

**NICHOLAS WOLFF FOUNDATION, INC.**

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2020 AND 2019

AND

INDEPENDENT AUDITOR'S REPORT



**McKONLY & ASBURY**

**NICHOLAS WOLFF FOUNDATION, INC.**

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MEMBERS  
AMERICAN AND PENNSYLVANIA INSTITUTES  
OF CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT MEMBER OF



## INDEPENDENT AUDITOR'S REPORT

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

### Report on the Financial Statements

We have audited the accompanying financial statements of Nicholas Wolff Foundation, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 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 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 financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 financial statements.

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

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Nicholas Wolff Foundation, Inc. as of December 31, 2020 and 2019, 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.

*McKonly & Asbury, LLP*

Bloomsburg, Pennsylvania  
June 18, 2021

**NICHOLAS WOLFF FOUNDATION, INC.**

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2020 AND 2019

**ASSETS**

	2020	2019
Current assets		
Cash and cash equivalents	\$ 292,532	322,800
Cash, restricted	208,552	185,114
Other current assets	3,767	4,523
Total current assets	504,851	512,437
Property and equipment, net	2,427,214	2,558,422
Other assets		
Assets whose use is limited	785,492	670,397
Investments, at fair value	3,788,774	3,509,811
Total assets	\$ 7,506,331	\$ 7,251,067

**LIABILITIES AND NET ASSETS**

Current liabilities		
Accounts payable, trade	\$ 1,678	\$ 11,330
Deferred revenues	65,748	11,389
Other current liabilities	10,017	9,597
Total current liabilities	77,443	32,316
Long-term liabilities		
Annuity payable	6,991	7,410
Total liabilities	84,434	39,726
Net assets		
Without donor restrictions		
Undesignated	4,122,107	4,263,137
Board designated maintenance reserve	785,492	670,397
Total net assets without donor restrictions	4,907,599	4,933,534
With donor restrictions	2,514,298	2,277,807
Total net assets	7,421,897	7,211,341
Total liabilities and net assets	\$ 7,506,331	\$ 7,251,067

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

NICHOLAS WOLFF FOUNDATION, INC.

STATEMENTS OF ACTIVITIES

YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenues						
Net investment return	\$ 136,928	\$ 217,167	\$ 354,095	\$ 192,874	\$ 396,767	\$ 589,641
Contributions	278,633	71,626	350,259	415,142	133,924	549,066
Gain on forgiveness of debt	49,547	-	49,547	-	-	-
Special events	36,997	-	36,997	58,679	-	58,679
Direct expenses of special events	(11,020)	-	(11,020)	(15,880)	-	(15,880)
Grants	15,000	-	15,000	-	-	-
Program service revenues	4,527	-	4,527	364,088	-	364,088
Other revenues	3,841	-	3,841	22,387	-	22,387
Change in value of annuity	-	435	435	-	470	470
Loss on disposal of equipment	(129)	-	(129)	-	-	-
Net assets released from restrictions, satisfaction of purpose restrictions	52,737	(52,737)	-	119,981	(119,981)	-
Total support and revenues	567,061	236,491	803,552	1,157,271	411,180	1,568,451
Expenses						
Program services, camping and environmental education	480,073	-	480,073	874,165	-	874,165
Supporting services, general and administrative	72,612	-	72,612	42,160	-	42,160
Fund raising	40,311	-	40,311	30,439	-	30,439
Total expenses	592,996	-	592,996	946,764	-	946,764
Change in net assets	(25,935)	236,491	210,556	210,507	411,180	621,687
Net assets, beginning	4,933,534	2,277,807	7,211,341	4,723,027	1,866,627	6,589,654
Net assets, ending	\$ 4,907,599	\$ 2,514,298	\$ 7,421,897	\$ 4,933,534	\$ 2,277,807	\$ 7,211,341

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

**NICHOLAS WOLFF FOUNDATION, INC.**

**STATEMENTS OF FUNCTIONAL EXPENSES**

**YEARS ENDED DECEMBER 31, 2020 AND 2019**

	2020			2019				
	Program Services	General and Administrative	Fund Raising	Total	Program Services	General and Administrative	Fund Raising	Total
Salaries and wages	\$ 167,249	\$ 38,025	\$ 26,990	\$ 232,264	\$ 326,497	\$ 11,170	\$ 17,231	\$ 354,898
Depreciation	140,558	5,231	-	145,789	146,141	-	-	146,141
Maintenance	50,422	-	-	50,422	84,071	-	-	84,071
Supplies	26,707	6,966	10,015	43,688	127,292	10,699	11,350	149,341
Insurance and occupancy	28,667	2,095	-	30,762	26,371	2,142	-	28,513
Utilities	27,604	2,871	-	30,475	52,512	-	-	52,512
Payroll taxes	20,152	4,620	3,306	28,078	49,464	1,035	1,858	52,357
Employee benefits	12,985	-	-	12,985	13,716	-	-	13,716
Professional fees	1,360	9,211	-	10,571	3,749	9,575	-	13,324
Miscellaneous	2,506	570	-	3,076	3,297	6,226	-	9,523
Postage and printing	640	1,981	-	2,621	4,625	1,176	-	5,801
Continuing education	389	1,042	-	1,431	208	137	-	345
Vehicle expense	834	-	-	834	1,493	-	-	1,493
KidsKash/Scholarships	-	-	-	-	34,729	-	-	34,729
<b>Total</b>	<b>480,073</b>	<b>72,612</b>	<b>40,311</b>	<b>592,996</b>	<b>874,165</b>	<b>42,160</b>	<b>30,439</b>	<b>946,764</b>
Direct expenses of special events	-	-	11,020	11,020	-	-	15,880	15,880
<b>Total expenses</b>	<b>\$ 480,073</b>	<b>\$ 72,612</b>	<b>\$ 51,331</b>	<b>\$ 604,016</b>	<b>\$ 874,165</b>	<b>\$ 42,160</b>	<b>\$ 46,319</b>	<b>\$ 962,644</b>

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



# NICHOLAS WOLFF FOUNDATION, INC.

## NOTES TO FINANCIAL STATEMENTS

Land improvements and site improvements

Buildings

Equipment

Ropes challenge course equipment

Chapel

Automobile

Sewage treatment plant

15 - 33 years

7 - 33 years

5 - 15 years

7 years

7 - 33 years

5 years

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 \$145,789 and \$146,141 for the years ended December 31, 2020 and 2019, 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, 2020 and 2019.

### ***Assets Whose Use is Limited***

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

### ***Investments***

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

### ***Annuity Payable***

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



# NICHOLAS WOLFF FOUNDATION, INC.

## NOTES TO FINANCIAL STATEMENTS

### *Deferred Revenues*

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

### *Net Assets*

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

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

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

### *Revenue Recognition*

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

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

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

### *Contributions/Promises to Give*

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

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

The Foundation benefits from personal services provided by a number of volunteers. Contributed services are recognized in the financial statements if they meet the criteria for recognition under GAAP which are (a) the services create or enhance non-financial assets or (b) the services would have been

## NICHOLAS WOLFF FOUNDATION, INC.

### NOTES TO FINANCIAL STATEMENTS

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 2020 or 2019.

#### ***Income Taxes***

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

The Foundation adheres to the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 740, Income Taxes (ASC 740). ASC 740 establishes rules for recognizing and measuring tax positions in an income tax return, including disclosures of uncertain tax positions (UTPs). ASC 740 mandates that organizations evaluate all material income tax positions for periods that remain open under applicable statutes of limitation, as well as positions expected to be taken in future returns. The UTP rules then impose a recognition threshold on each tax position. An organization can recognize an income tax benefit only if the position has a "more likely than not" (i.e. more than 50 percent) chance of being sustained on its technical merits. During 2020 and 2019, 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 2017.

#### ***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 have been allocated among the various functions benefited.

Management and general expenses include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of the Foundation.

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

#### ***Recently Issued Accounting Pronouncements***

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

# NICHOLAS WOLFF FOUNDATION, INC.

## NOTES TO FINANCIAL STATEMENTS

### *Reclassifications*

Certain items in the 2019 financial statements have been reclassified to conform to the 2020 reporting format.

## 2. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

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

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

	2020	2019
Financial assets at year-end		
Cash and cash equivalents	\$ 292,532	\$ 322,800
Cash, restricted	208,552	185,114
Assets whose use is limited	785,492	670,397
Investments, at fair value	3,788,774	3,509,811
 Total financial assets at year-end	 5,075,350	 4,688,122
 Less amounts with limits on usage		
Capital expenditures and camp improvements	(82,801)	(199,064)
KidsKash camp scholarships	(69,501)	(44,601)
Greenwood Environmental Education Center	(56,000)	(35,500)
Board designated maintenance reserve	(785,492)	(670,397)
Restricted for creation of a perpetual endowment	(2,305,996)	(2,092,693)
 Financial assets available to meet cash needs for general expenditures within one year	 \$ 1,775,560	 \$ 1,645,867



## NICHOLAS WOLFF FOUNDATION, INC.

### NOTES TO FINANCIAL STATEMENTS

#### 6. ENDOWMENT

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

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

The Foundation's Endowment consists of investments (See Note 5). Changes in Endowment assets for the years 2020 and 2019 are as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Balance, December 31, 2018	\$ 1,229,846	\$ 1,771,508	\$ 3,001,354
Total investment return	122,622	396,767	519,389
Contributions	-	17,080	17,080
Appropriation of endowment assets for expenditure	<u>(18,012)</u>	<u>(10,000)</u>	<u>(28,012)</u>
Balance, December 31, 2019	1,334,456	2,175,355	3,509,811
Total investment return	89,160	217,167	306,327
Contributions	-	11,680	11,680
Appropriation of endowment assets for expenditure	<u>(23,376)</u>	<u>(15,668)</u>	<u>(39,044)</u>
Balance, December 31, 2020	<u>\$ 1,400,240</u>	<u>\$ 2,388,534</u>	<u>\$ 3,788,774</u>

**NICHOLAS WOLFF FOUNDATION, INC.**

NOTES TO FINANCIAL STATEMENTS

**7. PROPERTY AND EQUIPMENT**

Property and equipment consists of the following at December 31:

	2020	2019
Land and site improvements	\$ 1,077,150	\$ 1,077,150
Buildings	2,626,709	2,628,308
Equipment	578,632	583,387
Ropes Challenge Course equipment	50,215	33,487
Chapel	35,224	35,224
Automobile	17,389	17,389
Sewage treatment plant	238,214	238,214
Construction in progress	-	8,364
	4,623,533	4,621,523
Total cost		
Less accumulated depreciation	2,196,319	2,063,101
Net	\$ 2,427,214	\$ 2,558,422

**8. ASSETS WHOSE USE IS LIMITED**

The following tables set forth by level, within the fair value hierarchy, the Foundation's Assets Whose Use is Limited at fair value as of December 31, 2020 and 2019:

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

	Assets at Fair Value as of December 31, 2019			
	Level 1	Level 2	Level 3	Total
Certificates of deposit	\$ 10,000	\$ -	\$ -	\$ 10,000
Fixed income securities	402,521	-	-	402,521
Equities	37,293	-	-	37,293
Mutual funds	220,583	-	-	220,583
Total	\$ 670,397	\$ -	\$ -	\$ 670,397

**NICHOLAS WOLFF FOUNDATION, INC.**

NOTES TO FINANCIAL STATEMENTS

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

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

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

**10. RELEASE OF NET ASSETS**

During 2020 and 2019, respectively, net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes specified by the donors as follows:

	2020	2019
Capital expenditures and camp improvements	\$ 52,737	\$ 85,252
KidsKash camp scholarships provided	-	34,729
	<u>\$ 52,737</u>	<u>\$ 119,981</u>

**11. NET ASSETS WITH DONOR RESTRICTIONS**

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

	2020	2019
Net assets subject to purpose restriction		
Capital expenditures and camp improvements	\$ 82,801	\$ 105,013
KidsKash camp scholarships	69,501	44,601
Greenwood Environmental Education Center	56,000	35,500
	<u>208,302</u>	<u>185,114</u>
Total net assets subject to purpose restrictions	208,302	185,114
Restricted for creation of a perpetual endowment	<u>2,305,996</u>	<u>2,092,693</u>
Total net assets with donor restrictions	<u>\$ 2,514,298</u>	<u>\$ 2,277,807</u>



## NICHOLAS WOLFF FOUNDATION, INC.

### NOTES TO FINANCIAL STATEMENTS

#### 12. RELATED PARTY TRANSACTIONS

Various family members of the executive director and camp director were employed by the Foundation and were paid wages of \$7,956 and \$19,675 in 2020 and 2019, respectively.

Approximately \$785,000 and \$714,000 of the Foundation's funds were held in a brokerage account managed by one of the Foundation's board members at December 31, 2020 and 2019, respectively.

#### 13. CONCENTRATIONS

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

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

#### 14. DATE OF MANAGEMENT'S REVIEW/SUBSEQUENT EVENTS

The Foundation has evaluated the period from January 1, 2021, through June 18, 2021, 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.

During February 2021, the Foundation borrowed \$69,367 from a local bank in exchange for a term note. Proceeds of the note are expected to be used for payroll and other allowable operating costs as described in the 2020 Coronavirus Aid, Relief, and Economic Security Act (CARES Act), supplemented by the Economic Aid to Hard-Hit Small Businesses, Nonprofits, and Venues Act. In accordance with the CARES Act, the Foundation expects this loan to be forgiven; however, any amount that is not forgiven will be required to be repaid in forty-four monthly installments of principal and interest at a fixed rate of 1.00%.