

Sunbury Area Community Foundation

Financial Statements

Years Ended December 31, 2013 and 2012
with Independent Auditor's Report

MaherDuessel
Certified Public Accountants

Pittsburgh | Harrisburg | Butler

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SUNBURY AREA COMMUNITY FOUNDATION

YEARS ENDED DECEMBER 31, 2013 AND 2012

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Independent Auditor's Report

Board of Directors
Sunbury Area Community Foundation

We have audited the accompanying financial statements of the Sunbury Area Community Foundation (Foundation), which comprise the statements of financial position as of December 31, 2013 and 2012, 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 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 audits 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 Foundation as of December 31, 2013 and 2012, 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.

Maher Duessel

Harrisburg, Pennsylvania
May 8, 2014

SUNBURY AREA COMMUNITY FOUNDATION

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
Assets		
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Current assets:		
Cash and cash equivalents	\$ 3,296	\$ 7,366
Noncurrent assets:		
Investments	-	123,539
Beneficial interest in net assets of a community foundation	4,590,204	3,815,412
Beneficial interest in perpetual trusts held by others	419,551	387,820
Beneficial interest in remainder trusts held by others	393,542	334,748
Beneficial interest in lead trust held by others	378,156	397,794
Total noncurrent assets	<u>5,781,453</u>	<u>5,059,313</u>
Total Assets	<u><u>\$ 5,784,749</u></u>	<u><u>\$ 5,066,679</u></u>
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Liabilities and Net Assets		
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Liabilities:		
Current liabilities:		
Accounts payable	\$ 642	\$ 961
Grants payable	76,648	25,653
Total Liabilities	<u>77,290</u>	<u>26,614</u>
Net Assets:		
Unrestricted	3,296	7,366
Temporarily restricted	-	123,539
Permanently restricted	5,704,163	4,909,160
Total Net Assets	<u>5,707,459</u>	<u>5,040,065</u>
Total Liabilities and Net Assets	<u><u>\$ 5,784,749</u></u>	<u><u>\$ 5,066,679</u></u>

The accompanying notes are an integral part of these financial statements.

SUNBURY AREA COMMUNITY FOUNDATION

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2013

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues, Gains and Other Support:				
Contributions	\$ -	\$ -	\$ 62,840	\$ 62,840
Trust income	-	-	63,598	63,598
Investment income	269,460	1,481	-	270,941
Unrealized gain on investments	-	239	-	239
Change in beneficial interest in net assets of a community foundation	-	-	478,429	478,429
Change in value of perpetual, remainder, and lead trusts	-	-	70,887	70,887
Auxiliary loss, net	(4,070)	-	-	(4,070)
Release from restriction	6,010	(125,259)	119,249	-
	<u>271,400</u>	<u>(123,539)</u>	<u>795,003</u>	<u>942,864</u>
Total revenues, gains and other support				
Expenses:				
Grants	161,700	-	-	161,700
Fund management	68,149	-	-	68,149
Professional fees	33,084	-	-	33,084
Workers' compensation claims	4,656	-	-	4,656
Insurance	6,566	-	-	6,566
Miscellaneous expenses	1,315	-	-	1,315
	<u>275,470</u>	<u>-</u>	<u>-</u>	<u>275,470</u>
Total expenses				
Change in Net Assets	(4,070)	(123,539)	795,003	667,394
Net Assets:				
Beginning of year	7,366	123,539	4,909,160	5,040,065
End of year	<u>\$ 3,296</u>	<u>\$ -</u>	<u>\$ 5,704,163</u>	<u>\$ 5,707,459</u>

The accompanying notes are an integral part of these financial statements.

SUNBURY AREA COMMUNITY FOUNDATION

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2012

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues, Gains and Other Support:				
Contributions	\$ -	\$ -	\$ 29,160	\$ 29,160
Trust income	-	-	50,803	50,803
Investment income	272,616	3,561	-	276,177
Unrealized gain on investments	-	3,681	-	3,681
Change in beneficial interest in net assets of a community foundation	-	-	174,853	174,853
Change in value of perpetual, remainder, and lead trusts	-	-	5,485	5,485
Auxiliary income, net	271	-	-	271
Release from restriction	11,598	(11,598)	-	-
	<u>284,485</u>	<u>(4,356)</u>	<u>260,301</u>	<u>540,430</u>
Total revenues, gains and other support				
Expenses:				
Grants	158,750	-	-	158,750
Fund management	95,922	-	-	95,922
Professional fees	13,886	-	-	13,886
Workers' compensation claims	9,098	-	-	9,098
Insurance	6,466	-	-	6,466
Development	80	-	-	80
Miscellaneous expenses	12	-	-	12
	<u>284,214</u>	<u>-</u>	<u>-</u>	<u>284,214</u>
Total expenses				
Change in Net Assets	271	(4,356)	260,301	256,216
Net Assets:				
Beginning of year	<u>7,095</u>	<u>127,895</u>	<u>4,648,859</u>	<u>4,783,849</u>
End of year	<u>\$ 7,366</u>	<u>\$ 123,539</u>	<u>\$ 4,909,160</u>	<u>\$ 5,040,065</u>

The accompanying notes are an integral part of these financial statements.

SUNBURY AREA COMMUNITY FOUNDATION

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
Cash Flows From Operating Activities:		
Change in net assets	\$ 667,394	\$ 256,216
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Change in beneficial interest in net assets of a community foundation	(774,792)	(142,780)
Change in value of perpetual, remainder, and lead trusts	(70,887)	(5,485)
Net unrealized gain on investments	(239)	(3,681)
Increase (decrease) in:		
Accounts payable	(319)	824
Grants payable	50,995	(112,860)
Net cash used in operating activities	<u>(127,848)</u>	<u>(7,766)</u>
Cash Flows From Investing Activities:		
Purchase of investments	(121,700)	(119,076)
Proceeds from sale of investments	245,478	127,113
Net cash provided by investing activities	<u>123,778</u>	<u>8,037</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(4,070)	271
Cash and Cash Equivalents:		
Beginning of year	<u>7,366</u>	<u>7,095</u>
End of year	<u><u>\$ 3,296</u></u>	<u><u>\$ 7,366</u></u>

The accompanying notes are an integral part of these financial statements.

SUNBURY AREA COMMUNITY FOUNDATION

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2013 AND 2012

1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. *Nature of Operations*

The Sunbury Area Community Foundation (Foundation) was organized in December 2005 as the Sunbury Area Health Foundation with the proceeds from the sale of the Sunbury Hospital. During 2009, the Foundation changed its name to the Sunbury Area Community Foundation to reflect a broader mission of improving the lives of the residents of Sunbury and the surrounding community.

The Foundation is a non-profit organization, as described in Section 501(c)(3) of the Internal Revenue Code, and is exempt from federal and state income taxes. In addition, the Foundation qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation.

Further, the Foundation annually files a Form 990. The filed forms are subject to examination by the Internal Revenue Service generally for three years after they are filed.

B. *Basis of Accounting*

The Foundation prepares its financial statements on the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded when liabilities are incurred.

C. *Statement of Cash Flows*

For the purposes of the statements of cash flows, the Foundation considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

D. *Investments*

Fair Value Measurements

The Foundation records its investments based on fair value. The use of observable inputs is maximized and the use of unobservable inputs is minimized by using observable inputs when available.

Observable inputs are inputs that market participants would use in pricing the asset or liability based on market data obtained from independent sources. Unobservable inputs reflect assumptions that market participants would use in pricing the asset or liability

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NOTES TO FINANCIAL STATEMENTS

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based on the best information available in the circumstances. The hierarchy is broken down into three levels based on the transparency of inputs as follows:

Level 1 — Quoted prices are available in active markets for identical assets or liabilities as of the report date. A quoted price for an identical asset or liability in an active market provides the most reliable fair value measurement because it is directly observable to the market.

Level 2 — Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the report date. The nature of these securities includes investments for which quoted prices are available, but traded less frequently, and investments that are fair valued using other securities, the parameters of which can be directly observed.

Level 3 — Securities that have little to no pricing observability as of the report date. These securities are measured using management's best estimate of fair value, where the inputs into the determination of fair value are not observable and require significant management judgment or estimation.

Inputs are used in applying the various valuation techniques and broadly refer to the assumptions that market participants use to make valuation decisions, including assumptions about risk. Inputs may include price information, volatility statistics, specific and broad credit data, liquidity statistics, and other factors. A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. However, the determination of what constitutes "observable" requires significant judgment by the Foundation. The Foundation considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market. The categorization of a financial instrument within the hierarchy is based upon the pricing transparency of the instrument and does not necessarily correspond to the Foundation's perceived risk of that instrument.

Valuation of Investments

Investments whose values are based on quoted market prices in active markets, and are therefore classified within Level 1 include certain money market securities and active listed equity and fixed income mutual funds.

Investments that trade in markets that are not considered to be active, but are valued based on quoted market prices, dealer quotations, or alternative pricing sources supported by observable inputs are classified within Level 2. As Level 2 investments include

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NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2013 AND 2012

positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information. The Foundation has no Level 2 investments.

Investments classified within Level 3 have significant unobservable inputs, as they trade infrequently or not at all. Level 3 instruments include private equity and real estate investments, certain bank loans, and bridge loans, less liquid corporate debt securities (including distressed debt instruments), collateralized debt obligations, less liquid mortgage securities (backed by either commercial or residential real estate), as well as beneficial interest in net assets of a community foundation, beneficial interest in perpetual trusts, beneficial interest in remainder trusts, and beneficial interest in lead trust. When observable prices are not available for these securities, the Foundation uses one or more valuation techniques (e.g., the market approach, the income approach, or the cost approach) for which sufficient and reliable data is available. Within Level 3, the use of the market approach generally consists of using comparable market transactions, while the use of the income approach generally consists of the net present value of estimated future cash flows, adjusted as appropriate for liquidity, credit, market, and/or other risk factors.

The inputs used by the Foundation in estimating the value of Level 3 investments may include the original transaction price, recent transactions in the same or similar instruments, completed or pending third-party transactions in the underlying investment or comparable issuers, subsequent rounds of financing, recapitalizations, and other transactions across the capital structure, offerings in the equity or debt capital markets, and changes in financial ratios or cash flows. Level 3 investments may also be adjusted to reflect illiquidity and/or non-transferability, with the amount of such discount estimated by the Foundation in the absence of market information. The fair value measurement of Level 3 investments does not include transaction costs that may have been capitalized as part of the security's cost basis. Assumptions used by the Foundation due to the lack of observable inputs may significantly impact the resulting fair value and, therefore, the Foundation's results of operations.

E. Unrestricted, Temporarily, and Permanently Restricted Net Assets

Unrestricted net assets are those whose use by the Foundation is not subject to donor-imposed restrictions. Temporarily restricted net assets are those whose use by the Foundation has been limited by donors to a specific time period or purpose. Permanently restricted net assets have been restricted by donors to be maintained in perpetuity, the income from which is expendable to support the activities of the Foundation.

SUNBURY AREA COMMUNITY FOUNDATION

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YEARS ENDED DECEMBER 31, 2013 AND 2012

F. Contributions

The Foundation reports gifts of cash and other assets as restricted contributions when they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires (such as when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are released to unrestricted net assets and reported in the statements of activities as net assets released from restrictions. However, if a restriction is fulfilled in the same time period in which the contribution is received, the Foundation reports the support as unrestricted.

G. Contributed Services

A number of unpaid volunteers, which include the Directors of the Foundation, have made significant contributions of their time toward developing and achieving the Foundation's goals and objectives. The value of such contributions of the volunteers is not reflected in these statements, since it is not susceptible to objective measurement or valuation.

H. Functional Expenses

The Foundation primarily provides support to other not-for-profit organizations through grants. The costs of providing the programs and activities of the Foundation are summarized and allocated to the programs and supporting services benefited.

I. Affiliate Fund Agreement

The Foundation entered into an agreement with Central Susquehanna Community Foundation (a 501(c)(3) organization) (CSCF) to administer the assets of the Foundation for investment purposes. The agreement also provides for CSCF to perform program, development, and administrative services on behalf of the Foundation. The agreement may be terminated by the Foundation at any time and has been approved by the Attorney General of the Commonwealth of Pennsylvania, who is responsible to oversee the Foundation's transition from the former hospital. For the years ended December 31, 2013 and 2012, administrative fees amounted to \$44,165 and \$71,338, respectively.

J. 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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and

SUNBURY AREA COMMUNITY FOUNDATION

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YEARS ENDED DECEMBER 31, 2013 AND 2012

the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

K. *Subsequent Events*

Subsequent events have been evaluated through the Independent Auditor's Report date, which is the date the financial statements are available to be issued.

2. CASH AND CASH EQUIVALENTS

Cash and cash equivalents, which consist of accounts held by the Foundation's Auxiliary, had a book value and bank balance of \$3,296 and \$7,366 at December 31, 2013 and 2012, respectively, and are insured by the Federal Deposit Insurance Corporation (FDIC).

3. INVESTMENTS

Fair Value of Financial Instruments

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2013.

Investments:

The investments of the Foundation represent funds held for the former Sunbury Hospital Worker's Compensation Trust. For level 1 investments, fair values are determined by reference to quoted market prices or other relevant information generated by market transactions. These investments were sold by the Foundation as of December 31, 2013.

Beneficial Interests in Perpetual, Remainder and Lead Trusts:

The Foundation is the beneficiary of five perpetual trusts, six charitable remainder trusts, and one charitable lead trust, which are managed by outside trustees. Fair value of the beneficial interest in perpetual trusts is determined based on fair value information received from the trustee. Fair value of the beneficial interest in remainder and lead annuity trusts are determined using the income approach based on calculating the present value of the annuity using published life expectancy tables and discount rates ranging from 5.0% - 6.0%.

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YEARS ENDED DECEMBER 31, 2013 AND 2012

Beneficial Interests in Net Assets of a Community Foundation:

The Foundation has a beneficial interest in net assets of a community foundation, CSCF. Fair value of the beneficial interest is determined using the income approach based on the fair value of the assets held by the community foundation.

The Foundation's beneficial interest in net assets of a community foundation are part of CSCF's investments, whose audited financial statements show the underlying investments.

The methods described previously may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Foundation believes its reliance on these valuation methods is appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table summarizes the fair value of financial instruments by levels:

<u>December 31, 2013</u>		
	<u>Level</u>	<u>Fair Value</u>
Beneficial interest in:		
Net assets of a community foundation	3	\$ 4,590,204
Perpetual trusts	3	<u>\$ 419,551</u>
Remainder trusts	3	<u>\$ 393,542</u>
Lead trust	3	<u>\$ 378,156</u>

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NOTES TO FINANCIAL STATEMENTS

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December 31, 2012	Level	Fair Value	Cost	Unrealized Appreciation (Depreciation)
Money market funds	1	\$ 3,194	\$ 3,194	\$ -
Equity mutual funds:				
Unclassified	1	11,199	10,772	427
Fixed income mutual funds:				
Short term	1	54,636	54,369	267
Intermediate term	1	54,510	53,936	574
Total investments		\$ 123,539	\$ 122,271	\$ 1,268
Beneficial interest in:				
Net assets of a community foundation	3	\$ 3,815,412		
Perpetual trusts	3	\$ 387,820		
Remainder trusts	3	\$ 334,748		
Lead trust	3	\$ 397,794		

The following table summarizes the changes in fair values associated with Level 3 assets at December 31:

	Balance as of January 1, 2013	Contributions/ Purchases	Withdrawals/ Payments	Change in Value	Balance as of December 31, 2013
Beneficial interest in net assets of a community foundation	\$ 3,815,412	\$ 245,687	\$ -	\$ 529,105	\$ 4,590,204
Beneficial interest in perpetual trusts	387,820	-	-	31,731	419,551
Beneficial interest in remainder trusts	334,748	-	-	58,794	393,542
Beneficial interest in lead trust	397,794	-	-	(19,638)	378,156
	\$ 4,935,774	\$ 245,687	\$ -	\$ 599,992	\$ 5,781,453

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YEARS ENDED DECEMBER 31, 2013 AND 2012

	Balance as of January 1, 2012	Contributions/ Purchases	Withdrawals/ Payments	Change in Value	Balance as of December 31, 2012
Beneficial interest in net assets of a community foundation	\$ 3,672,632	\$ 79,963	\$ -	\$ 62,817	\$ 3,815,412
Beneficial interest in perpetual trusts	378,397	-	-	9,423	387,820
Beneficial interest in remainder trusts	319,982	-	-	14,766	334,748
Beneficial interest in lead trust	416,498	-	-	(18,704)	397,794
	<u>\$ 4,787,509</u>	<u>\$ 79,963</u>	<u>\$ -</u>	<u>\$ 68,302</u>	<u>\$ 4,935,774</u>

All change in value of beneficial interests in the table above is reflected in the accompanying statements of activities.

4. BENEFICIAL INTEREST IN NET ASSETS OF A COMMUNITY FOUNDATION

The Foundation has certain assets held by CSCF. CSCF administers the Foundation's assets for investment purposes and performs administrative tasks on behalf of the Foundation. CSCF will distribute funds to the Foundation in accordance with CSCF's spending policy. The spending policy calculates the amount of money annually distributed from the Foundation's various endowed funds for grant-making and administration. Based on the investment model selected by the donor, the current spending policy is to distribute 4.5% of a 12-quarter trailing average of the fund balance of the endowment funds. For funds less than four years old, the fair value will be the average of all quarterly market values to date. The Foundation's beneficial interest in net assets of a community foundation is determined based on the Foundation's share of the fair value of the underlying investments of the assets held by CSCF. As of December 31, 2013 and 2012, the Foundation's beneficial interest in net assets of a community foundation is \$4,590,204 and \$3,815,412, respectively.

5. BENEFICIAL INTEREST IN PERPETUAL TRUSTS

The Foundation is a beneficiary in certain perpetual trusts. Under the terms of the trust agreements, the Foundation has the irrevocable right to receive a portion of the income earned on trust assets in perpetuity, but never receives the assets held in the trusts. The

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Foundation recorded its proportionate share of the fair value of the principal of the trusts when received. Distributions from the trusts are recorded as trust income in permanently restricted net assets. During the years ended December 31, 2013 and 2012, distributions amounted to \$14,793 and \$11,759, respectively, and the Foundation's estimated beneficial interest in these perpetual trusts is \$419,551 and \$387,820, respectively.

6. BENEFICIAL INTEREST IN REMAINDER TRUSTS

The Foundation is a beneficiary under charitable remainder trusts arrangements in which a donor establishes and funds a trust with specified distributions to be made to a designated beneficiary over the trust's term. Upon termination of these trusts, the Foundation will receive the assets remaining in the trusts. As of December 31, 2013 and 2012, the Foundation's beneficial interest in these remainder trusts is \$393,542 and \$334,748, respectively.

7. BENEFICIAL INTEREST IN LEAD TRUST

The Foundation is a beneficiary under a charitable lead trust arrangement, which requires annual distributions to the Foundation. The remainder is distributed to another beneficiary at termination of the trust. During the years ended December 31, 2013 and 2012, distributions amounted to \$48,805 and \$39,044, respectively, and the Foundation's estimated beneficial interest in the lead trust is \$378,156 and \$397,794, respectively.

8. GRANTS PAYABLE

Grants are recorded as expenses when authorized by the Board of Directors (Board) and the grant agreement is signed with the recipient agency. Grants authorized but not paid at December 31, 2013 and 2012 are recorded as liabilities in accordance with accounting principles generally accepted in the United States of America. At December 31, 2013 and 2012, grants payable were \$76,648 and \$25,653, respectively. All amounts are to be paid within one year.

9. RESTRICTIONS ON NET ASSETS

Temporarily restricted net assets at December 31, 2013 and 2012 in the amount of \$0 and \$123,539, respectively, are restricted for workers' compensation claims against the former Sunbury Hospital. Amounts released from restriction in the years ended December 31, 2013 and 2012 for payment of claims and associated fees were \$6,010 and \$11,598, respectively.

SUNBURY AREA COMMUNITY FOUNDATION

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The workers' compensation trust was closed in July 2013 and the remaining balance of \$119,249 was transferred from the Foundation to the beneficial interest in net assets of a community foundation.

Permanently restricted net assets at December 31, 2013 were the beneficial interest in the net assets of a community foundation and the beneficial interest in perpetual, remainder, and lead trusts in the amount of \$4,512,914, \$419,551, \$393,542, and \$378,156, respectively.

Permanently restricted net assets at December 31, 2012 were the beneficial interest in the net assets of a community foundation and the beneficial interest in perpetual, remainder, and lead trusts in the amount of \$3,788,798, \$387,820, \$334,748, and \$397,794, respectively.

10. CONTINGENT LIABILITIES

The Foundation was liable for any excess liability resulting from claims against the former Sunbury Hospital, not to exceed the amount originally transferred to the Foundation. For the year ended December 31, 2012, there were no workers' compensation claims pending. The workers' compensation fund was closed in July 2013.

The Foundation is in the process of closing out the former Hospital Pension and 403(b) plans. Currently, both plans are frozen and participants are being contacted to determine the disposition of funds from the plans. The Foundation does not expect to incur any additional liability related to the plans other than the costs related to final closeout. These costs will be expensed as incurred.

The Foundation is not aware of any other pending claims against the former Sunbury Hospital. In the opinion of the Board of the Foundation, the Foundation's liability will not materially affect its financial position.

11. FUNCTIONAL EXPENSES

The cost of providing the various programs and other activities of the Foundation is summarized on a functional basis below. The functional expense classifications for providing these services for December 31 are as follows:

SUNBURY AREA COMMUNITY FOUNDATION

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	<u>2013</u>	<u>2012</u>
Program and related services	\$ 239,166	\$ 242,078
Supporting services:		
Management and general	20,110	24,301
Fundraising	<u>16,194</u>	<u>17,835</u>
	<u>\$ 275,470</u>	<u>\$ 284,214</u>