

IRONPIGS CHARITIES
FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
DECEMBER 31, 2020
(WITH COMPARATIVE TOTALS FOR 2019)



IRONPIGS CHARITIES
CONTENTS TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	1-2
Financial Statements:	
Statements of Financial Position	3
Statements of Activities and Changes in Net Assets	4
Statements of Functional Expenses	5
Statements of Cash Flows	6
Notes to Financial Statements	7-13
Supplementary Information:	
Schedules of Revenues and Support	14



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
IronPigs Charities
Allentown, Pennsylvania

Report on the Financial Statements

We have audited the accompanying financial statements of IronPigs Charities (a Pennsylvania nonprofit corporation), which comprise the statement of financial position as of December 31, 2020, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year 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 audit. We conducted our audit 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 IronPigs Charities as of December 31, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Note 1 to the financial statements, IronPigs Charities adopted Accounting Standards Board ASC Topic 606, *Revenue from Contracts with Customers*. IronPigs Charities also adopted Accounting Standards Board ASU 2018-8. Our conclusion is not modified with respect to that matter.

Report on Summarized Comparative Information

We have previously audited the IronPigs Charities' 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 16, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019, is consistent, in all material aspects, with the audited financial statements from which it has been derived.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of revenues and support on page 14 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Hill, Barth & King LLC

Certified Public Accountants

October 1, 2021

IRONPIGS CHARITIES
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
Assets		
Cash and cash equivalents	\$ 284,887	\$ 359,781
Due from LV	106	-
Property and equipment, net	<u>719</u>	<u>3,593</u>
Total assets	<u><u>\$ 285,712</u></u>	<u><u>\$ 363,374</u></u>
Liabilities and Net Assets		
Liabilities:		
Accrued expenses	\$ 475	\$ 53,400
Deferred revenues	<u>15,900</u>	<u>24,197</u>
	16,375	77,597
Net assets:		
Without donor restrictions	<u>269,337</u>	<u>285,777</u>
Total liabilities and net assets	<u><u>\$ 285,712</u></u>	<u><u>\$ 363,374</u></u>

See accompanying notes to financial statements

IRONPIGS CHARITIES
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020	2019
Revenues, events, and other support without donor restrictions:		
Contributions	\$ 68,123	\$ 19,220
Program revenues	41	2,564
Special events	84,095	304,761
Less direct benefit cost	-	(156,286)
Other revenue	521	534
	<u>152,780</u>	<u>170,793</u>
Expenses:		
Program services	136,066	106,455
General support services	33,154	69,401
	<u>169,220</u>	<u>175,856</u>
Decrease in net assests without donor restrictions	(16,440)	(5,063)
Net assets without donor restrictions, beginning of year	<u>285,777</u>	<u>290,840</u>
Net assets without donor restrictions, end of year	<u>\$ 269,337</u>	<u>\$ 285,777</u>

See accompanying notes to financial statements

IRONPIGS CHARITIES
STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED DECEMBER 31, 2020
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED 2019)

	Program Services	General Support Services	Total Expenses	
			2020	2019
Board of Directors	\$ -	\$ 196	\$ 196	\$ 257
Community clubhouse	-	-	-	52
Donations	-	109	109	238
Golf tournament	7,321	-	7,321	51
Grants	37,400	-	37,400	53,400
IronPiggy Bank	-	-	-	21
Office supplies	-	454	454	307
Phillies Caravan	39,820	-	39,820	-
Professional fees	1,030	4,000	5,030	5,000
Suites and Treats	1,761	-	1,761	68
50/50 Raffle	-	-	-	19,851
Game on Grants	26,000	1,200	27,200	39,165
Youth Sports Academy	-	2,438	2,438	-
Miscellaneous expense	-	-	-	152
Credit card fees	872	20	892	-
Salary	21,862	21,863	43,725	45,000
Salary-other	-	-	-	9,420
Depreciation	-	2,874	2,874	2,874
	136,066	33,154	169,220	175,856
Special events expense	-	-	-	156,286
	\$ 136,066	\$ 33,154	\$ 169,220	\$ 332,142

See accompanying notes to financial statements

IRONPIGS CHARITIES
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities:		
Decrease in net assets without donor restrictions	\$ (16,440)	\$ (5,063)
Adjustments to reconcile decrease in net assets without donor restrictions to net cash provided by (used in) operating activities:		
Depreciation	2,874	2,874
(Increase) decrease in operating assets:		
Accounts receivable	-	14,716
Due from LV	(106)	-
Increase (decrease) in operating liabilities:		
Accounts payable	-	(344)
Accrued expenses	(52,925)	53,400
Deferred revenue	(8,297)	18,867
Due to LV Baseball	-	(15,000)
Net cash provided by (used in) operating activities	<u>(74,894)</u>	<u>69,450</u>
Net increase (decrease) in cash and cash equivalents	(74,894)	69,450
Cash and cash equivalents at beginning of year	<u>359,781</u>	<u>290,331</u>
Cash and cash equivalents at end of year	<u><u>\$ 284,887</u></u>	<u><u>\$ 359,781</u></u>

See accompanying notes to financial statements

IRONPIGS CHARITIES
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2020 AND 2019

1. Nature of activities and summary of significant accounting policies:

Nature of activities:

IronPigs Charities (the “Charity”) is a Pennsylvania nonprofit corporation which was incorporated on May 9, 2007. The purpose of the Charity is to provide educational and recreational opportunities for children and provide financial assistance to charitable organizations in the area of the Lehigh Valley in Pennsylvania. The Charity is the affiliated non-profit organization of the minor league baseball franchise known as the Lehigh Valley IronPigs.

Basis of accounting:

The accounts of the Charity are maintained, and the financial statements are prepared, on the accrual basis of accounting. Accordingly, revenues are recognized when earned, and expenses are recognized when incurred.

Adoption of new accounting standards:

The Financial Accounting Standards Board (FASB) issued a new Accounting Standards Update (ASU) 2018-08 which falls within the scope of Topic 958 “Not-for-profit-Entities” of which requires Not-for-profit-Entities to recognize revenue for contributions in a time frame of which assets or specified assets are received or promised. ASU 2018-08 defines contributions as “an unconditional transfer of cash or other assets, as well as unconditional promises to give, to an entity, or a reduction, settlement, or cancellation of its liabilities in a voluntary nonreciprocal transfer by another entity acting other than as an owner.” Contributions are not subject to guidance under ASC Topic 606 and is reserved for matters relating to contributions rather than exchanges.

The Charity adopted the requirements of the new guidance as of January 1, 2020, utilizing the modified retrospective method of transition.

The adoptions of the new guidance did not have a material impact on the Charity’s financial statements.

The Financial Accounting Standards Board (FASB) issued new guidance that created Topic 606, *Revenue from Contracts with Customers*, in the Accounting Standards Codification (ASC). Topic 606 supersedes the revenue recognition requirements in FASB ASC 605, Revenue Recognition, and requires the recognition of revenue when promised goods are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. The new guidance also added Subtopic 340-40, *Other Assets and Deferred Costs- Contracts with Customers*, to the ASC to require the deferral of incremental costs of obtaining a contract. Collectively, the Charity refers to the new Topic 606, Subtopic 340-40, and ASU 2018-08 as the “new guidance.”

IRONPIGS CHARITIES
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2020 AND 2019

1. Nature of activities and summary of significant accounting policies (continued):

Adoption of New Accounting Standards (continued):

The Charity adopted the requirements of the new guidance as of January 1, 2020, utilizing the modified retrospective method of transition.

The adoptions of the new guidance did not have a material impact on the Charity's financial statements.

Support and revenue:

The Charity receives its support and revenue primarily through fund raising activities, which includes 50/50 raffles, winter banquets, auctions, donations, and other events.

Earnings related to restricted net assets will be included in net assets without donor restrictions unless otherwise specifically required to be included in donor restricted net assets by the donor or by applicable state law.

All net assets of the Charity at December 31, 2020 were considered to be net assets without donor restrictions.

Use of estimates:

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and the disclosure of contingent assets and liabilities, if any, at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash and cash equivalents:

For purposes of the statements of cash flows, the Charity considers all investments purchased with an original maturity of three months or less to be cash equivalents.

Comparative data:

The amounts shown for the year ended December 31, 2019, in the accompanying financial statements are included to provide basis for comparison with 2020 and present summarized totals only.

Accordingly, the 2019 totals are not intended to present all information necessary for a fair presentation in conformity with accounting principles generally accepted in the United States of America. Such information should be read in conjunction with the Charity's financial statements for the year ended December 31, 2019, from which the summarized information was derived

IRONPIGS CHARITIES
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2020 AND 2019

1. Nature of activities and summary of significant accounting policies (continued):

Concentrations of credit risks:

The Charity maintains its cash and cash equivalents in bank accounts which, at times, may exceed federally insured limits. Accounts are guaranteed by the Federal Deposit Insurance Corporation up to \$250,000. The Charity has not experienced any losses in such accounts. As of December 31, 2020, the uninsured cash balance was \$94,152.

Promises to give:

Contributions are recognized when the donor makes an unconditional promise to give. Contributions that are restricted by the donor are reported as increases in net assets 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. There were no donor restricted net assets at December 31, 2020 and 2019.

Uncollectible amounts for unconditional promises to give are expected to be and have historically been immaterial. Accordingly, no provision has been made for the uncollectible amount.

Property and equipment:

Property and equipment are stated at cost if purchased or fair value if contributed. Expenditures for major additions and improvements are capitalized. Minor replacements, maintenance, and repairs are charged to expense as incurred. Depreciation is provided over the estimated useful lives of the related assets using the straight-line method for financial statement purposes. The estimated useful lives of property and equipment are 5 to 10 years.

Grants payable:

Grants payable represent unconditional grants that have been authorized prior to year-end but remain unpaid as of the statements of financial position date. A conditional grant is an expense and is considered payable in the period the conditions are substantially satisfied. There were no conditional grants as of December 31, 2020 and 2019.

Net assets:

Net assets of the Charity and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions:

Amounts that are not subject to usage restrictions based on donor-imposed requirements. This class also includes assets previously restricted where restrictions have expired or have been met.

IRONPIGS CHARITIES
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2020 AND 2019

1. Nature of activities and summary of significant accounting policies (continued):

Net assets (continued):

Net Assets With Donor Restrictions:

Assets subject to usage limitations based on donor imposed or grantor restrictions. These restrictions may be temporary or may be based on a particular use. Restrictions may be met by the passage of time or by actions of the Charity. Certain restrictions may need to be maintained in perpetuity.

Income tax exemption:

The Charity is a not-for-profit entity described in Section 501(c)(3) of the Internal Revenue Code and is exempt from income taxes on related activities pursuant to Section 509(a) of the code. In addition, the Charity was organized under the Pennsylvania Nonprofit Corporation Law and is exempt from state income taxes.

In-kind contributions:

A number of individual volunteers and businesses donated significant amounts of time to the Charity's program services and fundraising campaigns. No amounts have been reflected in the accompanying financial statements for contributed services because these services do not meet criteria to be recognized as contributed services.

The Charity utilizes office space and utilities of the Lehigh Valley IronPigs. The Charity also provides the Executive Director's health and work benefits. Both parties determined that the value of the Charity's aforementioned items are de minimis and hence, no revenue and expense have been recorded on the books of the Charity for the years ended December 31, 2020 and 2019.

The Charity has recognized donations made by the Lehigh Valley IronPigs of game jerseys and tickets as revenues. The Charity has recognized these revenues at the estimated fair value of the items donated.

Reclassifications:

For comparability, certain prior-year amounts have been reclassified to conform with the 2020 presentation.

IRONPIGS CHARITIES
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2020 AND 2019

1. Nature of activities and summary of significant accounting policies (continued):

Functional allocation of expenses:

The cost of program and supporting service activities has been summarized on a functional basis in the statements of activities and changes in net assets. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Most expenditures are identifiable as a direct cost to the program services and the Charity's specific events. Expenses not directly related are allocated based on estimated time and effort, as also outlined, and approved in the Charity's budget.

Risks and uncertainties:

The COVID-19 pandemic has caused business disruption through mandated and voluntary closings of many businesses. It has also caused significant layoffs and unemployment. As of December 31, 2020, this disruption has affected the Charity through multiple streams of revenue. The Charity was unable to host events such as Meet the Team or conduct the 50/50 at games, as there was no minor league baseball season.

The disruption, due to COVID-19, is anticipated to be temporary, however there is considerable uncertainty around the duration of the economic effect and the Charity expects this matter to continue impacting its operating results. Due to the nature of this disruption, the Charity is unable to reasonably estimate the duration nor financial impact on the Charity.

2. Property and equipment:

Property and equipment consisted of the following at December 31:

	<u>2020</u>	<u>2019</u>
50/50 Raffle Kiosks	\$ 20,120	\$ 20,120
Less accumulated depreciation	<u>19,401</u>	<u>16,527</u>
Net Property and Equipment	<u>\$ 719</u>	<u>\$ 3,593</u>

Depreciation expense for the years ended December 31, 2020 and 2019 was \$2,874.

IRONPIGS CHARITIES
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2020 AND 2019

3. Contributed services:

The Charity generally pays for services requiring specific expertise. However, certain administrative and bookkeeping services are provided by the Lehigh Valley IronPigs at no cost to the Charity.

Both parties determined that the value of the Charity's share for the services noted is de minimis and hence, no revenue and expense have been recorded on the books of the Charity for the years ended December 31, 2020 and 2019.

4. Related party transactions:

Four employees of the Lehigh Valley IronPigs sit on the Board of Directors of the Charity. These are volunteer positions. The Charity reimbursed the executive director's salary in full. The total amount of the executive director's salary reimbursed for the years ended December 31, 2020 and 2019 was \$43,725 and \$60,000, respectively.

The Charity also reimbursed all the wages of the Lehigh Valley IronPigs' employees who assisted in the 50/50 Raffle during home games. The total amount of salary reimbursed for the years ended December 31, 2020 and 2019 was \$0 and \$9,420, respectively.

5. Compensated absences:

The Charity reimbursed the Lehigh Valley IronPigs for salaries of employees who spent a portion of their time working for the Charity. It is not practical for the Charity to estimate the amount of compensation for future absences; accordingly, no liability for compensated absences has been recorded in the accompanying financial statements. The Charity's policy is to recognize the costs of compensated absences when actually paid to employees or reimbursed to the third party.

IRONPIGS CHARITIES
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2020 AND 2019

6. Liquidity and availability:

The Charity regularly monitors liquidity required to meet its operating needs. The Board of Directors approve the operating budget annually and strive to maintain sufficient liquid financial assets to cover their general expenditures. The following table reflects the Charity's financial assets at December 31, 2020 and 2019, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date because of donor restrictions.

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Cash and cash equivalents	\$ 284,887	\$ 359,781
Less net assets with donor restrictions	<u>-</u>	<u>-</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 284,887</u>	<u>\$ 359,781</u>

7. Subsequent events:

Management has evaluated all activity of the Charity through October 1, 2021, the date the financial statements were available to be issued and concluded that no subsequent events have occurred that would require recognition or disclosure in the financial statements or notes.

SUPPLEMENTARY INFORMATION

IRONPIGS CHARITIES
SCHEDULES OF REVENUES AND SUPPORT
YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020	2019
Contributions:		
Donations	\$ 68,123	\$ 18,814
IronPiggy Bank	-	406
	<u>\$ 68,123</u>	<u>\$ 19,220</u>
Less direct benefit cost		
Program revenues:		
Ballpark tours	\$ 41	\$ 289
Special announcements	-	2,275
	<u>\$ 41</u>	<u>\$ 2,564</u>
Special events:		
50/50 Raffle	\$ -	\$ 166,231
Community clubhouse	-	15,087
De Dog days	-	822
Exhibition game	-	1,272
Golf tournament	26,183	17,387
Halloween	6,750	5,689
Jersey auctions	-	43,067
Phillies winter banquet	51,162	47,086
Team event	-	8,120
	<u>\$ 84,095</u>	<u>\$ 304,761</u>
Other revenue	<u>\$ 521</u>	<u>\$ 534</u>