	(18,529)	-
Losses (recovery) charged to current expense	(5,406)	36,795
Ending balance	$ 470,063	$ 493,998

Note 7: Grants and Grants Payable

Grants approved by the Distribution Committee are recorded as grant expenses. Included within this category are grants and scholarships awarded under donor advised and donor designated funds. Grant expense by category is as follows for the years ended June 30, 2021 and 2020:

	2021	2020
Arts and Culture	$ 208,810	$ 116,856
Education and Scholarships	1,309,563	1,674,003
Children and Youth	14,290	61,026
Health, Human Services and Religion	1,957,640	1,281,532
Heritage and Civic Affairs	61,826	55,017
Environmental Development and Economic Community Development	4,500,727	3,461,205
Total grants paid	8,052,856	6,649,639
Less: grants paid from agency and trust funds	(90,291)	(204,138)
Total grant expense	$ 7,962,565	$ 6,445,501

Grants authorized but unpaid at year end are reported as liabilities. In accordance with ASU 2018-08, grants payable represents amounts approved by the Distribution Committee for which the barriers for payment have been met. Grants to be paid in more than one year were not discounted since the discount amount was deemed to be insignificant. The following is a summary of grants authorized and payable as of June 30, 2021 and 2020:

	2021	2020
To be paid within one year	$ 2,084,413	$ 1,850,786
To be paid in one to five years	323,050	22,500
To be paid after five years	8,000	-
Grants authorized and unpaid	$ 2,415,463	$ 1,873,286

Note 8: Lines of Credit

The Foundation has a line of credit at AmeriServ Financial with allowable maximum borrowings of $25,000 and a variable interest rate. The Foundation did not draw down on the line of credit during the years ended June 30, 2021 and 2020.

The Foundation secured a second line of credit (Line) at AmeriServ Financial in June 2019 to provide funding for the construction of Creator Square in collaboration with other organizations. The Line provides for funds to be advanced up to a maximum amount of $300,000 at any one time. The interest rate applicable to the Line is the base rate of AmeriServ Financial as determined in the agreement and is based on variable short-term market rates. The rate of interest on the Line was 6.50% on June 30, 2020. The indebtedness under the Line was collateralized by a certificate of deposit held at AmeriServ Financial. The outstanding balance as of June 30, 2020 on the Line was $247,722. Upon the completion of Creator Square, the Line was paid off in February 2021 and was closed and not renewed.

Note 9: Deferred Revenue

During the years ended June 30, 2021 and 2020, various operating and flow-through grants were received which are to be expended in subsequent periods. Scheduled below are the grants received which were not expended as of June 30, 2021 and 2020, and are classified as deferred revenue:

	2021	2020
Geneon NRG Energy, Inc.	$ 1,299,774	$ 1,597,258
Various other grants/fund gifts under $100,000	103,356	103,540
Various deferred flow-through fees	93,346	83,425
Total	$ 1,496,476	$ 1,784,223

Note 10: Agency and Trust Funds

Agency funds are those funds where the donor charity created the fund for their own benefit. Trust funds are those funds where the donor that created the fund specifies a beneficiary, other than the donor, to receive the income or principal of the fund and the Foundation does not have the ability to designate another beneficiary. Since the Foundation maintains legal ownership of these funds, the assets are reported as assets of the Foundation. However, a liability has been established for the fair value of the funds amounting to $10,578,123 and $8,437,069 as of June 30, 2021 and 2020, respectively.

Activity within these funds in the years ended June 30, 2021 and 2020 consisted of the following:

	2021	2020
Beginning balance	$ 8,437,069	$ 8,460,035
Contributions and gifts	107,197	11,407
Investment income	166,864	208,603
Realized and unrealized gains	2,089,803	140,757
Grants and distributions	(222,810)	(330,397)
Reclassifications of funds	-	(53,336)
Ending balance	$ 10,578,123	$ 8,437,069

Note 11: Long-Term Debt

In April and August of 2020, the Foundation and certain of its supporting organizations received three unsecured Paycheck Protection Program ("PPP") Loans totaling $356,549, which was established under the Coronavirus Aid, Relief and Economic Security Act ("Cares Act"). Each PPP Loan is evidenced by a promissory note to the financial institutions. The term of each PPP Loan is two years. The interest rate on each PPP loan is 1.00%, which is deferred for the first six months of the term of the PPP Loan. Under the Cares Act, loan forgiveness is available for the sum of documented payroll costs, covered rent payments and covered utilities during the measurement period beginning on the date of first disbursement of the PPP loan. The receipt of the funds, and the forgiveness of the loan is dependent on the Foundation and its supporting organizations having initially qualified for the loan and qualifying for the forgiveness of such loan based on its adherence to the forgiveness criteria. The Foundation and its supporting organizations are using the proceeds from the PPP Loans to fund payroll costs in accordance with the relevant terms and conditions of the Cares Act. The Foundation and its supporting organizations are following the government guidelines and tracking costs to be eligible for 100% forgiveness of the loan. To the extent it is not forgiven, the Foundation and its supporting organizations would be required to repay that portion at an interest rate of 1% over a period of two years. The PPP loan may be prepaid in whole or in part at any time without penalty. In the year ending June 30, 2021, the Foundation and its supporting organizations were notified by their financial institutions that the $356,549 in principal was remitted to the financial institutions by the U.S. Small Business Administration ("SBA"), thereby providing forgiveness to the Foundation and its supporting organizations for the payment of these balances. The $356,549 in principal remitted by the SBA is recorded on the statements of activities within other income for the year end June 30, 2021.

In February 2021, the Southwest Pennsylvania Environmental Health Project (SPEHP) received a second unsecured Payroll Protection Program Loan ("PPP2") in the amount of $104,900, which was established under the 2021 Consolidated Appropriations Act ("CCA Act"). Eligibility requirements for PPP2 include among other requirements, used up the first PPP loan for eligible expenses, having 300 or fewer employees and experiencing a revenue reduction of 25 percent or greater in 2020 as compared to 2019 for one quarter in 2020. Under the CCA Act, loan forgiveness is available for the sum of documented payroll costs, covered rent payments, covered utilities and certain other operational costs during the measurement period beginning on the date of first disbursement of the PPP2 loan. The receipt of the funds, and the forgiveness of the loan is dependent on SPEHP having initially qualified for the loan and qualifying for the forgiveness of such loan based on its adherence to the forgiveness criteria. SPEHP will be using the proceeds from the PPP2 Loan to fund payroll and rent costs in accordance with the relevant terms and conditions of the CCA Act. The SPEHP is following the government guidelines and tracking costs to be eligible for 100% forgiveness of the loan. To the extent it is not forgiven, SPEHP would be required to repay that portion at an interest rate of 1% over a period of five years. Loan payments are deferred for 10 months after the covered period ends or when SPEHP would receive a forgiveness verdict, whichever comes first. The PPP2 loan may be prepaid in whole or in part at any time without penalty.

Approximate principal payments required should the entire amount not be forgiven would be as follows: $999 in June 30, 2022; $27,960 in June 30, 2023; $28,241 in June 30, 2024; $28,525 in June 30, 2025 and $19,175 in June 30, 2026.

Note 12: Net Assets Released from Restrictions

Net assets of $15,604,864 and $12,370,251 were released from restrictions during the years ended June 30, 2021 and 2020, respectively, by incurring expenses satisfying the restricted purposes or by the occurrence of other events specified by the donors. These expenses included the payment of grants and distributions disbursed directly by the Foundation and to fund the payment of endowment related expenses and expenses incurred by its supporting organizations.

Note 13: Management Fees

The Foundation assesses management fees on funds which are used to support the operations of the Foundation. This inter-company activity is eliminated in the preparation of the consolidated financial statements. The Foundation received $1,270,057 and $1,078,926 in management fees from the funds for the years ended June 30, 2021 and 2020, respectively.

Note 14: Retirement and Deferred Compensation Plan

The Foundation has a 401(k) pension plan ("Plan") covering eligible employees age 21 years or older who have been employed by the Foundation for at least one year. Currently, the Foundation will match 100% of the employee's deferrals up to a maximum of $5,000. The Foundation amended the Plan effective July 1, 2006 which provided for, based on Board approval, discretionary contributions in excess of the previous $5,000 limit. The Foundation's contributions to the Plan for the years ended June 30, 2021 and 2020 was $70,945 and $54,224, respectively. There was no discretionary contribution for the years ended June 30, 2021 and 2020. Contributions paid for supporting organizations amounting to $31,677 and $26,699 for the years ended June 30, 2021 and 2020, respectively, are recorded as program expenses and not employee benefits within the consolidated statements of activities.

The Foundation has a deferred compensation plan for the Foundation's President. The liability of $372,667 and $10,000 as of June 30, 2021 and 2020, respectively, is included in other liabilities within the statements of financial position. The deferred compensation plan is fully funded.

Note 15: Concentration of Credit Risk

The majority of the Foundation's operations is funded by management fees generated from endowment funds maintained within the Foundation. A significant decline in the market value of the investments could have an adverse impact on these management fees and on the Foundation's operations.

Note 16: Cash Surrender Value of Life Insurance Policies

The Foundation is the owner and beneficiary of an insurance policy on the life of a supporter of the Foundation with a face value of $500,000 and a cash surrender value of $43,143 and $45,724 as of June 30, 2021 and 2020, respectively. This policy is accounted for under the investment method and recorded at its cash surrender value. There are no contractual restrictions on the ability to surrender this policy.

Note 17: Endowments

Interpretation of Relevant Law

Current authoritative accounting guidance provides guidance on the net asset classification of donor-restricted endowment funds for a not-for-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA). Current authoritative accounting guidance also requires enhanced disclosures about an organization's endowment funds (both donor restricted endowment funds and board designated endowment funds) whether or not the organization is subject to UPMIFA.

The Commonwealth of Pennsylvania has not adopted UPMIFA. The Commonwealth of Pennsylvania has enacted Act 141 (the Act). The Act permits the Foundation to elect a "total return policy." The Act allows an organization's trustees to define "income" as a stipulated percentage of endowment assets (between 2% and 7% of the fair value of assets averaged over a period of the three preceding years or over a shorter period in cases of assets held less than three years) without regard to actual interest, dividends, or realized or unrealized capital gains. Income derived from the endowments is used to support operations and programs which meet the Foundation's mission.

Consistent with governing law, the Foundation has interpreted relevant law as requiring the preservation of the fair value of the original gift and subsequent gifts as of the gift date of the donor-restricted endowment fund absent explicit donor stipulations to the contrary. Unless the terms of the gift instrument state otherwise, accumulated net investment income may be spent over time by the Foundation. Therefore, in accordance with Commonwealth of Pennsylvania law regarding the investment of trust funds, investment income and net appreciation on endowment funds are classified as net assets with donor restrictions. Gains and losses attributable to donor-restricted endowed funds are recorded as net assets with donor restrictions.

Spending Policy

The Foundation will provide distributions of 4.5% of its endowment funds based on a 3-year moving average market value on an annual basis. The Foundation expects the current spending policy to allow its endowment funds to grow at an average rate over the long term. This is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets held in perpetuity as well as to provide additional real growth over time through investment return.

Note 17: Endowments (continued)

Strategies Employed for Achieving Objectives

The Foundation's investment objective is to maximize returns through a diversified portfolio of assets consisting of equity, fixed income and cash. The Foundation's endowment funds are collectively managed in this diversified portfolio. The board of directors is responsible for the approval of investment policies and for reviewing the selection of investment advisors and investment performance. The endowment assets are invested in a manner that is intended to produce growth and income while assuming a moderate investment risk. Annual returns in any given year may vary from this amount. The Foundation relies on an active asset allocation strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends).

The following tables provide a summary of the changes in value of endowment net assets, which are all classified as net assets with donor restrictions for the years ending June 30, 2021 and 2020:

	2021	2020
Endowment net assets, beginning of year	$ 43,710,742	$ 43,630,329
Gifts and contributions	2,142,738	1,085,243
Other income	71,266	56,596
Transfers between funds	149,465	-
Investment return:		
Investment income	857,556	1,040,422
Net appreciation	11,523,966	671,715
Total investment return	12,381,522	1,712,137
Amounts appropriated for expenditures	(2,963,439)	(2,773,563)
Endowment net assets, end of year	$ 55,492,294	$ 43,710,742

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or Pennsylvania Act 141 requires the Foundation to retain as a fund of perpetual duration. In accordance with generally accepted accounting principles, no deficiencies of this nature are reported in net assets with donor restriction as of June 30, 2021.

Note 18: Availability and Liquidity

The Foundation's financial assets available within one year of the consolidated statements of financial position date for general expenditure are as follows as of June 30, 2021:

Cash and cash equivalents	$	471,702
Investments		1,633,290
Accounts receivable and other assets		7,131
	$	2,112,123

The Foundation manages its cash available to meet general expenditures and grants operating within a prudent range of financial soundness and stability and maintaining adequate liquid assets.

In addition to these funds available for general expenditures, the Foundation charges an administrative fee to all funds based on the funds' average balance for the month of the fee to cover general expenditures.

The Foundation manages its cash available for grant purposes by reviewing cash needs on an ongoing basis. Funds are invested in the Foundation's investment pool which holds a diversified mix of marketable, liquid, equity and fixed income funds along with cash investments. The allocation is designed to achieve the dual objective of growing the corpus of the pool for the future while providing necessary liquidity for grants and operational purposes.

To help manage unanticipated liquidity needs, the Foundation has a line of credit in the amount of $25,000, which it could draw upon.

Note 19: Covid-19

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus (the "COVID-19 outbreak") and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally. The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Foundation's financial condition, liquidity, and future results of operations. Management is actively monitoring the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Organization is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for fiscal year ending June 30, 2022.

Note 20: Prior Period Adjustment

During the year ending June 30, 2020, the Foundation expensed costs related to the renovation of a building that RPHC owned. These costs should have been capitalized. The following is a summary of the effect on the consolidated financial statements for the year ending June 30, 2020:

	June 30, 2020		
	As Previously Reported	Adjustment	As Restated
Property and equipment, net	$ 129,972	$ 439,722	$ 569,694
Total assets	83,651,380	439,722	84,091,102
Net assets with donor restrictions	69,303,988	439,722	69,743,710
Total net assets	70,723,749	439,722	71,163,471
Total liabilities and net assets	83,651,380	439,722	84,091,102
Net assets released from restrictions	12,809,973	(439,722)	12,370,251
Program expenses	12,223,651	(439,722)	11,783,929
Total expenses	12,956,165	(439,722)	12,516,443
Change in net assets	6,481,548	439,722	6,921,270
Net cash provided by operating activities	3,301,777	439,722	3,741,499
Purchase of property and equipment	-	(439,722)	(439,722)
Net cash used in investing activities	(310,440)	(439,722)	(750,162)