

The Dietrich W. Botstiber Foundation

Financial Statements

Years Ended August 31, 2021 and 2020



WIPFLI

Independent Auditor's Report

To the Trustees of
The Dietrich W. Botstiber Foundation
Media, Pennsylvania

Report on the Financial Statements

We have audited the accompanying financial statements of The Dietrich W. Botstiber Foundation (the "Foundation"), which comprise the statements of financial position as of August 31, 2021 and 2020, and the related statements of activities, 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; 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. 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 Dietrich W. Botstiber Foundation as of August 31, 2021 and 2020, 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.

Wipfli LLP

Wipfli LLP

April 4, 2022
Philadelphia, Pennsylvania

The Dietrich W. Botstiber Foundation

Statements of Financial Position

<i>As of August 31, 2021 and 2020</i>	2021	2020
ASSETS		
Cash and cash equivalents	\$ 621,568	\$ 900,175
Investments	44,759,405	37,358,931
Prepaid rent and expenses	56,818	45,159
Prepaid foreign tax	3,591	-
Furniture and equipment, net	40,559	48,247
Beneficial interest in charitable remainder annuity trust	2,757,762	2,143,168
Total Assets	\$ 48,239,703	\$ 40,495,680
LIABILITIES		
Accounts payable and accrued payroll	\$ 21,805	\$ 22,332
Federal excise tax payable	6,961	14,462
Grants payable, net	271,763	566,361
Refundable advance	-	73,000
Deferred federal excise tax	239,129	150,918
Total Liabilities	539,658	827,073
NET ASSETS		
Without donor restrictions	44,942,283	37,525,439
With donor restrictions	2,757,762	2,143,168
Total Net Assets	47,700,045	39,668,607
Total Liabilities and Net Assets	\$ 48,239,703	\$ 40,495,680

See Accompanying Notes to Financial Statements

The Dietrich W. Botstiber Foundation

Statement of Activities

Year Ended August 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND GAINS			
Dividend and interest income	\$ 694,304	\$ -	\$ 694,304
Net realized and unrealized gain on investments	8,161,165	-	8,161,165
PPP grant	73,000	-	73,000
Change in value of charitable remainder annuity trust	-	614,594	614,594
Total Revenues and Gains	8,928,469	614,594	9,543,063
EXPENSES			
Program Services			
Scholarships	100,243	-	100,243
Austrian-American studies	479,769	-	479,769
Animal protection and other	654,493	-	654,493
Total Program Services	1,234,505	-	1,234,505
General and administrative	277,120	-	277,120
Total Expenses	1,511,625	-	1,511,625
CHANGE IN NET ASSETS	7,416,844	614,594	8,031,438
NET ASSETS - BEGINNING OF THE YEAR	37,525,439	2,143,168	39,668,607
NET ASSETS - END OF THE YEAR	\$ 44,942,283	\$ 2,757,762	\$ 47,700,045

See Accompanying Notes to Financial Statements

The Dietrich W. Botstiber Foundation

Statement of Activities

Year Ended August 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND GAINS			
Dividends and interest	\$ 786,726	\$ -	\$ 786,726
Net realized and unrealized gain on investments	3,877,596	-	3,877,596
Change in value of charitable remainder annuity trust	-	172,315	172,315
Total Revenues and Gains	4,664,322	172,315	4,836,637
EXPENSES			
Program Services			
Scholarships	318,068	-	318,068
Austrian-American studies	476,916	-	476,916
Animal protection and other	413,560	-	413,560
Total Program Services	1,208,544	-	1,208,544
General and administrative	190,803	-	190,803
Total Expenses	1,399,347	-	1,399,347
CHANGE IN NET ASSETS	3,264,975	172,315	3,437,290
NET ASSETS - BEGINNING OF THE YEAR	34,260,464	1,970,853	36,231,317
NET ASSETS - END OF THE YEAR	\$ 37,525,439	\$ 2,143,168	\$ 39,668,607

See Accompanying Notes to Financial Statements

The Dietrich W. Botstiber Foundation

Statements of Cash Flows

<i>Years Ended August 31, 2021 and 2020</i>	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 8,031,438	\$ 3,437,290
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	12,559	11,956
Realized and unrealized gain on investments	(8,325,164)	(4,012,711)
Change in value of interest in charitable remainder annuity trust	(614,594)	(172,315)
Change in certain operating assets and liabilities:		
Prepaid rent and expenses	(11,659)	(5,938)
Prepaid federal excise tax	-	12,044
Prepaid foreign tax	(3,591)	48,544
Accounts payable and accrued payroll	(527)	1,465
Federal excise tax payable	(7,501)	14,462
Grants payable, net	(294,598)	(524,700)
Refundable advance	(73,000)	73,000
Deferred federal excise tax	88,211	26,310
Net Cash Used in Operating Activities	(1,198,426)	(1,090,593)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(9,454,271)	(9,434,839)
Sales of investments	10,378,961	10,616,644
Purchase of furniture and equipment	(4,871)	(15,965)
Net Cash Provided by Investing Activities	919,819	1,165,840
CHANGE IN CASH AND CASH EQUIVALENTS	(278,607)	75,247
CASH AND CASH EQUIVALENTS - BEGINNING OF THE YEAR	900,175	824,928
CASH AND CASH EQUIVALENTS - END OF THE YEAR	\$ 621,568	\$ 900,175

See Accompanying Notes to Financial Statements

The Dietrich W. Botstiber Foundation

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies

This summary of significant accounting policies of The Dietrich W. Botstiber Foundation (the "Foundation") is presented to assist in understanding the financial statements. These accounting policies conform to accounting principles generally accepted in the United States. The financial statements and notes are representations of the Foundation's management, which is responsible for their integrity and objectivity.

Organization and Activities

The Foundation is a Pennsylvania Trust founded in September 1995 by Dietrich W. Botstiber to provide scholarships to talented students of good moral character in the fields of science, technology and commerce; to promote an understanding of the historic relationship between the United States and Austria; to support programs that prevent cruelty to animals and human beings; and to reform education systems in the fields of science, technology and commerce.

Mr. Botstiber, who died on December 21, 2002, was the sole contributor to the Foundation. Investment earnings are used to support the Foundation's programs which include the Botstiber Scholars Program, the Botstiber Institute for Austrian-American Studies, and animal preservation.

Basis of Accounting

The accompanying financial statements are presented on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States.

Basis of Presentation

The Foundation reports information regarding its financial position and activities based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Foundation are classified and reported as follows:

Net Assets Without Donor Restrictions - Net assets that are not subject to donor-imposed restrictions.

Net Assets With Donor Restrictions - Net assets subject to donor-imposed restrictions that expire either by the passage of time or can be fulfilled or otherwise removed by actions of the Foundation; and other net assets subject to donor-imposed restrictions that are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

The Dietrich W. Botstiber Foundation

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Risks and Uncertainties

Concentration of Credit Risk

The Foundation's principal financial instruments subject to credit risk are its cash, cash equivalents and investments. The Foundation maintains cash and cash equivalents at financial institutions located in the Philadelphia, Pennsylvania area. Accounts at these institutions are insured by the Federal Deposit Insurance Corporation ("FDIC") or by the Securities Investor Protection Corporation ("SIPC"). At certain times during the year, cash balances may be in excess of FDIC or SIPC coverage when the Foundation is anticipating to make distributions to grantees. The Foundation holds cash and cash equivalents, which exceeded insured limits as of August 31, 2021, by approximately \$237,000.

Investment securities are exposed to various risks, such as interest rate, market and credit. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the value of investments in the near term would materially affect the amounts reported in the statement of financial position and the statement of activities.

Historically, the Foundation has not incurred any significant credit-related losses and believes it is not exposed to any significant risk on its concentrations.

Cash and Cash Equivalents

The Foundation considers all short-term debt securities with an original maturity of three months or less to be cash equivalents.

Investment Valuation and Income Recognition

Investments in equity securities with readily determinable fair values and all debt securities are reported at fair value based on quoted market prices. Dividends are recorded on the ex-dividend date. Unrealized gains and losses on investments resulting from market fluctuations are reported in the statement of activities in the period that such fluctuations occur. The Foundation uses the specific identification method in determining realized gains or losses reported on the statement of activities. Net realized and unrealized gains (losses) on investments is reported in the statement of activities and consists of realized and unrealized gains and losses, less investment expenses of \$163,099 during fiscal year 2021 and \$135,115 during fiscal year 2020.

Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability, otherwise known as the "exit price", in an orderly transaction between market participants at the measurement date. See Note 3 for a discussion of fair value measurement.

The Dietrich W. Botstiber Foundation

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Furniture and Equipment

Furniture and equipment are stated at cost and are depreciated using the straight-line method of depreciation over the estimated useful lives of 3 to 7 years.

Contributions

Contributions and grants, including unconditional promises to give, are recognized as support in the period the gifts or promises to give are received and as assets, decrease in liabilities or expenses depending on the form of the benefits received. Conditional contributions and grants, that is, those with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been met. Any funding received prior to overcoming the barrier is recorded as a refundable advance on the statement of financial position.

Contributions received are reported as contribution revenue with donor restrictions if the gifts are received with donor stipulations that limit the use of the donated assets. Contribution revenue that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the same reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions. 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 statement of activities as net assets released from restrictions.

Grants

Grants are recognized when they are approved by the Board of Trustees for payment, provided the grant is not subject to future contingencies. Grants payable represents all unconditional grants that have been authorized prior to year end, but remain unpaid as of the statement of financial position date. Grants payable that are expected to be paid in future years are recorded at the present value of expected future payments.

Functional Allocation of Expenses

The costs of providing the Foundation's programs and activities have been summarized by natural classification and by function in Note 8. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The expenses that are allocated include rent and depreciation, which are allocated on a square footage basis, and certain salaries which are allocated on the basis of estimates of time and effort.

The Dietrich W. Botstiber Foundation

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Income Taxes

The Foundation is exempt from federal income taxes and is classified as a private foundation under Section 501(c)(3) of the Internal Revenue Code. It is subject to a 1.39% federal excise tax on net investment income, including net realized gains, as defined by the IRS. The deferred provision for federal excise tax represents the projected future tax liability on the temporary difference caused by the unrealized appreciation (depreciation) on investments. Deferred excise taxes as of August 31, 2021 and 2020 resulted in a deferred tax provision of approximately \$88,200 and \$26,300 for the years ended August 31, 2021 and 2020, respectively. The current provision for excise tax expense was approximately \$33,000 and \$28,000 for the years ended August 31, 2021 and 2020, respectively.

New Accounting Pronouncement

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-02, *Leases (Topic 842)*. This ASU modifies lease accounting to increase transparency and comparability by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing information. The most significant change for lessees will be the recognition of both a liability to make lease payments (the lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term for those leases classified as operating leases under current accounting guidance. Certain accounting policy elections are permitted for leases with terms of 12 months or less. FASB Accounting Standards Codification (ASC) Topic 842, *Leases ("ASC 842")*, supersedes current lease requirements in FASB ASC Topic 840, *Leases*. The new standard, which was deferred one year as a result of ASU 2020-05, is effective for nonpublic companies for annual periods beginning after December 15, 2021 (effective for the Foundation's year ending August 31, 2023). The Foundation has not yet evaluated the impact of the adoption of this ASU on the financial statements.

Note 2: Liquidity and Availability of Financial Resources

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following as of August 31:

	2021	2020
Cash and cash equivalents	\$ 621,568	\$ 900,175
Investments	44,759,405	37,358,931
Financial assets available within one year	\$ 45,380,973	\$ 38,259,106

The Foundation maintains financial assets in liquid form such as cash and cash equivalents for approximately three months of operating expenses and grant commitments. The Foundation regularly monitors its liquidity so that it is able to meet its operating needs and other commitments while maximizing the investment return of its assets.

The Dietrich W. Botstiber Foundation

Notes to Financial Statements

Note 3: Fair Value Measurements

The Foundation uses the three tier fair value hierarchy as a basis for its assumptions. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described as follows:

Level 1 – Inputs are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access.

Level 2 – Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted market prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Following is a description of the valuation methodologies used for assets measured at fair value:

Mutual and exchange-traded funds: Valued at the net asset value listed in the active markets on which the funds are traded. These funds held by the Foundation are deemed to be actively traded.

Common stock: Shares in companies traded on national securities exchanges are valued at the closing price reported in the active market in which the individual securities are traded.

Bonds: For which quoted market prices are not available, are valued based on the yields currently available on comparable securities of issuers with similar credit ratings, generally categorized in Level 2 of the fair value hierarchy.

The Dietrich W. Botstiber Foundation

Notes to Financial Statements

Note 3: Fair Value Measurements (Continued)

The following table sets forth by level, within the fair value hierarchy, the Foundation's financial assets measured at fair value on a recurring basis as of August 31, 2021:

As of August 31, 2021	Total Assets at Fair Value	(Level 1)	(Level 2)	(Level 3)
Mutual and exchange-traded funds				
Equity	\$ 18,469,491	\$ 18,469,491	\$ -	\$ -
International equity	8,366,796	8,366,796	-	-
Fixed income	7,172,455	7,172,455	-	-
Bonds				
Corporate	533,291	-	533,291	-
Municipal	97,393	-	97,393	-
Common stock				
Consumer goods and services	2,218,878	2,218,878	-	-
Energy	59,100	59,100	-	-
Information technology and telecommunication companies	3,174,198	3,174,198	-	-
Real estate	243,430	243,430	-	-
Healthcare	1,383,611	1,383,611	-	-
Financial services	1,665,687	1,665,687	-	-
Industrials	656,434	656,434	-	-
Other	718,641	718,641	-	-
Total	\$ 44,759,405	\$ 44,128,721	\$ 630,684	\$ -

The Dietrich W. Botstiber Foundation

Notes to Financial Statements

Note 3: Fair Value Measurements (Continued)

The following table sets forth by level, within the fair value hierarchy, the Foundation's financial assets measured at fair value on a recurring basis as of August 31, 2020:

As of August 31, 2020	Total Assets at Fair Value	(Level 1)	(Level 2)	(Level 3)
Mutual and exchange-traded funds				
Equity	\$ 14,945,170	\$ 14,945,170	\$ -	\$ -
International equity	8,042,646	8,042,646	-	-
Fixed income	5,957,011	5,957,011	-	-
Bonds				
Corporate	659,461	-	659,461	-
Government	101,839	-	101,839	-
Municipal	102,479	-	102,479	-
Common stock				
Consumer goods and services	1,841,261	1,841,261	-	-
Energy	103,898	103,898	-	-
Information technology and telecommunication companies	2,381,853	2,381,853	-	-
Real estate	186,863	186,863	-	-
Healthcare	1,139,397	1,139,397	-	-
Financial services	1,163,355	1,163,355	-	-
Industrials	205,760	205,760	-	-
Other	527,938	527,938	-	-
Total	\$ 37,358,931	\$ 36,495,152	\$ 863,779	\$ -

Note 4: Furniture and Equipment, Net

A summary of furniture and equipment is as follows as of August 31, 2021 and 2020:

<i>As of August 31, 2020 and 2019</i>	2021	2020
Furniture, fixtures, and equipment	\$ 94,526	\$ 89,655
Less: accumulated depreciation	(53,967)	(41,408)
Furniture and equipment, net	\$ 40,559	\$ 48,247

Depreciation expense was \$12,559 and \$11,956 for the years ended August 31, 2021 and 2020, respectively.

The Dietrich W. Botstiber Foundation

Notes to Financial Statements

Note 5: Beneficial Interest in Charitable Remainder Trust

The Foundation is the remainder beneficiary of a charitable remainder annuity trust established by Mr. Botstiber in September 1995 and funded upon his death in December 2002 with assets of \$2,667,000. The Trust provides the lifetime beneficiary with an annual annuity of \$133,350, 5% of the assets placed in trust.

The Foundation values its beneficial interest at the net present value of its expected future benefit based upon the actuarially determined life expectancy of the income beneficiary and a discount rate of 2.2%.

The beneficial interest is included in net assets with donor restrictions due to the time restriction associated with a future benefit.

Additionally, the Foundation is the remainder beneficiary of another trust established by Mr. Botstiber. However, the beneficial interest has not been recorded as the trustees have discretionary power to spend all assets of the trust. The estimated value of the trust was approximately \$52,000 and \$95,000 at August 31, 2021 and 2020, respectively.

Note 6: Grants Payable, Net

Grants payable, net consisted of the following:

<i>As of August 31, 2021 and 2020</i>	2021	2020
Payable in less than one year	\$ 209,259	\$ 173,411
Payable in one to five years	64,414	401,246
	273,673	574,657
Less discount on long-term grants payable	(1,910)	(8,296)
Total	\$ 271,763	\$ 566,361

Grants payable as of August 31, 2021 and 2020 were discounted using the rate of 0.92%.

Note 7: Operating Leases

The Foundation leases its office space, located in Media, Pennsylvania, under a noncancelable operating lease expiring June 30, 2025. Rent paid for the years ended August 31, 2021 and 2020 was \$60,846 and \$49,770, respectively.

As of August 31, 2021, required payments for the next five years based on the existing terms of the lease are as follows:

2022	\$ 66,056
2023	66,889
2024	68,170
2025	57,583
Total lease payments	\$ 258,698

The Dietrich W. Botstiber Foundation

Notes to Financial Statements

Note 8: Analysis of Expenses by Nature and Function

The costs of providing the Foundation's programs and activities have been summarized on a functional basis below.

<i>For the year ended August 31, 2021</i>	Programs			Total Programs	General and administrative	Total
	Scholarships	Austrian- American studies	Animal protection and other			
Grant distributions	\$ 63,059	\$ 273,251	\$ 437,546	\$ 773,856	\$ -	\$ 773,856
Salaries	18,700	152,445	169,746	340,891	67,405	408,296
Professional fees	2,822	20,389	6,333	29,544	56,306	85,850
Conferences, travel and meetings	-	1,827	4,981	6,808	714	7,522
Rent	12,169	18,254	18,254	48,677	12,169	60,846
Office and other	156	900	409	1,465	6,176	7,641
Technology	21	3,784	11,277	15,082	704	15,786
Depreciation	3,140	3,140	3,140	9,420	3,139	12,559
Dues and subscription	-	5,779	2,807	8,586	3,302	11,888
Insurance	176	-	-	176	6,450	6,626
Federal excise tax provision	-	-	-	-	120,755	120,755
Total expenses	\$ 100,243	\$ 479,769	\$ 654,493	\$ 1,234,505	\$ 277,120	\$ 1,511,625

<i>For the year ended August 31, 2020</i>	Programs			Total Programs	General and administrative	Total
	Scholarships	Austrian- American studies	Animal protection and other			
Grant distributions	\$ 266,927	\$ 238,444	\$ 157,612	\$ 662,983	\$ -	\$ 662,983
Salaries	30,751	186,613	169,246	386,610	29,220	415,830
Professional fees	6,514	21,137	9,771	37,422	72,745	110,167
Conferences, travel and meetings	-	7,349	45,264	52,613	502	53,115
Rent	9,954	14,931	14,931	39,816	9,954	49,770
Office and other	835	936	938	2,709	11,546	14,255
Technology	-	3,912	12,240	16,152	1,029	17,181
Depreciation	2,989	2,989	2,989	8,967	2,989	11,956
Dues and subscription	-	605	569	1,174	3,947	5,121
Insurance	98	-	-	98	4,545	4,643
Federal excise tax provision	-	-	-	-	54,326	54,326
Total expenses	\$ 318,068	\$ 476,916	\$ 413,560	\$ 1,208,544	\$ 190,803	\$ 1,399,347

The Dietrich W. Botstiber Foundation

Notes to Financial Statements

Note 9: Refundable Advance

At August 31, 2020, the Foundation had a refundable advance liability of \$73,000 due to the issuance of an award from the Small Business Administration's (SBA) Paycheck Protection Program (PPP) during 2020 as a result of legislation passed to assist businesses in navigating the Coronavirus pandemic. The Foundation determined the award was a conditional grant and was reported as a refundable advance liability until the conditions were substantially met or explicitly waived. On March 15, 2021, the Foundation was notified by the SBA that its application for forgiveness had been approved and the full amount of the award was recognized as PPP grant revenue.

Note 10: Subsequent Events

In preparing these financial statements, management of the Foundation has evaluated events and transactions for potential recognition or disclosure through April 4, 2022 the date the financial statements were available to be issued.