2. Summary of Significant Accounting Policies (continued)

Fair Value Measurements

FASB Codification Section 825 (ASC 825) *Financial Instruments* permits an entity to elect fair value as the initial and subsequent measurement attribute for certain financial statement assets and liabilities. Entities electing the fair value option would be required to recognize changes in fair value earnings. The adjustment to reflect the difference between fair value and the carrying amount is accounted for as cumulative effect adjustment to net assets as of the date of the adoption. The adoption of this pronouncement did not have an effect on the Foundation's financial statements. The Foundation did not elect the fair value methodology permitted under ASC 825 for any financial instrument or other item that is not currently required to be measured at fair value.

FASB Codification Section 820 (ASC 820) *Fair Value Measurements and Disclosures* defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. Under ASC 820, various inputs are used in determining the fair value of assets and liabilities. These inputs are summarized in a hierarchy that segregates fair value measurement in three levels (levels 1, 2, and 3), determined by the nature of input as follows:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities. An active market is a market in which transactions occur with sufficient frequency and volume to provide pricing information on an ongoing basis. A quoted market price in an active market provides the most reliable evidence of fair value.
- Level 2 – Other significant observable inputs, including quoted prices of similar securities in active markets, quoted prices for identical securities in markets that are not active, and other market-corroborated inputs.
- Level 3 – Significant unobservable inputs, including the Foundation's own assumptions in determining the fair value of investments, based on the best information available in the circumstances.

Valuation levels are not necessarily an indication of the risk associated with investing in those securities. The fair value of the Foundation's cash, receivables, and accrued expenses approximate their carrying amounts due to the short-term nature of these instruments.

Advertising Expense

The Foundation expenses advertising costs in the period incurred.

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 reported amounts of assets and liabilities and disclosures of any contingent assets and liabilities at the date of the financial statements. Such estimates also affect the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results may differ from these estimates.

2. Summary of Significant Accounting Policies (continued)

Reclassifications

Certain comparative amounts have been reclassified to conform to the current year's financial statement presentation.

Change in Accounting Principle

In 2016, FASB issued Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Foundation has implemented ASU 2016-14 and has adjusted the presentation in these financial statements accordingly. The ASU has been applied retrospectively to all periods presented. This application of this ASU did not effect the Foundation's net assets.

3. Fair Value Measurements

The following tables summarize the Foundation's fair value measurements for investments in accordance with authoritative guidance at December 31, 2019 and 2018:

	2019			
	Level 1	Level 2	Level 3	Total
Cash & equivalents	$ 1,053,630	$ -	$ -	$ 1,053,630
Bonds & debt instruments	2,033,799	-	-	2,033,799
Mutual funds	9,661,182	-	-	9,661,182
Equities	3,977,122	-	-	3,977,122
	$ 16,725,733	$ -	$ -	$ 16,725,733

	2018			
	Level 1	Level 2	Level 3	Total
Cash & equivalents	$ 648,492	$ -	$ -	$ 648,492
Bonds & debt instruments	1,608,215	-	-	1,608,215
Mutual funds	8,254,701	-	-	8,254,701
Equities	3,508,561	-	-	3,508,561
	$ 14,019,969	$ -	$ -	$ 14,019,969

Money market mutual funds are included with cash & equivalents and are valued using quoted market prices or broker-dealer quotations and are classified within Level 1 of the fair value hierarchy. Domestic and foreign equity securities and government and corporate obligations that trade on an active exchange, and mutual funds where fair value is published and is the basis for current transactions, are also classified within Level 1.

4. Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following at December 31, 2019 and 2108:

	2019	2018
Cash and cash equivalents	$ 55,579	$ 81,665
Included in investments	329,906	174,222
Administrative fees receivable	54,863	50,650
Grants receivable	10,000	10,000
	$ 450,348	$ 316,537

As part of the Foundation's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, future planned program funding allocations and other obligations come due.

5. Concentration of Risk

The Foundation maintains its cash accounts in financial institutions located in West Virginia. The balances are insured by the Federal Deposit Insurance Corporation up to $250,000. The Foundation's cash balances at various times throughout the year may be in excess of amounts insured; however, the Foundation monitors its cash balances thereby mitigating its exposure to concentrations of credit risk.

Foundation assets are invested in publicly traded mutual funds, corporate stocks, and bond issues which are affected by market conditions.

6. Accrued Compensated Absences

In accordance with FASB Codification Section 710 *Compensation*, amounts accrued for future absences include amounts that are attributable to the employees' services already rendered, and only amounts that may be carried forward to periods subsequent to that in which they were earned. The Foundation does not provide for carry forward of unused compensated absences, accordingly, no amounts for compensated absences were included in these financial statements.

7. Student Loans Receivable

During the year ending December 31, 2016, in accordance with certain court adjudicated orders, the assets from a charitable education trust were contributed to the Foundation for the purpose of providing scholarships. A portion of these assets were in the form of student loan receivables. The Foundation evaluated the student loan balances and established an allowance to present student loans receivable at the amount the Foundation expects to collect.

8. Lease (as Lessor)

The Foundation rents office space under several month-to-month lease agreements. Rental income related to these agreements was $26,184 and $20,542 for years ending December 31, 2019 and 2018, respectively.

9. Agency Endowments

In accordance with FASB Codification Section 958.605 *Transfers of Assets to a Not-for-Profit Entity* (ASC 958.605), when the Foundation accepts funds from a not-for-profit entity that specifies itself as the recipient of those funds (Agency Endowments), such funds are not included as a component of Foundation net assets. Agency Endowments, held for the benefit of the transferring not-for-profit entity are reported as liabilities and included with investments on the Foundation's statement of financial position.

Total agency endowments, carried at fair value, were as follows at December 31:

2019	2018
$ 2,100,753	$ 1,811,901

10. Investments

The majority of individual fund assets are invested jointly in a pooled account, with each fund's beneficial interest in the pooled account determined using the "units of participation" method based on the fair value of the underlying assets. Investments were comprised of the following at December 31, 2019 and 2018:

	2019		
	Cost	Fair Value (Carrying Value)	Cumulative Net Unrealized Gains / (Losses)
Cash & equivalents	$ 1,053,630	$ 1,053,630	$ -
Bonds & debt instruments	1,942,889	2,033,799	90,910
Mutual funds	9,135,017	9,661,182	526,165
Equities	3,522,735	3,977,122	454,387
	$ 15,654,271	$ 16,725,733	$ 1,071,462

	2018		
	Cost	Fair Value (Carrying Value)	Cumulative Net Unrealized Gains / (Losses)
Cash & equivalents	$ 648,492	$ 648,492	$ -
Bonds & debt instruments	1,610,932	1,608,215	(2,717)
Mutual funds	9,192,120	8,254,701	(937,419)
Equities	4,095,399	3,508,561	(586,838)
	$ 15,546,943	$ 14,019,969	$ (1,526,974)

Interest and dividend income is recorded when earned. Realized gains and losses are recorded as the difference between historical cost and fair value when an investment is sold. Unrealized gains and losses are recorded as the change in fair value of investments.

10. Investments (continued)

For the years ended December 31, 2019 and 2018, investment return and classification in the statement of activities are summarized as follows:

	2019		
	Net assets without donor restrictions	Net assets With donor restrictions	Total
Interest and dividends	$ 6,001	$ 368,300	$ 374,301
Net realized and unrealized gains (losses)	35,172	2,186,485	2,221,657
	$ 41,173	$ 2,554,785	$ 2,595,958

	2018		
	Net assets without donor restrictions	Net assets With donor restrictions	Total
Interest and dividends	$ 5,628	$ 301,363	$ 306,991
Net realized and unrealized gains (losses)	(17,502)	(941,502)	(959,004)
	$ (11,874)	$ (640,139)	$ (652,013)

11. Promises to Give

Unconditional promises to give are estimated to be collected as follows at December 31, 2019:

Within one year	$ -
In one to five years	346,866
Over five years	500,000
	846,866
Less discount (1.5%) to net present value	(106,120)
	$ 740,746

12. Note Payable

During year ended December 31, 2016, the Foundation assumed an unsecured note payable to pay for various building repairs and maintenance. The note calls for monthly payments of approximately $653, including interest at 3.5%, due in 2026.

The Foundation's approximate annual principal repayments on this note are as follows for years ending December 31:

2020	$	6,257
2021		6,479
2022		6,710
2023		6,948
2024		7,195
Thereafter		14,400
	$	47,989

13. Endowment Funds

The Financial Accounting Standards Board (FASB) defines an endowment as "an established fund of cash, securities, or other assets to provide income for the maintenance of a not-for-profit organization.

For the purposes of these financial statements, the Foundation has expanded this definition to include other organizations or individuals who have established funds dedicated to building funds for perpetuity. Endowment funds by net asset classification and changes therein for the years ended December 31, 2019 and 2018 are reflected below.

	2019	2018
Endowments – beginning of year	$ 7,678,992	$ 8,393,977
Endowment activity:		
Contributions	230,887	82,889
Interest and dividends	159,310	184,987
Net realized gains (losses)	(132,706)	1,873,460
Net unrealized gains (losses)	1,537,369	(2,463,989)
Investment fees	(48,502)	(48,112)
Amount appropriated for expenditure	(430,267)	(344,220)
Endowments – end of year	$ 8,995,083	$ 7,678,992

14. Net Assets with Donor Restrictions

Net assets with donor restrictions consisted of the following amounts, restricted for the following broadly defined purposes, or to be received over time, at December 31, 2019 and 2018:

	2019	2018
Purpose restricted:		
Education and scholarships	$ 7,897,965	$ 6,737,380
Arts, cultural, and historical	2,081,551	1,742,192
Community development	1,721,524	1,477,485
Health and social services	1,635,022	1,380,197
Multiple purposes	775,756	341,376
Sports and recreation	623,439	529,420
Animal Welfare	64,727	54,630
Time restricted		
Promises to give	740,738	-
	$ 15,540,722	$ 12,262,680

15. Correction of an Error

The Foundation has restated certain balances of its previously issued financial statements to accurately account for a contribution in transit that was inadvertently omitted from the Foundation's prior year statements. Accordingly, a prior period adjustment has been recorded to correct the error. The effects of this adjustment on December 31, 2018 balances are as follows:

	As originally presented December 31, 2018	Change	Restated December 31, 2018
Statement of Financial Position:			
Cash	$ 55,531	26,134	$ 81,665
Net Assets with donor restrictions	$ 12,236,546	26,134	$ 12,262,680
Statement of Activities:			
Contributions	$ 631,339	26,134	$ 657,473
Total Change in Net Assets	$ (1,218,890)	26,134	$ (1,192,756)

16. Subsequent Events

FASB Codification Section 855 *Subsequent Events* (ASC 855) establishes general accounting for and disclosures of events that occur after the balance sheet date but before financial statements are issued or available to be issued. ASC 855 requires the disclosure of the date through which an entity has evaluated subsequent events and the basis for that date. In preparing these financial statements, the Foundation has evaluated transactions for potential recognition or disclosure through August 11, 2020, the date the financial statements were available to be issued. During this period no material subsequent events were noted that require recognition or disclosure under ASC 855.

The Foundation's operations may be affected by the recent and ongoing outbreak of the coronavirus disease 2019 (COVID-19) which was declared a pandemic by the World Health Organization in March 2020. The ultimate disruption which may be caused by the outbreak is uncertain; however, it may result in a material adverse impact on the Foundation's financial position, operations, and cash flows. Possible effects may include a disruption to the Foundation's general contributions, rental income, and receipts on student loans and pledge receivable.