THE WILDCAT FOUNDATION
FINANCIAL STATEMENTS
FOR THE YEARS ENDED
JUNE 30, 2019 AND 2018
AND
INDEPENDENT AUDITOR'S REPORT

HAMILTON & MUSSER, P.C.
Certified Public Accountants

THE WILDCAT FOUNDATION
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
The Wildcat Foundation
Mechanicsburg, Pennsylvania

Report on the Financial Statements

We have audited the accompanying financial statements of The Wildcat Foundation (a nonprofit organization), which comprise the statements of financial position as of June 30, 2019 and 2018, 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.

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 The Wildcat Foundation as of June 30, 2019 and 2018, 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.

Change in Accounting Principle

As described in Note 2 to the financial statements, The Wildcat Foundation has implemented ASU No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities.* Our opinion is not modified with respect to that matter.

__________, 2019

Mechanicsburg, Pennsylvania *Certified Public Accountants*

THE WILDCAT FOUNDATION
Statements of Financial Position
June 30, 2019 and 2018

	2019	2018
Assets		
Cash and Cash Equivalents		
Without Donor Restrictions	$ 434,784	$ 501,418
With Donor Restrictions	366,015	322,317
Certificate of Deposit	370,166	101,663
Pledges Receivable, Net (Note 5)	305,623	146,062
Prepaid Expenses	1,324	1,326
Beneficial Interest in Net Assets of Community Foundation (Note 7)		
Without Donor Restrictions	163,805	165,908
With Donor Restrictions	243,019	243,019
Total Assets	$ 1,884,736	$ 1,481,713
Liabilities		
Accounts Payable	$ 5,497	$ -
Deferred Revenue	8,316	11,286
Total Liabilities	13,813	11,286
Net Assets		
Without Donor Restrictions	956,266	759,029
With Donor Restrictions		
Purpose and Time (Note 6)	671,638	468,379
Perpetual (Note 7)	243,019	243,019
Total Net Assets	1,870,923	1,470,427
Total Liabilities and Net Assets	$ 1,884,736	$ 1,481,713

The Accompanying Notes are an Integral Part of the Financial Statements

THE WILDCAT FOUNDATION
Statement of Activities
For the Year Ended June 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue			
Contributions	$ 140,902	$ 444,395	$ 585,297
Interest Income	13,032	-	13,032
Changes in Beneficial Interest in Net Assets of Community Foundation (Note 7)	13,917	-	13,917
Net Assets Released from Restrictions	241,136	(241,136)	-
Total Support and Revenue	408,987	203,259	612,246
Expenses			
Program Services	87,038	-	87,038
Supporting Services			
Management and General	23,837	-	23,837
Fundraising	100,875	-	100,875
Total Expenses	211,750	-	211,750
Change in Net Assets	197,237	203,259	400,496
Net Assets, Beginning of Year	759,029	711,398	1,470,427
Net Assets, End of Year	$ 956,266	$ 914,657	$ 1,870,923

The Accompanying Notes are an Integral Part of the Financial Statements

THE WILDCAT FOUNDATION
Statement of Activities
For the Year Ended June 30, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue			
Contributions	$ 161,676	$ 503,270	$ 664,946
Membership Contributions	264	-	264
Interest Income	5,021	-	5,021
Changes in Beneficial Interest in Net Assets of Community Foundation (Note 7)	26,214	-	26,214
Net Assets Released from Restrictions	52,972	(52,972)	-
Total Support and Revenue	246,147	450,298	696,445
Expenses			
Program Services	101,676	-	101,676
Supporting Services			
Management and General	20,220	-	20,220
Fundraising	101,968	-	101,968
Total Expenses	223,864	-	223,864
Change in Net Assets	22,283	450,298	472,581
Net Assets, Beginning of Year	736,746	261,100	997,846
Net Assets, End of Year	$ 759,029	$ 711,398	$ 1,470,427

The Accompanying Notes are an Integral Part of the Financial Statements

THE WILDCAT FOUNDATION
Statement of Functional Expenses
For the Year Ended June 30, 2019

		Supporting Services		
	Program Services	Management and General	Fundraising	Total
Academic Programs	$ 40,463	$ -	$ -	$ 40,463
Advertising	-	-	11,731	11,731
Bank Fees	-	342	-	342
Brick Pavers	286	-	-	286
Environmental Center Donation	21,768	-	-	21,768
Health and Wellness Programs	50	-	-	50
Insurance	-	6,888	-	6,888
Miscellaneous	-	2,526	-	2,526
Payroll Taxes	449	449	2,695	3,593
Postage	-	1,958	1,957	3,915
Professional Fees	-	4,500	5,802	10,302
Scholarships	18,000	-	-	18,000
Salaries and Wages	6,022	6,022	36,135	48,179
Special Events	-	-	42,555	42,555
Supplies	-	1,152	-	1,152
Total Expenses	$ 87,038	$ 23,837	$ 100,875	$ 211,750

The Accompanying Notes are an Integral Part of the Financial Statements

THE WILDCAT FOUNDATION
Statement of Functional Expenses
For the Year Ended June 30, 2018

	Program Services	Supporting Services: Management and General	Supporting Services: Fundraising	Total
Academic Programs	$ 39,229	$ -	$ -	$ 39,229
Advertising	-	-	15,502	15,502
Bank Fees	-	294	-	294
Brick Pavers	1,249	-	-	1,249
Environmental Center Donation	9,643	-	-	9,643
Health and Wellness Programs	750	-	-	750
Insurance	-	4,428	-	4,428
Miscellaneous	-	1,490	-	1,490
Payroll Taxes	562	562	2,624	3,748
Postage	-	826	827	1,653
Printing	-	608	608	1,216
Professional Fees	-	4,500	17,304	21,804
Scholarships	43,000	-	-	43,000
Salaries and Wages	7,243	7,243	33,802	48,288
Special Events	-	-	31,301	31,301
Supplies	-	269	-	269
Total Expenses	$ 101,676	$ 20,220	$ 101,968	$ 223,864

The Accompanying Notes are an Integral Part of the Financial Statements

THE WILDCAT FOUNDATION
Statements of Cash Flows
For the Years Ended June 30, 2019 and 2018

	2019	2018
Cash Flows From Operating Activities:		
Change in Net Assets	$ 400,496	$ 472,581
Adjustments to Reconcile Change in Net Assets to		
Net Cash and Cash Equivalents Provided (Used) by Operating Activities:		
Changes in Beneficial Interest in Net Assets of Community Foundation	(13,917)	(26,214)
Contributions to Capital Campaign	(189,412)	(36,438)
(Increase) Decrease in:		
Pledges Receivable	(159,561)	(146,062)
Prepaid Expenses	2	12
Increase (Decrease) in:		
Accounts Payable	5,497	-
Deferred Revenue	(2,970)	1,056
Net Cash and Cash Equivalents Provided by Operating Activities	40,135	264,935
Cash Flows from Investing Activities:		
Purchase of Certificates of Deposit	(268,503)	(520)
Distribution from Community Foundation	16,020	14,299
Net Cash and Cash Equivalents Provided (Used) by Investing Activities	(252,483)	13,779
Cash Flows from Financing Activities:		
Contributions to Capital Campaign	189,412	36,438
Net Cash and Cash Equivalents Provided by Financing Activities	189,412	36,438
Net Change in Cash and Cash Equivalents	(22,936)	315,152
Cash and Cash Equivalents, Beginning of Year	823,735	508,583
Cash and Cash Equivalents, End of Year	$ 800,799	$ 823,735

Supplemental Cash Flow Disclosures:		
Cash Paid for Interest	$ -	$ -
Cash Paid for Taxes	-	-

NOTE 1 NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities:
The Wildcat Foundation (the Foundation) is a nonprofit community organization formed to raise contributions to be used to support and enhance programs in the Mechanicsburg Area School District for the benefit of and to improve the quality of education for the students. The Foundation's support comes primarily from donor contributions.

Basis of Accounting:
The financial statements of the Foundation have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

Basis of Presentation:
Financial statement presentation follows the *Not-for-Profit Entities* topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) which requires the Foundation to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Accounts Receivable:
Accounts receivable are stated at the amount management expects to collect from balances outstanding at year-end. If there is no balance in accounts receivable at year-end, then no allowance of doubtful accounts is considered necessary.

Pledges Receivable:
Pledges receivable are recorded in the period in which the pledge is made. Pledges receivable are considered purpose and time restricted net assets and are discounted to present value based upon a reasonable interest rate. Management determined that a discount was not considered necessary for the years ended June 30, 2019 and 2018. Pledges are also reviewed for collectability and allowances may be recorded as determined by management. If a pledge is determined to be uncollectible, it is written off as bad debt expense.

Contributions:
Contributions received are recorded as increases in net assets with or without donor restrictions, depending on the existence and/or nature of any donor restrictions.

All donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), 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.

Deferred Revenue:
Income received in the current year for the subsequent year's events are not recognized as income until the subsequent year, and therefore considered deferred revenue at the end of the current year.

Fair Value Measurements:
Financial instruments are valued at fair market value on a recurring basis in the Statements of Financial Position.

NOTE 1 NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurements (Continued):
Fair Value Reporting requires an establishment of a hierarchy that ranks the quality and reliability of inputs, or assumptions, used in the determination of fair value and requires financial assets and liabilities carried at fair value to be classified and disclosed in one of the following three categories:

Level 1 – Quoted prices in active markets for identical assets and liabilities
Level 2 – Directly or indirectly observable inputs other than Level 1 quoted prices
Level 3 – Unobservable inputs not corroborated by market data

For financial instruments that have quoted market prices in active markets, the Foundation uses the quoted market prices as fair values and includes those financial instruments in Level 1 of the fair value hierarchy. When quoted market prices in active markets are not available, various pricing services are used to determine fair value of financial instruments that are included in Level 2 of the fair value hierarchy. Level 3 represents financial instruments whose fair value is determined based upon inputs that are unobservable and include the Foundation's own determinations of the assumptions that a market participant would use in pricing the asset.

Financial instruments are exposed to various risks, such as interest rate, market and credit. Due to the level of risk associated with certain financial instruments and the level of uncertainty related to changes in the value of financial instruments, it is at least reasonably possible changes in risks in the near term would materially affect financial instrument assets reported in the Statements of Financial Position and Statements of Activities.

Certificates of Deposit:
Certificates of deposit with initial maturities greater than three months are reported at cost plus interest earned on the Statements of Financial Position. The certificates of deposit are considered Level 2.

Taxation:
The Foundation is exempt from federal income tax as provided by Code Section 501(c)(3) of the Internal Revenue Code. Accordingly, no income tax is incurred unless the Foundation earns income considered to be unrelated business income. The Foundation conducted no activities that were subject to income tax.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Foundation. Management evaluated the tax positions taken and concluded that the Foundation had taken no uncertain tax positions that require recognition or disclosure in the financial statements. No provision or benefit for income taxes has been included in these financial statements. With few exceptions, the Foundation is no longer subject to income tax examinations by the U.S. federal, state or local tax authorities for years before June 30, 2016.

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents:
For the purpose of the Statements of Cash Flows, cash and cash equivalents include all highly liquid investments with an initial maturity of three months or less.

Functional Allocation of Expenses:
The costs of providing various programs and activities have been summarized on a functional basis in the Statements of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

NOTE 2 ADOPTION OF NEW ACCOUNTING PRONOUNCEMENT

During August 2016, FASB issued ASU No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. The new guidance is intended to improve and simplify the current net asset classification requirements and information presented in financial statements and notes in order to be useful in assessing a not-for-profit's liquidity, financial performance, and cash flows. This includes changing the presentation of functional expenses and net assets. ASU No. 2016-14 is effective for fiscal years beginning after December 15, 2017, with early adoption permitted. ASU No. 2016-14 is to be applied retroactively with transition provisions. The Foundation is implementing this standard for the year ended June 30, 2019.

NOTE 3 PENDING NEW ACCOUNTING PRONOUNCEMENT

In February 2016, FASB issued ASU No. 2016-02, *Leases*. The ASU introduces a lessee's model that brings most leases onto the Statement of Financial Position and aligns many of the underlying principles of the new lessor model with those in the new revenue recognition standard (ASU No. 2014-09). ASU No. 2016-02 is effective for annual periods beginning after December 15, 2020. The Foundation is currently assessing the impact this standard will have on its financial statements.

NOTE 4 AVAILABILITY AND LIQUIDITY

The following represents the Foundation's financial assets at June 30:

	2019	2018
Financial Assets:		
Cash and Cash Equivalents	$ 800,799	$ 823,735
Certificates of Deposit	370,166	101,663
Pledges Receivable	305,623	146,062
Beneficial Interest in Net Assets of Community Foundation	406,824	408,927
Total Financial Assets	1,883,412	1,480,387
Less Amounts Not Available to be Used Within One Year		
Net Assets with Donor Restrictions	914,657	711,398
Financial Assets Available to Meet Expenses Over the Next Year	$ 968,755	$ 768,989

The Foundation's plan is generally to maintain financial assets to meet 90 days of operating expenses.

NOTE 5 PLEDGES RECEIVABLE

Included in pledges receivable are the following unconditional promises to give:

	2019	2018
Restricted to Future Periods	$ 305,623	$ 146,062
Unconditional Promises to Give Before Allowance for Uncollectibles	305,623	146,062
Less: Allowance for Uncollectibles	-	-
Total	-	-
Pledges Receivable, Net	$ 305,623	$ 146,062

	2019	2018
Amounts Due In:		
Less Than One Year	$ 168,197	$ 36,438
One to Five Years	137,426	109,624
More Than Five Years	-	-
Total	$ 305,623	$ 146,062

NOTE 6 PURPOSE AND TIME RESTRICTED NET ASSETS

Purpose and time restricted net assets consisted of the following at June 30, 2019 and 2018:

	2019	2018
Time Restricted Pledges Receivable	$ 305,623	$ 146,062
Total Time Restricted Pledges Receivable	305,623	146,062
Purpose Restricted		
Academic Programs		
EITC	93,618	73,762
Capital Campaign	265,091	246,432
Total Academic Programs	358,709	320,194
Health and Wellness Programs		
Memorial Gift	6,215	-
Culture/Fine Arts	200	200
Diversity Day	-	1,032
Girls on the Run	891	891
Total Health and Wellness Programs	7,306	2,123
Total Purpose Restricted	366,015	322,317
Total Purpose and Time Net Assets	$ 671,638	$ 468,379

NOTE 7 BENEFICIAL INTEREST IN NET ASSETS OF COMMUNITY FOUNDATION

During 1999, the Foundation established The Wildcat Foundation Fund (the Fund) with The Foundation for Enhancing Communities (TFEC). TFEC retains legal title to all assets held in the Fund, and the net earnings of the Fund, after deducting the expenses of investing and administering the Fund are available to be distributed annually to The Wildcat Foundation. The distribution committee of TFEC has the power to modify any restriction on the Fund; however, it is the TFEC's intention to distribute any earnings to The Wildcat Foundation for as long as The Wildcat Foundation continues to exist. The Fund is split into two parts: The Wildcat Foundation Fund – Agency, and The Wildcat Foundation Fund – Designated. Although The Wildcat Foundation Fund is the beneficiary to both parts, they are only permitted to claim the amount held in the Agency Fund as an asset in their records. These investments are considered Level 3.

During 2012, the Foundation established the Wildcat Foundation Scholarship Fund (the Scholarship Fund). TFEC retains legal title to all assets held in the Scholarship Fund, and the net earnings of the Fund, after deducting the expenses of investing and administering the Scholarship Fund are available for scholarship recipients determined by the Foundation. The distribution committee of TFEC has the power to modify any restriction on the Scholarship Fund; however, it is the TFEC's intention to distribute any earnings to The Wildcat Foundation for as long as The Wildcat Foundation continues to exist. The Wildcat Foundation is not permitted to claim the amount held in the Scholarship Fund as an asset in their records.

The investment policy, use of earnings, and current year activity are as follows:

Investment Management Policy
Gifts to the funds are generally given with the donors' expectations that the funds will stay intact and will grow from earnings, which can then be used for current or long-term needs of The Wildcat Foundation. Therefore, the funds should be invested in accordance with these general policies:

1. *Preservation of Capital* – Both with respect to the overall Fund and to the assets assigned to each investment manager, the Budget Committee and the investment managers should make conscious efforts to preserve capital, understanding that losses may occur in individual securities.

2. *Risk Aversion* – Understanding that risk is present in all types of securities and investment styles, the Budget Committee recognizes that some risk is necessary to produce long-term investment results sufficient to meet the Fund's objectives. However, investment managers are to make reasonable efforts to control risk, and they will be evaluated regularly to ensure that the risk assumed is commensurate with the given investment style and objectives.

3. *Adherence to Investment Discipline* – Investment managers are expected to adhere to the investment management styles for which they were hired. Managers will be evaluated regularly for adherence to investment discipline.

Investment Objectives
Specifically, the primary objective in the investment management of fund assets shall be:

- To preserve purchasing power after spending
- To achieve returns that are more than the rate of inflation plus spending over the investment horizon in order to preserve purchasing power of fund assets
- To control risk in the investment of fund assets

NOTE 7 BENEFICIAL INTEREST IN NET ASSETS OF COMMUNITY FOUNDATION (CONTINUED)

Handling of Income from Endowment Fund Investments
All investment income will be available annually to the Foundation. There are no restrictions on the use of the income other than it must be used for the benefit of the Foundation.

The asset activity for the year ended June 30, 2019 is reflected as net assets without donor restrictions and net assets with perpetual restrictions as follows:

	Without Donor Restrictions	Perpetual Restrictions	Total
Beginning Balance	$ 165,908	$ 243,019	$ 408,927
Contributions	-	-	-
Distributions to Operations	(16,020)	-	(16,020)
Investment Income	22,061	-	22,061
Investment Management Fees	(8,144)	-	(8,144)
Total Fund Net Assets	$ 163,805	$ 243,019	$ 406,824

The asset activity for the year ended June 30, 2018 is reflected as net assets without donor restrictions and net assets with perpetual restrictions as follows:

	Without Donor Restrictions	Perpetual Restrictions	Total
Beginning Balance	$ 153,993	$ 243,019	$ 397,012
Contributions	-	-	-
Distributions to Operations	(14,319)	-	(14,319)
Investment Income	34,550	-	34,550
Investment Management Fees	(8,316)	-	(8,316)
Total Fund Net Assets	$ 165,908	$ 243,019	$ 408,927

NOTE 8 CONCENTRATIONS OF CREDIT RISK

Financial instruments that potentially subject the Foundation to concentrations of credit risk consist principally of cash and cash equivalents held with financial institutions. Accounts at financial institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000 per institution. The amount in excess of the FDIC limit was $824,562 and $565,253 at June 30, 2019 and 2018, respectively.

NOTE 9 ADVERTISING

The Foundation's policy is to expense advertising costs as incurred as reflected in the Statements of Functional Expenses. The amount of advertising costs incurred was $11,731 and $15,502 for the years ended June 30, 2019 and 2018, respectively.

NOTE 10 PRIOR PERIOD RESTATEMENTS

During 2019, the Foundation determined that $146,062 of pledges should have been recorded as pledges receivable and contributions during the year ended June 30, 2018. This is reflected in the Statements of Financial Position, Activities and Cash Flows.

NOTE 10 PRIOR PERIOD RESTATEMENTS (CONTINUED)

During 2019, the Foundation determined that $14,319, which was previously reported as net assets with perpetual restrictions, should have been reported as net assets without restrictions. These changes are reflected on the Statements of Financial Position and Activities.

NOTE 11 SUBSEQUENT EVENTS

Subsequent events have been evaluated through __________, 2019, which is the date the financial statements were available to be issued.