

BEAVER COUNTY EDUCATIONAL TRUST

BEAVER, PENNSYLVANIA

FINANCIAL STATEMENTS AND INDEPENDENT ACCOUNTANT'S REVIEW REPORT

DECEMBER 31, 2018

BEAVER COUNTY EDUCATIONAL TRUST

DECEMBER 31, 2018  
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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors  
Beaver County Educational Trust  
Beaver, Pa 15009

We have reviewed the accompanying statement of financial position of the Beaver County Educational Trust (a non-profit organization) which comprise the statement of financial position as of December 31, 2018, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquires of Organization management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the organization as a whole. Accordingly, we do not express such an opinion.

**Management's Responsibility 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; this includes the design, implementation, and maintenance of internal control relevant to the fair presentation of the financial statements that are free from material misstatement whether due to fraud or error.

**Accountant's Responsibility**

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures a reasonable basis for our conclusion.

**Accountant's Conclusion**

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

*Herrmann + Loll Inc.*

Herrmann and Loll Inc. CPA  
Certified Public Accountants

BEAVER COUNTY EDUCATIONAL TRUST  
STATEMENT OF FINANCIAL POSITION  
AS OF DECEMBER 31, 2018

ASSETS

|                                      |    |                           |
|--------------------------------------|----|---------------------------|
| Current Assets                       |    |                           |
| Cash and Cash Equivalents            | \$ | 39,396                    |
| Investments                          |    | 662,046                   |
| Accounts Receivable                  |    |                           |
| Total Current Assets                 |    | <u>701,442</u>            |
| <br>Fixed Assets net of depreciation |    | <br><u>-</u>              |
| <br>Total Assets                     |    | <br><u><u>701,442</u></u> |

LIABILITIES AND NET ASSETS

|                                       |    |                       |
|---------------------------------------|----|-----------------------|
| Liabilities                           |    |                       |
| Accounts Payable                      |    | <u>-</u>              |
| Total Liabilities                     |    | <u>-</u>              |
| <br>Net Assets                        |    |                       |
| Net Assets without Donor Restrictions |    | 658,942               |
| Net Assets with Donor Restrictions    |    | 42,500                |
| Total Net Assets                      |    | <u>701,442</u>        |
| <br>Total Liabilities and Net Assets  | \$ | <u><u>701,442</u></u> |

See Accompanying Notes and Independent Accountant's Review Report

BEAVER COUNTY EDUCATIONAL TRUST  
STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2018

|  | Without Donor<br>Restrictions | With Donor<br>Restrictions | <u>Total</u> |
|--|-------------------------------|----------------------------|--------------|
| <u>REVENUES, GAINS<br/>AND OTHER SUPPORT</u> |                               |                            |              |
| Donations                                    | \$ 39,824                     | \$ 57,500                  | \$ 97,324    |
| EITC Tax Credit Program                      | 16,000                        |                            | 16,000       |
| Fundraising                                  | 7,950                         |                            | 7,950        |
| Realized Gains/Losses                        | 19,527                        | -                          | 19,527       |
| Investments                                  |                               |                            | -            |
| Unrealized Gains/ (Losses)                   | (62,609)                      | -                          | (62,609)     |
| Investments                                  |                               |                            | -            |
| Asset Released from<br>Restriction           | 15,000                        | (15,000)                   | -            |
| Dividends/Interest                           | 20,817                        | -                          | 20,817       |
| Total Revenues, Gains<br>and Other Support   | 56,509                        | 42,500                     | 99,009       |
| <u>EXPENSES</u>                              |                               |                            |              |
| Program Services                             |                               |                            |              |
| Programs                                     | 66,421                        | -                          | 66,421       |
| Supporting Services:                         |                               |                            |              |
| Management and General                       | 47,230                        | -                          | 47,230       |
| Total Expenses                               | 113,651                       | -                          | 113,651      |
| Change in Net Assets                         | (57,142)                      | 42,500                     | (14,642)     |
| Net Assets at Beginning of Year              | 716,084                       | -                          | 716,084      |
| Net Assets at End of Year                    | \$ 658,942                    | \$ 42,500                  | \$ 701,442   |

See Accompanying Notes and Independent Accountant's Review Report

BEAVER COUNTY EDUCATIONAL TRUST  
STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED DECEMBER 31, 2018

|                           | Program<br>Services | Management<br>& General | Total Program<br>& Supporting<br>Services Expenses |
|---------------------------|---------------------|-------------------------|--|
| Wages                     | \$ -                | \$ 25,722               | \$ 25,722  |
| Program Expenses          | 66,421              | -                       | 66,421   |
| Meeting                   | -                   | 807                     | 807  |
| Office Supplies & Postage | -                   | 505                     | 505  |
| Marketing                 | -                   | 4,753                   | 4,753  |
| Professional Fees         | -                   | 1,400                   | 1,400  |
| Supplies                  | -                   | 2,550                   | 2,550  |
| Fundraising Expenses      | -                   | 5,581                   | 5,581  |
| Investment Fees           | -                   | 5,912                   | 5,912  |
|                           | <hr/>               | <hr/>                   | <hr/>  |
| Total Functional Expenses | \$ 66,421           | \$ 47,230               | \$ 113,651   |
|                           | <hr/>               | <hr/>                   | <hr/>  |

See Accompanying Notes and Independent Accountant's Review Report

BEAVER COUNTY EDUCATIONAL TRUST  
STATEMENT OF CASH FLOWS  
YEAR ENDED DECEMBER 31, 2018

CASH FLOWS FROM OPERATING ACTIVITIES:

|   |    |          |
|---|----|----------|
| Change in Net Assets                                | \$ | (14,642) |
| Adjustments to Reconcile Change in Net Assets       |    |          |
| Net Cash Provided by Operating Activities:          |    |          |
| Depreciation  |    | -        |
| Net Realized (Gains)/Losses on Investments          |    | (19,528) |
| Net Unrealized (Gains)/Losses on Investments        |    | 62,609   |
| Decrease in Accounts Receivable                     |    | -        |
| ( Decrease ) in Accounts Payable                    |    | -        |
| Trustee Fee on Investments                          |    | 5,912    |
| Investment Income                                   |    | (20,817) |
| (Increase)/Decrease to Accounts Receivable          |    | -        |
| Increase/(Decrease) to Accounts Payable             |    | -        |
|   |    | -        |
| NET CASH PROVIDED (USED) BY<br>OPERATING ACTIVITIES |    | 13,534   |

CASH FLOWS FROM INVESTING ACTIVITIES:

|   |  |        |
|---|--|--------|
| (Increase)/Decrease to Investments                  |  | 15,000 |
| (Increase)/Decrease to Property and Equipment       |  | -      |
|   |  | -      |
| NET CASH PROVIDED (USED) BY<br>INVESTING ACTIVITIES |  | 15,000 |

CASH FLOWS FROM FINANCING ACTIVITIES:

NET CASH PROVIDED (USED) BY  
FINANCING ACTIVITIES:

|   |    |        |
|---|----|--------|
| NET INCREASE/(DECREASE) IN CASH AND<br>CASH EQUIVALENTS |    | 28,534 |
| CASH AND CASH EQUIVALENTS,<br>BEGINNING OF YEAR         |    | 10,862 |
| CASH AND CASH EQUIVALENTS,<br>END OF YEAR               | \$ | 39,396 |

See Accompanying Notes and Independent Accountant's Review Report

BEAVER COUNTY EDUCATIONAL TRUST  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Purpose**

Beaver County Educational Trust was organized to enhance the quality of education for all school students in Beaver County, grades K through 12. Beaver County Educational Trust will fund mini-grants to schools for specialized educational projects and funds for the support of specialized educational activities or programs. The trust is primarily supported by corporate donations.

**Basis of Accounting**

Beaver County Educational Trust accounts have been prepared on the accrual basis of accounting.

**Income Tax**

Beaver County Educational Trust is exempt from federal income tax under Section 501(c) (3) of the Internal Revenue Code.

**Promises to Give**

Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases of liabilities or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

**Financial Statement Presentation**

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, Financial Statement of Not-for-Profit Organizations. Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

**Contributions**

Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.



BEAVER COUNTY EDUCATIONAL TRUST  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES ( CONTINUED )**

**Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles require management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

**NOTE 2 - CASH AND CASH EQUIVALENTS**

Cash and cash equivalents include all highly liquid investments with original maturity of three months or less. As of December 31, 2018, the Education Trusts' \$ 39,396 bank balance was not exposed to custodial credit risk. Custodial risk is the risk that in the event of bank failure , the Education Trust's deposits may not be returned to it. As of December 31, 2018, the Education Trust's deposits had a carrying balance of \$ 59,237.

**NOTE 3 -PROPERTY AND EQUIPMENT**

Property and equipment is comprised of the following at December 31, 2018:

|           | <u>Cost</u> | <u>Accumulated<br/>Depreciation</u> | <u>Total</u> |
|-----------|-------------|-------------------------------------|--------------|
| Equipment | \$ 1,017    | \$ (1,017)                          | 0            |
| Total     | \$ 1,017    | \$ (1,017)                          | 0            |

The Depreciation expense for 2018 is \$0.

**NOTE 4 - NET ASSETS WITH DONOR RESTRICTIONS**

Net Assets with Donor Restrictions are available for the following purposes or periods:

|  |    |                      |
|--|----|----------------------|
| Specific grant programs                  | \$ | <u>42,500</u>        |
| Total Net Assets with Donor Restrictions | \$ | <u><u>42,500</u></u> |

Net Assets were released from donor restrictions by incurring expenses satisfying the purpose or time restrictions specified by donors as follows:

|                                  |    |                      |
|----------------------------------|----|----------------------|
| Purpose restriction accomplished | \$ | <u>15,000</u>        |
| Total restrictions released      | \$ | <u><u>15,000</u></u> |

BEAVER COUNTY EDUCATIONAL TRUST  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018

**NOTE 5 - FAIR VALUE MEASUREMENTS**

The Education Trust reports investments at fair value. Market price observability is impacted by a number of factors, including the type of investment, the characteristics specific to the investment, and the state of the marketplace ( including the existence and transparency of transactions between market participants). Investments with readily-available actively quoted prices or for which fair value can be measured from actively-quoted prices in an orderly market will generally have a higher degree of market price observability and a lesser degree of judgment used in measuring fair value.

Investments measured and reported at fair value are classified and disclosed in one of the following categories based on inputs:

Level I - Quoted priced are available in active markets for identical investments as of the reporting date. The type of investments which would generally be included in Level I include listed equity securities. The Trust, to the extent that it holds such investments, does not adjust the quoted price for these investment, even in situations where the Trust holds a large position and a sale could reasonably impact the quoted price.

Level II - Pricing inputs are observable for the investments, either directly or indirectly, as of the reporting date, but are not the same as those used in Level I. Fair value is determined through the use of models or other valuations methodologies. The types of investments which would generally be included in this category include publicly-traded securities with restrictions on disposition, debt securities and partnerships that hold Level I assets and real estate held for investment if measured by a current appraisal.

Level III - Pricing inputs are unobservable for the investment and include situations where there is little, if any, market activity for the investment. The inputs into the determination of fair value require significant judgment or estimation by the Trust. The types of investments which would generally be included in this category include debt and equity securities issued by private entities, and real estate held for investment if measured using management estimates.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the determination of which category within the fair value hierarchy is appropriate for any given investment is based on the lowest level of input that is significant to the fair value measurement. The Trust's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the investment.

The Trust's investments as of December 31, 2018 are \$ 662,046 and are considered to be Level I investments.

**NOTE 6 - SUBSEQUENT EVENTS**

Management has evaluated subsequent events through the date of the Independent Reviewers' Report, which is the date the financial statements were available to be issued.

BEAVER COUNTY EDUCATIONAL TRUST  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018

**NOTE 7 - NEW ACCOUNTING PRONOUNCEMENT**

On August 18, 2016, the FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958) - Presentation of Financial Statements of Not-for-Profit Entities. The Trust has adjusted the presentation of its financial statements accordingly.

The new standards change the following aspects of the Trust's financial statements:

- \* The temporarily restricted and permanently restricted net asset classes have been combined into a single net asset class called assets with donor restrictions.
- \* The unrestricted net asset class has been renamed net assets without donor restrictions.
- \* The financial statements include a new disclosure about liquidity and availability of resources (Note 8).

The changes have the following effect on net assets at December 31, 2018:

| Net Asset Class                       | As Originally Presented | After adoption of ASU 2016-14 |
|---------------------------------------|-------------------------|-------------------------------|
| Unrestricted net assets               | \$ 658,942              | \$ -                          |
| Temporarily restricted net assets     | 42,500                  | -                             |
| Net assets without donor restrictions | -                       | 658,942                       |
| Net assets with donor restrictions    | -                       | 42,500                        |
| Total Net Assets                      | \$ 701,442              | \$ 701,442                    |

**NOTE 8 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

The Trust's financial assets available within one year of the balance sheet date general expenditure are as follows:

|   | <u>2018</u> |
|---|-------------|
| Cash  | \$ 39,393   |
| Investments   | 662,046     |
| Total Financial Assets  | 701,439     |
| Contractual or donor-imposed restrictions:  |             |
| Donor restrictions  | 42,500      |
| Financial assets available to meet cash need for general expenditures within one year | \$ 658,939  |