

THE GREATER LEWES FOUNDATION

FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

THE GREATER LEWES FOUNDATION
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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

**To the Board of Directors
The Greater Lewes Foundation
PO Box 110
Lewes, DE 19958**

We have reviewed the accompanying financial statements of The Greater Lewes Foundation (a nonprofit organization), which comprise the statement 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. A review includes primarily applying analytical procedures to management's financial data and making inquiries of organization management. A review is substantially less in scope than an audit, the objective of which is the expression of any opinion regarding the financial statements 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 the accrual basis of accounting and for designing, implementing, and maintaining internal control relevant to the preparation and 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 Committee of the American Institute of Certified Public Accountants. 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 accrual basis of accounting. We believe that the results of our procedures provide 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 accordance with the accrual basis of accounting.

Basis of Accounting

Our review was made primarily for the purpose of expressing a conclusion that there are no material modifications that should be made to the financial statements in order for them to be in conformity with the accrual basis of accounting, as described in Note 2.

Raymond F. Book & Associates, P.A.
RAYMOND F. BOOK & ASSOCIATES, P.A.
CERTIFIED PUBLIC ACCOUNTANTS

July 1, 2021
Lewes, Delaware

THE GREATER LEWES FOUNDATION
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2020 AND 2019

	2020	2019
<u>ASSETS</u>		
<u>Current Assets</u>		
Checking Account	\$ (13,501)	\$ 694,866
Money Market Accounts	934,754	129,082
Less: Donor Restricted Cash	(852,151)	(784,161)
<u>Total Current Assets</u>	69,102	39,787
<u>Property & Equipment</u>		
<u>Other Assets</u>		
DCF Endowment Funds	62,877	58,973
Endowment Fund	95,023	133,385
Non-Profit Agency Fund	734,486	630,708
Other Funds	852,151	784,161
Donor Restricted Cash	1,744,537	1,607,227
<u>Total Other Assets</u>	1,744,537	1,607,227
<u>Total Assets</u>	\$ 1,813,639	\$ 1,647,014
<u>LIABILITIES AND NET ASSETS</u>		
<u>Liabilities</u>		
Agency Fund	95,023	133,385
FMHA Fund	-	261
<u>Total Liabilities</u>	\$ 95,023	\$ 133,646
<u>Net Assets</u>		
Without Donor Restrictions	1,631,775	1,426,527
With Donor Restrictions	86,841	86,841
<u>Total Net Assets</u>	1,718,616	1,513,368
<u>Total Liabilities and Net Assets</u>	\$ 1,813,639	\$ 1,647,014

SEE INDEPENDENT
ACCOUNTANTS' REVIEW REPORT

THE GREATER LEWES FOUNDATION
STATEMENT OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	Without Donor Restrictions	With Donor Restrictions	2020 Total	2019 Total
<u>Operating Revenues, Gains, and Other Support</u>				
Grants/Donations - Cash	\$ 640,916	\$ -	\$ 640,916	\$ 787,843
Events	12,177	-	12,177	95,663
Interest	195	-	195	145
Investment Gains / (Losses)	89,944	-	89,944	104,159
Management Fees	19,188	-	19,188	36,882
Membership Dues	-	-	-	-
<u>Total Operating Revenues, Gains and Other Support</u>	<u>762,420</u>	<u>-</u>	<u>762,420</u>	<u>1,024,692</u>
<u>Operating Expenses</u>				
Program Services	460,036	-	460,036	342,128
Support Services	63,888	-	63,888	77,567
Management and General				
Fundraising				
Development	1,709	-	1,709	11,575
Events	31,539	-	31,539	57,876
<u>Total Operating Expenses</u>	<u>557,172</u>	<u>-</u>	<u>557,172</u>	<u>489,146</u>
<u>Change in Net Assets from Operations</u>	<u>205,248</u>	<u>-</u>	<u>205,248</u>	<u>535,546</u>
<u>Increase/(Decrease) In Net Assets</u>	<u>205,248</u>	<u>-</u>	<u>205,248</u>	<u>535,546</u>
<u>Net Assets at Beginning of Year</u>	<u>1,426,527</u>	<u>86,841</u>	<u>1,513,368</u>	<u>977,822</u>
<u>Net Assets at End of Year</u>	<u>\$ 1,631,775</u>	<u>\$ 86,841</u>	<u>\$ 1,718,616</u>	<u>\$ 1,513,368</u>

SEE INDEPENDENT ACCOUNTANTS' REVIEW REPORT

THE GREATER LEWES FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

Expenses	Program Services		Management and General		Fundraising	2020 Total	2019 Total
Advertising	\$ 2,640	\$ -	\$ -	\$ -	\$ -	\$ 2,640	\$ 7,674
Events	-	-	-	31,539	-	31,539	57,876
Bank Service Charges/Credit Card Fees	-	-	60	-	-	60	24
Cash Donations - Canal Front Project	8,450	-	-	-	-	8,450	-
Cash Donations - Other Charities	419,183	-	-	-	-	419,183	289,869
Consulting Services	9,888	-	41,906	-	1,300	53,094	64,418
Dues and Subscriptions	-	-	-	-	-	-	350
Fundraising Expenses	-	-	-	409	-	409	9,658
Insurance	694	-	773	-	-	1,467	1,296
Management Fees	13,856	-	-	-	-	13,856	31,551
Mileage	94	-	41	-	-	135	55
Office Expense	2,805	-	1,986	-	-	4,791	3,033
Postage and Delivery	1,260	-	1,030	-	-	2,290	1,508
Printing and Reproduction	340	-	-	-	-	340	3,722
Professional Fees	-	-	2,800	-	-	2,800	2,800
Rent	-	-	2,400	-	-	2,400	3,600
Investment Fees	-	-	12,867	-	-	12,867	11,423
Taxes and Licenses	-	-	25	-	-	25	15
Telephone and Utilities	126	-	-	-	-	126	237
Travel/Meals	700	-	-	-	-	700	37
Total Expenses	\$ 460,036	\$ -	\$ 63,888	\$ 33,248	\$ -	\$ 557,172	\$ 489,146

SEE INDEPENDENT ACCOUNTANTS' REVIEW REPORT

THE GREATER LEWES FOUNDATION
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
<u>Cash Flows From Operating Activities</u>		
Change in Net Assets	\$ 205,248	\$ 535,546
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Investment (Gains)/Losses (Unrealized)	(79,002)	(91,728)
Increase/(Decrease) FMHA Fund	(261)	(141,346)
<u>Net Cash Provided (Used) By Operating Activities</u>	<u>125,985</u>	<u>302,472</u>
<u>Cash Flows From Investing Activities</u>		
Transfers to DCF Investments and Reinvestment of Income	(74,551)	(58,862)
Transfers from DCF Investments and Investment Expenses	45,871	20,269
<u>Net Cash Provided (Used) By Investing Activities</u>	<u>(28,680)</u>	<u>(38,593)</u>
<u>Cash Flows From Financing Activities</u>	<u>-</u>	<u>-</u>
<u>Net Increase (Decrease) In Cash And Cash Equivalents</u>	97,305	263,879
<u>Cash And Cash Equivalents At Beginning Of Year</u>	<u>823,948</u>	<u>560,069</u>
<u>Cash And Cash Equivalents At End Of Year</u>	<u>\$ 921,253</u>	<u>\$ 823,948</u>
<u>Supplemental Data</u>		
Interest Paid	\$ -	\$ -
Income Taxes Paid	-	-

SEE INDEPENDENT ACCOUNTANTS' REVIEW REPORT

THE GREATER LEWES FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

Note 1 – Nature of the Organization

The Greater Lewes Foundation (the Organization) is a not-for-profit organization incorporated under the laws of the State of Delaware on May 8, 2000, for the purpose of protecting, improving and enhancing the quality of life in the City of Lewes, Delaware. The Organization is classified as a “public foundation” by the Internal Revenue Service and is therefore exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation – The Organization reports its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on the use that are placed by its donors: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions. The only limits on the use of the net assets without donor restrictions are the broad limits resulting from the nature of the Organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of operations.

Net assets with donor restrictions are resources that are subject to donor-imposed restrictions. Some restrictions are temporary in nature, such as those that are restricted by a donor for use for a particular purpose or in a particular future period. Other restrictions may be perpetual in nature; such as those that are restricted by a donor that the resources be maintained in perpetuity.

The Organization’s unspent contributions are reported in net assets with donor restrictions if the donor limited their use, as are promised contributions that are not yet due. Contributions of property and equipment or cash restricted to acquisition of property and equipment are reported as net assets with donor restrictions if the donor has restricted the use of the property or equipment to a particular program. These restrictions expire when the assets are placed in service.

Basis of Accounting - The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Consequently, certain revenues are recognized when earned rather than when received and certain expenses are recognized when the obligation is incurred rather than when the cash is disbursed.

Use of Estimates - The financial statements include estimates and assumptions made by management that affect the carrying amounts of assets and liabilities and the reported amounts of revenues and expenses. Actual results may differ from those estimates.

Concentration of Revenue - The Organization’s primary source of income is derived from the public in the form of donations and grants.

THE GREATER LEWES FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

Note 2 – Summary of Significant Accounting Policies (Continued)

Promises to Give – Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases net assets in without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

The Organization uses the allowance method to determine uncollectible promises receivable. Management has determined that all promises receivable are collectible and therefore, no allowance has been established.

Property and Equipment- Purchased property and equipment are capitalized at cost and depreciated using the straight-line method. Donated property and equipment are capitalized at FMV and depreciated using the straight-line method.

Costs of Fundraising and Events

Costs of fundraising and events are paid for by the Greater Lewes Foundation as well as certain funds established to engage in active development activities.

Endowment Funds- Management invests all endowment funds with the Delaware Community Foundation (DCF). The funds follow all of the policies of the DCF regarding investment strategy and expenditures.

Subsequent Events- Management has evaluated subsequent events through July 1, 2021, which was the date that the financial statements were available to be issued.

Advertising- Advertising costs are expensed as they are incurred. Advertising cost for December 31, 2020 and 2019 were \$2,640 and \$7,674, respectively.

Reclassifications – Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

New Accounting Pronouncement – On August 18, 2016, FASB issued 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 available resources, and the lack of consistency in the type of information provided about expenses and investment return.

THE GREATER LEWES FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

Note 3 – Availability and Liquidity

The Organization has \$921,253 of financial assets available within one year of the statement of financial position date to meet cash needs for general operating expenditures, consisting of cash and cash equivalents of \$921,253.

The cash and cash equivalents balances at December 31, 2020 and 2019, consist of the following:

	<u>2020</u>	<u>2019</u>
Operating Cash	\$ (13,501)	\$ 694,866
Money Market (including cash restricted for the Endowment Fund)	<u>934,754</u>	<u>129,082</u>
Total Cash and Cash Equivalents	<u>\$ 921,253</u>	<u>\$ 823,948</u>

Note 4 - Concentration of Credit Risk

The Greater Lewes Foundation maintains cash balances that are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At December 31, 2020 and 2019, the organization's uninsured cash balances totaled \$741,770 and \$598,677, respectively.

Note 5 – Net Assets Without Donor Restrictions

The Greater Lewes Foundation's mission is to "maintain and improve the quality of life in the greater Lewes community". Contributions are made to the Organization to be used towards the betterment of the community of Lewes. In some cases, donors give money for specific funds that are under the Organization's umbrella of control. Since these funds fall under the Organization's overall mission, they are not considered restricted assets by the Organization.

The Organization has determined that funds with time restrictions will be classified as net assets with donor restrictions. At this time, there are no funds meeting this qualification.

Note 6 – Promises to Give

Unconditional promises to give consist of the following:

Restricted to betterment of the community of Lewes	\$ -0-
Amounts due in:	
Less than one year	\$ -0-
One to five years	<u>-0-</u>
	<u>\$ -0-</u>

THE GREATER LEWES FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

Note 7 – Related Party Transactions

The Organization has a contract for consulting services with Horizon Philanthropic Services, Inc. The Principal of the Corporation is also the acting Executive Director of the Organization. Responsibilities of the Executive Director include managing The Greater Lewes Foundation and providing administrative and professional services to some of The Greater Lewes Foundation's projects and funds. The total amount paid to this related party during 2020 and 2019 was \$30,630 and \$43,743, respectively. Horizon Philanthropic Services, Inc. uses some of this money to hire various other consultants to work on The Greater Lewes Foundation's projects.

Note 8 – Income Taxes

The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. With few exceptions the organization is no longer subject to federal or state income tax examinations by tax authorities for years ending before December 31, 2017.

Note 9 – Fair Value Measurements

The investments listed under Delaware Community Foundation on the Statement of Financial Position are measured at Fair Value. The values were determined using quoted prices in active markets for similar assets (Level 2).

Investment income consists of the following for the years ending December 31:

	<u>2020</u>	<u>2019</u>
Interest and Dividends	\$ 10,942	\$ 12,431
Net realized and unrealized gains / (losses)	<u>79,002</u>	<u>91,728</u>
Total investment income / (loss)	<u>\$ 89,944</u>	<u>\$ 104,159</u>

Fair value of assets measured on a recurring basis were as follows:

	<u>Total</u>	<u>Level One</u>	<u>Level Two</u>	<u>Level Three</u>
<u>December 31, 2020</u>				
Mutual Funds	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Pooled Funds	<u>797,363</u>	<u>-0-</u>	<u>797,363</u>	<u>-0-</u>
Total	<u>\$ 797,363</u>	<u>\$ -0-</u>	<u>\$ 797,363</u>	<u>\$ -0-</u>
<u>December 31, 2019</u>				
Mutual Funds	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Pooled Funds	<u>689,681</u>	<u>-0-</u>	<u>689,681</u>	<u>-0-</u>
Total	<u>\$ 689,681</u>	<u>\$ -0-</u>	<u>\$ 689,681</u>	<u>\$ -0-</u>

THE GREATER LEWES FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

Note 10 – Fort Miles Funds (FMHA)

During 2017, Fort Miles received a grant from the Longwood Foundation in the amount of \$539,250 to create a larger Museum parking lot and an outdoor events patio. The Greater Lewes Foundation acts as the financial conduit between Fort Miles, the State, and various vendors. As of December 31, 2020 and 2019, funds totaling \$-0- and \$261, respectively had not been disbursed yet. A liability for this amount is shown on the balance sheet.

Note 11 – Lease

The Organization leases office space on a month to month basis, with monthly rent payments of \$300. Total rent expense was \$2,400 and \$3,600 for the years ended December 31, 2020 and 2019, respectively.