

# **Community Giving Foundation**

Financial Statements

Years Ended December 31, 2020 and 2019  
with Independent Auditor's Reports

**MaherDuessel**

A horizontal bar is positioned below the company name. The left portion of the bar is black, and the right portion is blue, matching the color of the 'D' in the company name.

# COMMUNITY GIVING FOUNDATION

YEARS ENDED DECEMBER 31, 2020 AND 2019

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## Independent Auditor's Report

**Board of Directors  
Community Giving  
Foundation**

### *Report on the Financial Statements*

We have audited the accompanying financial statements of the Community Giving Foundation (Foundation), which comprise the statements 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, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 statement referred to above presents fairly, in all material respects, the financial position of the Foundation as of December 31, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Change in Accounting Principle**

As described in Note 1 to the financial statements, the Foundation has adopted the accounting provisions of the Financial Accounting Standards Board (FASB) Accounting Standards Update 2018-08, "*Clarifying the Scope and the Accounting Guidance for Contributions Received (Topic 958)*." Our opinion is not modified with respect to this matter.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated May 26, 2021 on our consideration of the Foundation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Foundation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Foundation's internal control over financial reporting and compliance.

### **Auditor's Updated Opinion on Prior Period Financial Statements**

In our report dated July 29, 2020, we expressed an opinion that the 2019 financial statements did not fairly present financial position, results of operations, and cash flows in accordance with accounting principles generally accepted in the United States of America because we were unable to obtain sufficient appropriate audit evidence regarding the value of certain non-voting common stock of which the Foundation is the beneficiary. As described in Note 9, the Foundation has obtained the value of certain non-voting common stock and has restated its 2019 financial statements to conform with accounting principles generally accepted in the United States of America. Accordingly, our present opinion on the 2019 financial statements, as presented herein, is different from that expressed in our previous report.

*Maher Duessel*

Harrisburg, Pennsylvania  
May 26, 2021

# COMMUNITY GIVING FOUNDATION

## STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2020 AND 2019

	2020	(Restated) 2019
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 1,172,816	\$ 806,739
Pledges receivable	108,141	78,950
Accrued interest receivable	48,244	57,400
Prepaid expense	530	30
Total current assets	1,329,731	943,119
Noncurrent assets:		
Land, buildings, and equipment:		
Land	95,324	95,324
Land improvements	224,502	224,502
Building and building improvements	1,417,493	1,417,493
Furniture and fixtures	67,211	67,211
Equipment	9,413	31,424
Less: accumulated depreciation	(596,936)	(580,201)
Land, buildings, and equipment, net	1,217,007	1,255,753
Investments	66,567,680	58,273,331
Investment in private company	5,955,000	5,955,000
Beneficial interest in charitable remainder trusts	11,912	11,119
Beneficial interest in remainder trusts held by others	473,265	-
Beneficial interest in perpetual trusts held by others	914,720	342,649
Total noncurrent assets	75,139,584	65,837,852
<b>Total Assets</b>	<b>\$ 76,469,315</b>	<b>\$ 66,780,971</b>

(Continued)

	2020	(Restated) 2019
<b>Liabilities and Net Assets</b>		
<b>Liabilities:</b>		
Current liabilities:		
Accounts payable	\$ 13,574	\$ 60,813
Accrued expenses	-	25
Grants payable	361,919	512,652
Total current liabilities	<u>375,493</u>	<u>573,490</u>
Noncurrent liabilities:		
Grants payable, net of current portion	170,592	15,600
Funds held as agency endowments	6,095,964	12,137,064
Total noncurrent liabilities	<u>6,266,556</u>	<u>12,152,664</u>
Total Liabilities	<u>6,642,049</u>	<u>12,726,154</u>
<b>Net Assets:</b>		
Without donor restrictions	68,427,369	53,701,049
With donor restrictions	1,399,897	353,768
Total Net Assets	<u>69,827,266</u>	<u>54,054,817</u>
<b>Total Liabilities and Net Assets</b>	<u><u>\$ 76,469,315</u></u>	<u><u>\$ 66,780,971</u></u>
		(Concluded)

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

# COMMUNITY GIVING FOUNDATION

## STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenues and Other Support:</b>			
Contributions	\$ 3,830,617	\$ -	\$ 3,830,617
Grant revenue	1,197,001	-	1,197,001
Medical Assistance grant revenue	73,304	-	73,304
Trust income	10,584	-	10,584
Investment return, net	7,924,237	-	7,924,237
Change in value of charitable remainder trust and remainder trusts held by others	-	9,062	9,062
Gain on beneficial interest in perpetual trusts held by others	-	85,545	85,545
Other income	261,588	-	261,588
<b>Total revenues and other support</b>	<b>13,297,331</b>	<b>94,607</b>	<b>13,391,938</b>
Transfer of assets from another community foundation	6,103,554	951,522	7,055,076
<b>Total revenues, other support, and transfer</b>	<b>19,400,885</b>	<b>1,046,129</b>	<b>20,447,014</b>
<b>Expenses:</b>			
Program	3,927,804	-	3,927,804
Development	346,009	-	346,009
Administrative	400,752	-	400,752
<b>Total expenses</b>	<b>4,674,565</b>	<b>-</b>	<b>4,674,565</b>
<b>Change in Net Assets</b>	<b>14,726,320</b>	<b>1,046,129</b>	<b>15,772,449</b>
<b>Net Assets:</b>			
Beginning of year	53,701,049	353,768	54,054,817
End of year	<u>\$ 68,427,369</u>	<u>\$ 1,399,897</u>	<u>\$ 69,827,266</u>

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

# COMMUNITY GIVING FOUNDATION

## STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenues and Other Support:</b>			
Contributions	\$ 2,380,976	\$ -	\$ 2,380,976
Grant revenue	755,663	-	755,663
Medical Assistance grant revenue	102,333	-	102,333
Trust income	8,875	-	8,875
Investment return, net	8,350,935	-	8,350,935
Change in value of charitable remainder trust	-	68	68
Gain on beneficial interest in perpetual trusts held by others	-	41,228	41,228
Gain on cancellation of grants	22,875	-	22,875
Other income	177,698	-	177,698
	<u>11,799,355</u>	<u>41,296</u>	<u>11,840,651</u>
Transfer of assets from another community foundation	<u>1,845,616</u>	<u>-</u>	<u>1,845,616</u>
	<u>13,644,971</u>	<u>41,296</u>	<u>13,686,267</u>
<b>Expenses:</b>			
Program	3,211,257	-	3,211,257
Development	364,335	-	364,335
Administrative	402,052	-	402,052
	<u>3,977,644</u>	<u>-</u>	<u>3,977,644</u>
<b>Change in Net Assets</b>	<u>9,667,327</u>	<u>41,296</u>	<u>9,708,623</u>
<b>Net Assets:</b>			
Beginning of year - restated	<u>44,033,722</u>	<u>312,472</u>	<u>44,346,194</u>
End of year	<u>\$ 53,701,049</u>	<u>\$ 353,768</u>	<u>\$ 54,054,817</u>

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



# COMMUNITY GIVING FOUNDATION

## STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2020

	<u>Program</u>	<u>Development</u>	<u>Administrative</u>	<u>Total</u>
<b>Expenses:</b>				
Community events	\$ 6,031	\$ 9,162	\$ 9,162	\$ 24,355
Dues and subscriptions	8,553	12,993	12,994	34,540
Employee benefits	39,298	65,350	75,050	179,698
Grants	3,713,365	-	-	3,713,365
Special projects	3,265	4,960	4,959	13,184
Insurance	3,365	5,112	5,113	13,590
Marketing expense	10,339	15,707	15,708	41,754
Meeting supplies	1,094	1,662	1,663	4,419
Miscellaneous	4,045	6,146	6,146	16,337
Office expenses	3,714	5,643	5,643	15,000
Printing	37	56	55	148
Professional fees	12,295	18,680	18,680	49,655
Repairs and maintenance	5,673	8,619	8,619	22,911
Salaries and wages	101,454	168,712	193,752	463,918
Telephone	2,096	3,185	3,185	8,466
Utilities	2,197	3,337	3,337	8,871
Workers' compensation claim	-	-	20,000	20,000
Depreciation expense	10,983	16,685	16,686	44,354
Total expenses	<u>\$ 3,927,804</u>	<u>\$ 346,009</u>	<u>\$ 400,752</u>	<u>\$ 4,674,565</u>

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

# COMMUNITY GIVING FOUNDATION

## STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2019

	<u>Program</u>	<u>Development</u>	<u>Administrative</u>	<u>Total</u>
<b>Expenses:</b>				
Community events	\$ 7,722	\$ 11,513	\$ 14,457	\$ 33,692
Dues and subscriptions	5,440	8,110	10,185	23,735
Employee benefits	38,753	65,215	74,949	178,917
Grants	2,902,244	-	-	2,902,244
Special projects	27,221	47,548	2,850	77,619
Insurance	3,281	4,891	6,141	14,313
Marketing expense	5,243	7,816	9,815	22,874
Meeting supplies	2,511	3,744	4,701	10,956
Miscellaneous	1,826	2,723	3,420	7,969
Office expenses	2,712	4,044	5,078	11,834
Printing	166	248	311	725
Professional fees	16,019	23,882	29,992	69,893
Repairs and maintenance	5,225	7,790	9,782	22,797
Salaries and wages	92,962	156,438	179,786	429,186
Telephone	1,471	2,193	2,754	6,418
Utilities	2,286	3,408	4,280	9,974
Workers' compensation claim	-	-	25,000	25,000
Loss on uncollectible pledges	86,266	-	-	86,266
Depreciation expense	9,909	14,772	18,551	43,232
Total expenses	<u>\$ 3,211,257</u>	<u>\$ 364,335</u>	<u>\$ 402,052</u>	<u>\$ 3,977,644</u>

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

# COMMUNITY GIVING FOUNDATION

## STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020	2019
<b>Cash Flows From Operating Activities:</b>		
Change in net assets	\$ 15,772,449	\$ 9,708,623
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Net realized and unrealized gain on investments	(7,633,173)	(9,276,661)
Transfer of beneficial interest in charitable remainder trust	(464,996)	
Transfer of beneficial interest in perpetual trust held by others	(486,526)	
Net change in beneficial interest in charitable remainder trust and remainder trusts held by others	(9,062)	(68)
Gain on beneficial interest in perpetual trusts held by others	(85,545)	(41,228)
Gain on cancellation of grants	-	(22,875)
Depreciation expense	44,354	43,232
Donated stock	(157,083)	(1,200,270)
(Increase) decrease in:		
Pledges receivable	(29,191)	(30,125)
Accrued interest receivable	9,156	4,172
Prepaid expenses	(500)	-
Increase (decrease) in:		
Accounts payable	(47,239)	30,070
Accrued expenses	(25)	25
Grants payable	4,259	(5,212)
Funds held as agency endowments	(6,041,100)	373,403
Net cash provided by (used in) operating activities	<u>875,778</u>	<u>(416,914)</u>
<b>Cash Flows From Investing Activities:</b>		
Purchase of property and equipment	(5,608)	-
Proceeds from the sale of investments	19,740,529	5,399,435
Purchases of investments	(20,244,622)	(5,221,182)
Net cash provided by (used in) investing activities	<u>(509,701)</u>	<u>178,253</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	366,077	(238,661)
<b>Cash and Cash Equivalents:</b>		
Beginning of year	806,739	1,045,400
End of year	<u>\$ 1,172,816</u>	<u>\$ 806,739</u>

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

# COMMUNITY GIVING FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2020 AND 2019

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### 1. Nature of Operations and Summary of Significant Accounting Policies

#### A. *Nature of Operations*

The Community Giving Foundation (Foundation) was organized in March 1999 as the Berwick Health and Wellness Foundation with the proceeds from the sale of the Berwick Hospital. The Foundation's mission was to improve the health and welfare of the Berwick area community.

During 2003, the Foundation changed its name to the Central Susquehanna Community Foundation to reflect a greater mission and area to be served. The Foundation now serves Columbia, Montour, Union, Snyder, Northumberland, and Lower-Luzerne Counties in Pennsylvania and encourages philanthropy to benefit the charities and communities within this region to improve the quality of life of the residents of these communities. During 2020, a special committee of the Board and staff of the foundation led a re-branding initiative to unify the many moving parts that make up the Foundation's philanthropic work. On December 7, 2020, a new name and brand were introduced: Community Giving Foundation.

The Foundation's support comes primarily from contributions and investment income. The original Berwick Health and Wellness Fund is reserved for promoting health and wellness in the Berwick area community, comprising boroughs and townships in eastern Columbia County and western Luzerne County.

The Foundation administers 60 agency endowment funds and 204 other charitable endowment funds; each established with an instrument of gift describing either the general or specific purposes for which the grants are to be made.

The Foundation is a nonprofit 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.

#### 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.

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# COMMUNITY GIVING FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2020 AND 2019

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### C. *Statements of Cash Flows*

For the purpose 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.

The net realized and unrealized gain (loss) on investments presented in the statements of cash flows for the years ended December 31, 2020 and 2019 is reported in the financial statements as follows:

	<u>2020</u>	<u>2019</u>
Net realized and unrealized gain (loss) on investments	\$ 7,153,010	\$ 7,399,122
Attributable to assets held in agency endowment funds	<u>480,163</u>	<u>1,877,539</u>
	<u>\$ 7,633,173</u>	<u>\$ 9,276,661</u>

### 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 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

# COMMUNITY GIVING FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2020 AND 2019

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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 active listed equities, certain U.S. government, U.S. agency and sovereign obligations, certain money market securities, and certain 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. These include investment-grade corporate bonds. The Foundation’s Level 2 investments are valued using the market approach based on current exchange prices. For securities that do not trade on exchanges, the dealer utilizes a modeling system based on current market data including benchmark yields, reported trades, and broker-dealer quotes. As Level 2 investments include 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.

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# COMMUNITY GIVING FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2020 AND 2019

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Investments classified within Level 3 have significant unobservable inputs, as they trade infrequently or not at all. Level 3 instruments include an investment in private company, beneficial interest in charitable trusts and in perpetual trusts. When observable prices are not available for Level 3 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.

The Foundation's investments are exposed to various risks, including interest rate, currency, market, and credit. Due to these risks and the level of uncertainty related to changes in the value of individual investments, it is at least reasonably possible that significant changes can occur in fair value that may materially affect the amounts reported in the financial statements.

# COMMUNITY GIVING FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2020 AND 2019

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### **E. Land, Buildings, Furniture and Fixtures, and Equipment**

Land, buildings, furniture and fixtures, and equipment are recorded at cost or fair value (if donated), less accumulated depreciation. Donated assets are reported as contributions without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Land improvements, buildings, furniture and fixtures, and equipment are being depreciated over their estimated useful lives by the straight-line method as follows:

Computers	3 years
Equipment	3 - 7 years
Furniture and fixtures	5 - 7 years
Land improvements	15 - 40 years
Buildings and building improvements	7 - 40 years

When assets are retired or disposed of, the cost and the related accumulated depreciation are removed from the accounts and any resulting gain or loss is recognized in income for the period. The cost of maintenance and repairs is charged to expense as incurred; significant renewals and betterments are capitalized.

For the years ended December 31, 2020 and 2019, depreciation expense was \$44,354 and \$43,232, respectively.

### **F. Net Assets**

Net assets without donor restrictions are those whose use by the Foundation is not subject to donor-imposed restrictions. Net assets with donor restrictions are those whose use by the Foundation has been limited by donors to a specific time period or purpose or have been restricted by donors to investments held in perpetuity, the income from which is expendable to support the activities of the Foundation.

Pursuant to donor instructions, the Foundation has classified each of its component funds into six types: unrestricted funds, field of interest funds, donor advised, scholarship funds, agency endowment, and acorn funds. While it is the intent of the Foundation to hold these assets as endowment funds, its Board of Directors may, by majority vote, modify any restriction or condition on the distribution of funds from its component funds if, in the Board of Directors' judgment, such restriction becomes unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community (i.e., variance power). Due to the governing body having variance power, contributions are classified as net assets without donor restrictions if the ultimate beneficiary is not also the

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# COMMUNITY GIVING FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

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contributing entity. Accordingly, all net assets and related activity over which the management of the Foundation exercises direct control are classified as net assets without donor restrictions in the accompanying financial statements.

### **G. Contributions**

The Foundation reports gifts of cash and other assets as contributions with donor restrictions 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), net assets with donor restrictions are released to net assets without donor restrictions and reported in the statement 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 net assets without donor restrictions.

### **H. Contributed Services, Facilities, and Equipment**

A number of unpaid volunteers, which include the Board of Directors of the Foundation, have made significant contributions of their time toward developing and achieving the Foundation's goals and objectives. Contributions of donated services that create or enhance nonfinancial assets, or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received. During the years ended December 31, 2020 and 2019, there were no donated services that met the reporting requirements.

### **I. Functional Expense Allocations**

The cost of providing the various program and supporting services have been summarized on a functional basis in the statement of functional expenses. This statement reports expenses that are attributed to more than one program or supporting function. Therefore, some expenses require allocation on a reasonable basis that is consistently applied. These expenses are allocated based upon a time and cost study of where efforts are made.

### **J. Affiliation Agreement**

The Foundation entered into agreements with the Bloomsburg Area Community Foundation (Bloomsburg Foundation) (a 501(c)(3) organization), the Sunbury Area

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# COMMUNITY GIVING FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

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Community Foundation (Sunbury Foundation) (a 501(c)(3) organization), and the Selinsgrove Area Community Foundation (Selinsgrove Foundation) (a 501(c)(3) organization) to administer their assets for investment purposes. These agreements also provide for the Foundation to perform administrative tasks on behalf of the Bloomsburg Foundation, the Sunbury Foundation, and the Selinsgrove Foundation. The agreements may be terminated by the Bloomsburg Foundation, Sunbury Foundation, or the Selinsgrove Foundation at any time. The Sunbury Foundation agreement has been approved by the Attorney General of the Commonwealth of Pennsylvania. The Selinsgrove Foundation, Bloomsburg Foundation, and Sunbury Foundation were dissolved on January 21, 2019, May 18, 2020, and July 27, 2020, respectively. See Note 12 related to the transfers of the affiliate Foundation assets to the Foundation.

### **K. *Administrative Fees***

The Foundation charges an administrative fee of between one and one-half and two percent of a 16-quarter trailing average of the fund balance to all permanent endowed funds, agency endowment funds, and certain non-permanent funds. The fees are included in other income in the statements of activities to the extent that they are earned from outside parties.

### **L. *Funds Held as Agency Endowments***

Assets transferred to the Foundation from other nonprofit organizations for the purpose of establishing an endowment for the benefit of the nonprofit organization are accounted for as funds held as agency endowments. In such circumstances, the Foundation recognizes the fair value of the assets transferred as an increase in its investments and a liability payable to the nonprofit.

### **M. *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 and disclosures in the financial statements. Actual results could differ from those estimates, particularly given the significant social and economic disruptions and uncertainties associated with the ongoing COVID-19 pandemic and the COVID-19 control responses, and such differences may be material.

# COMMUNITY GIVING FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2020 AND 2019

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### **N. *Endowment Investment and Spending Policy***

The Foundation has adopted investment and spending policies, approved by the Board of Directors, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment. The goal of the Foundation's investment policy is to maintain the purchasing power of the current assets and all future contributions, to maintain the level of services and programs, and to maximize return within reasonable and prudent levels of risk. Under the current investment policy approved by the Board of Directors in September 2017, the endowment assets have a strategic target of 70% equity securities, 24% fixed income securities, 4% alternative securities, and 2% cash and cash equivalents. The allowable investment bounds are 50% to 85% in equity securities, 15% to 40% in fixed income securities, 0% to 20% in alternative investments, and 0% to 15% in cash and cash equivalents.

The Foundation expects its endowment funds, over time, to provide an average rate of return that exceeds a weighted index comprised of 36% of the Russell 1000, 9% of the Russell 2000, 18% MSCI EAFE (net), 7% MSCI Emerging Markets (net), 22% Barclays Aggregate, 2% Barclays High Yield, 0.75% Barclays US Gov't ILB, 0.75% S&P US REITS, 2.5% DJ Global REIT ex US (net), and 2% IA SBBI US 30-day T-Bill. The Foundation's actual returns may vary from this amount in any given year.

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 spending policy for the years ended December 31, 2020 and 2019 is to distribute not in excess of 4.25% of a 16-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 spending policy for the year ending December 31, 2021 has been increased to 5% of a 16-quarter trailing average of the fund balance of the endowment funds.

# COMMUNITY GIVING FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2020 AND 2019

### O. *Restatement*

The beginning net assets without donor restrictions have been restated to reflect the valuation of the investment in private company. See Note 3 for details on the investment in private company.

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total Net Assets
Net assets at December 31, 2018 - as originally stated	\$ 38,078,722	\$ 312,472	\$ 38,391,194
Restatement	5,955,000	-	5,955,000
Net assets at December 31, 2018 - as restated	<u>\$ 44,033,722</u>	<u>\$ 312,472</u>	<u>\$ 44,346,194</u>

### P. *Adoption of Accounting Standard*

The requirements of the following Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) were adopted during the year ended December 31, 2020:

ASU 2018-08, “*Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 958)*,” which provides guidance for characterizing grants and similar contracts with government agencies and others as reciprocal transactions (exchanges) or nonreciprocal transactions (contributions) and distinguishing between conditional and unconditional contributions. The Foundation has previously adopted the contributions received portion of this standard during the year ended December 31, 2019. During the year ended December 31, 2020, the Foundation has adopted the contributions made portion of this standard. The Foundation has implemented this new standard under a modified prospective basis. Accordingly, there is no effect on the net assets related to the implementation of this standard.

### P. *Pending Standards Update*

ASU 2016-02, “*Leases (Topic 842)*,” is effective, as delayed, for the Foundation’s financial statements for the year ending December 31, 2022. These amendments and related amendments will require lessees to recognize assets and liabilities on the statement of financial position for the rights and obligations created by all leases with

# COMMUNITY GIVING FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2020 AND 2019

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terms of more than twelve months. Disclosures also will be required by lessees to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

Management has not yet determined the impact of this amendment on the Foundation's financial statements.

### **Q. *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. Deposits**

Cash and cash equivalents at December 31, 2020 had a book value and bank balance of \$1,172,816 and \$1,113,877, respectively. Cash and cash equivalents at December 31, 2019 had a book value and bank balance of \$806,739 and \$781,360, respectively. Deposits held in financial institutions are insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC). At various times during the years ended December 31, 2020 and 2019, the Foundation had cash balances in excess of the federally insured limit.

# COMMUNITY GIVING FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2020 AND 2019

### 3. Investments

The following tables set forth by level, within the fair value hierarchy, the investments at fair value, cost, and unrealized appreciation (depreciation) as of December 31, 2020 and 2019:

	2020			Unrealized Appreciation (Depreciation)
	Level	Fair Value	Cost	
Money market funds	1	\$ 2,542,349	\$ 2,542,349	\$ -
Common stock:				
Communication services	1	236,767	251,119	(14,352)
Consumer discretionary	1	744,026	415,991	328,035
Consumer staples	1	429,503	355,122	74,381
Energy	1	309,349	351,587	(42,238)
Financials	1	1,420,662	1,088,203	332,459
Health care	1	781,806	615,705	166,101
Industrials	1	1,496,660	1,024,996	471,664
Information technology	1	1,207,081	705,762	501,319
International	1	4,774,317	3,051,814	1,722,503
Materials	1	187,414	161,760	25,654
Real estate	1	202,429	181,043	21,386
Utilities	1	285,852	232,734	53,118
Equity mutual funds:				
Large cap funds	1	20,674,556	14,161,469	6,513,087
Small cap funds	1	2,234,730	1,572,920	661,810
International developed	1	7,887,333	6,872,342	1,014,991
Emerging markets	1	4,971,797	4,134,419	837,378
Equity REITs	1	1,560,648	1,574,465	(13,817)
Commodities	1	736,960	761,514	(24,554)
Fixed income mutual funds:				
Domestic bond market	1	4,035,125	3,813,341	221,784
Taxable pooled	1	4,646,653	4,618,528	28,125
High yield pooled	1	624,085	635,505	(11,420)
Debt securities:				
Corporate bonds	2	3,810,403	3,586,738	223,665
U.S. Treasury	1	536,407	498,517	37,890
U.S. agency obligations	1	230,768	200,236	30,532
		<u>\$ 66,567,680</u>	<u>\$ 53,408,179</u>	<u>\$ 13,159,501</u>
Investment in private company	3	<u>\$ 5,955,000</u>		
Beneficial interest in:				
Charitable remainder trust	3	<u>\$ 11,912</u>		
Remainder trusts held by others	3	<u>\$ 473,265</u>		
Perpetual trusts	3	<u>\$ 914,720</u>		

# COMMUNITY GIVING FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2020 AND 2019

	2019			
	Level	Fair Value	Cost	Unrealized Appreciation (Depreciation)
Money market funds	1	\$ 2,309,060	\$ 2,309,060	\$ -
Common stock:				
Communication services	1	220,323	209,734	10,589
Consumer discretionary	1	539,848	436,904	102,944
Consumer staples	1	384,457	314,223	70,234
Energy	1	252,353	275,170	(22,817)
Financials	1	1,466,183	1,358,530	107,653
Health care	1	717,378	603,285	114,093
Industrials	1	907,271	728,779	178,492
Information technology	1	1,018,598	745,743	272,855
International	1	6,971,686	5,867,870	1,103,816
Materials	1	161,160	162,513	(1,353)
Real estate	1	258,055	268,431	(10,376)
Utilities	1	362,004	267,185	94,819
Equity mutual funds:				
Large cap funds	1	17,862,426	14,498,233	3,364,193
Small cap funds	1	2,965,571	2,578,498	387,073
International developed	1	4,110,120	4,246,743	(136,623)
Emerging markets	1	3,795,456	4,185,160	(389,704)
Equity REITs	1	989,851	951,001	38,850
Other	1	422,675	432,838	(10,163)
Fixed income mutual funds:				
Domestic bond market	1	3,836,424	3,813,341	23,083
Taxable pooled	1	3,195,163	3,116,923	78,240
Inflation hedge funds	1	425,493	425,000	493
High yield pooled	1	837,694	848,547	(10,853)
Debt securities:				
Corporate bonds	2	3,348,337	3,265,885	82,452
U.S. Treasury	1	915,745	895,968	19,777
		<u>\$ 58,273,331</u>	<u>\$ 52,805,564</u>	<u>\$ 5,467,767</u>
Investment in corporation	3	<u>\$ 5,955,000</u>		
Beneficial interest in:				
Charitable remainder trust	3	<u>\$ 11,119</u>		
Perpetual trusts	3	<u>\$ 342,649</u>		

Marketable securities are in the custody of a bank contracted by the Foundation's investment advisor. The custodian provides insurance coverage up to \$500,000 on securities, including up to \$250,000 on cash, through the Securities Investor Protection Corporation and supplemental coverage up to the full net equity value of the assets held in these accounts. Such coverage, however, does not insure against losses resulting from changes in securities markets.

# COMMUNITY GIVING FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2020 AND 2019

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### Fair Value of Financial Instruments

The following is a description of the valuation methodologies used for Level 3 investments.

#### Investment in Private Company

In January 2007, through amendment of Article 7 of the C. Kenneth Battram Living Trust, the Foundation became the beneficiary of the trust, including 453,519 shares of non-voting stock of a Northway Industries, Inc., a private company. Upon the death of C. Kenneth Battram's wife, Dora Battram, all 453,419 shares of the non-voting stock are to be distributed to the Foundation for the creation of the C. K Battram Fund. Dora Battram died on April 29, 2020. The Foundation obtained a valuation of the non-voting stock in November 2020. The valuation was performed by an independent third party. Using a capitalized earnings method under the income-based approach, the value of both the voting and non-voting stock of Northway Industries, Inc. was determined to be \$8,020,000. The Foundation's share of this amount, based on its non-voting share interest, is \$7,940,000. The valuation further determined that the value of the company as a whole should be discounted by 25% due to a lack of marketability. As such, the Foundation interest in the non-voting shares is \$5,955,000.

The Foundations is also the beneficiary of the Northway Industries Trust, including 4,581 shares of voting stock of Northway Industries, Inc., upon the death of C. Kenneth Battram and his wife, Dora. Per the trust agreement, under certain circumstances regarding cessation of operations and failure to pay dividends, the trust will dissolve and liquidate Northway Industries, Inc., or sell all of the voting shares included in the trust estate and distribute the entire trust estate to the Foundation.

#### Beneficial Interest in Charitable Remainder Trust, Perpetual Trusts, and Remainder Trusts held by Others

The Foundation is the beneficiary of several trusts which are managed by various financial institutions. The financial institutions hold the investments in diversified and balanced portfolios consisting of cash and money market funds, corporate debt securities, equity securities and equity mutual funds, fixed income mutual funds, real asset funds, and other funds with complementary investment strategies. The Foundation uses the income approach to value the beneficial interest in charitable remainder trust. Fair value of the beneficial interest in perpetual trusts is based on fair value information received from the trustee.

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

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# COMMUNITY GIVING FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2020 AND 2019

Foundation believes its reliance on these valuation methods are 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.

During the year ended December 31, 2020, the Sunbury Area Community Foundation was dissolved, and certain remainder trusts held by other and beneficial interests in perpetual trusts were transferred to the Foundation.

The following tables summarize the changes in fair values associated with Level 3 assets:

	Balance as of January 1, 2020	Contributions/ Purchases	Withdrawals/ Redemptions/ Donations	Change in Value	Balance as of December 31, 2020
Investment in private company	\$ 5,955,000	\$ -	\$ -	\$ -	\$ 5,955,000
Charitable remainder trust	11,119	-	-	793	11,912
Remainder trusts held by others	-	464,996	-	8,269	473,265
Perpetual trusts	342,649	486,526	-	85,545	914,720
	<u>\$ 353,768</u>	<u>\$ 951,522</u>	<u>\$ -</u>	<u>\$ 94,607</u>	<u>\$ 1,399,897</u>

	Balance as of January 1, 2019 (restated)	Contributions/ Purchases	Withdrawals/ Redemptions/ Payments	Change in Value	Balance as of December 31, 2019
Investment in private company	\$ 5,955,000	\$ -	\$ -	\$ -	\$ 5,955,000
Charitable remainder trust	11,051	-	-	68	11,119
Perpetual trusts	301,421	-	-	41,228	342,649
	<u>\$ 312,472</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 41,296</u>	<u>\$ 353,768</u>

# COMMUNITY GIVING FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2020 AND 2019

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### **4. Beneficial Interest in Perpetual Trusts Held by Others**

The Foundation is a beneficiary of certain irrevocable trusts held by a financial institution's trust department. 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 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 net assets without donor restrictions. Distributions for the trusts for the years ended December 31, 2020 and 2019 were \$10,584 and \$8,875, respectively. In July 2020, the Sunbury Foundation transferred \$486,526 in beneficial interest in perpetual trusts to the Foundation as part of its dissolution. See Note 12 related to the transfer to the Foundation. The Foundation's estimated beneficial interest in these perpetual trusts as of December 31, 2020 and 2019 is \$914,720 and \$342,649, respectively.

### **5. Beneficial Interest in Remainder Trusts Held by Others**

In July 2020, the Sunbury Foundation transferred to the Foundation, \$464,996 in beneficial interest in remainder trusts held by others. See Note 12 related to the transfer to the Foundation. As a result of the transfer, the Foundation is now a beneficiary under charitable remainder trusts agreements in which the donor establishes and funds a trust with specified distributions to be made to a designated beneficiary over the trust's term. Upon termination of the trusts, the Foundation will receive the assets remaining in the trusts. As of December 31, 2020, the Foundation's beneficial interest in these remainder trusts held by others is \$473,265.

### **6. Grants Payable**

The Foundation adopted ASU 2018-08, "*Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 958)*" during the year ended December 31, 2020. In accordance with ASU 2018-08, if payment of a grant is conditional upon the recipient meeting certain criteria or barriers, the grant expense is not recognized until that barrier has been met. However, ASU 2018-08 has been applied on a modified prospective basis. As such, grants that were recognized as grants expense prior to January 1, 2020, will continue to be reported in grants payable even if the barriers for payment have not yet been met.

# COMMUNITY GIVING FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2020 AND 2019

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Grants payable, totaling \$532,511 at December 31, 2020, represents amounts approved by the Board of Directors, for which the barriers for payment have been met or for which the grant awards had been recognized in a prior year.

Total cash flow requirements in subsequent years are as follows:

	2020	2019
2020	\$ -	\$ 512,652
2021	361,919	9,400
2022	6,200	6,200
2023	1,000	-
2024	-	-
Thereafter	163,392	-
Total	<u>\$ 532,511</u>	<u>\$ 528,252</u>

### 7. Funds Held as Agency Endowments

The Foundation holds funds on behalf of other organizations. In accordance with accounting principles generally accepted in the United States of America, the Foundation is reporting the funds it has received and all earnings on these funds as liabilities. The Foundation administers and invests these funds in accordance with the agreements established with each organization. At December 31, 2020 and 2019, the Foundation has recorded \$6,095,964 and \$12,137,064, respectively, in investments and funds held as agency endowments for these organizations.

### 8. Restrictions on Net Assets

At December 31, 2020, net assets without donor restrictions consist of approximately \$68,537,500, including approximately \$2,359,800 in non-permanent funds and \$66,177,700 in Board-designated endowment funds. At December 31, 2019, net assets without donor restrictions, as restated, consist of approximately \$53,701,000, including approximately \$1,349,900 in non-permanent funds and \$52,351,100 in Board-designated endowment funds. While the Foundation retains variance power, it is Foundation policy that the donors' intention will be honored unless it is impossible, impractical, undesirable, or inadvisable to do so. Therefore, the principal of the endowment funds will remain intact.

# COMMUNITY GIVING FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2020 AND 2019

At December 31, 2020 and 2019, net assets with donor restrictions consist of a beneficial interest in a charitable remainder trust subject to time restrictions totaling \$11,912 and \$11,119, respectively, a beneficial interest in remainder trusts held by others subject to time restrictions totaling \$473,265 and \$0, respectively, and \$914,720 and \$342,649, respectively, in beneficial interests in perpetual trusts, the income from which is expendable to support the activities of the Foundation.

Board-designated endowment net asset activity for the years ended December 31 is as follows:

	<u>2020</u>	<u>2019</u>
Beginning balance, restated	\$ 52,351,100	\$ 42,994,000
Contributions	2,466,000	1,476,300
Trust income	10,600	8,800
Gain on grant cancellations	-	22,900
Investment return, net	7,806,100	8,228,100
Other income	4,400	11,400
Transfer of assets from another community foundation	5,401,400	1,845,600
Expenses	<u>(1,861,900)</u>	<u>(2,236,000)</u>
Endowment funds with variance power - end of year	<u>\$ 66,177,700</u>	<u>\$ 52,351,100</u>

### 9. Liquidity and Availability

The Foundation considers investment income without donor restrictions, appropriated earnings from the Board-designated endowment funds, amounts held in non-permanent funds, and fee income to be available to meet cash needs for general expenditures. General expenditures expected to be paid in the subsequent year include program expenses, excluding grants, development expenses, and administrative expenses. Annual operations are defined as activities occurring during the Foundation's fiscal year.

As part of the Foundation's liquidity management, its policy is to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. At December 31, 2020, these liquid financial assets include a non-endowed operating fund of \$165,000 and estimated fund administration fee income of \$882,000 expected to be

# COMMUNITY GIVING FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2020 AND 2019

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earned in 2021. At December 31, 2019, these liquid financial assets included a non-endowed operating fund of \$171,000 and estimated fund administration fee income of \$812,000 expected to be earned in 2020. The Foundation also has a non-permanent fund over which the Foundation has the ability to modify the fund's distribution if deemed appropriate by the Foundation's Board of Directors. Although the Foundation does not intend to spend from this non-permanent fund, amounts could be made available, if necessary.

### **10. Commitments and Contingencies**

The Foundation has an employment agreement with the Chief Executive Officer (CEO). The agreement began June 22, 2015 and remained in effect until June 22, 2016. The agreement is automatically extended annually, until terminated by either party upon sixty (60) days' written notice to the other party. In the event of termination, the CEO will receive severance equal to one month's current salary for each full year of employment with the Foundation, not to exceed an amount equal to six month's salary. Additionally, the CEO will receive six months of health insurance benefits at the existing coverage levels.

The Foundation is liable for any excess liability resulting from claims against the Berwick Healthcare Corporation (Corporation), not to exceed the amount originally transferred to the Foundation. During 2007, the Corporation transferred the remaining funds to the Foundation. In September 2015, the Foundation became the administrator and began handling the Corporation's claims. As of December 31, 2020 and 2019, the Foundation paid \$20,000 and \$25,000, respectively, for claims and related expenses. The Corporation and now the Foundation have attempted to settle any outstanding claims to no avail. The Foundation cannot determine the potential liability and will continue to remit amounts to the third-party insurance trust as funds are needed. The Foundation will continue to record these amounts as expenses are incurred. The Foundation receives periodic reimbursement from an insurance carrier for a portion of the expenses and records the revenue when received.

The Foundation is not aware of any material pending claims against the Corporation. In the opinion of the Board of Directors of the Foundation, the Foundation's liability will not materially affect its financial position.

# COMMUNITY GIVING FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2020 AND 2019

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### 11. Related Party Transactions

First Keystone Community Bank (First Keystone) provides banking, investment, and loan services to the Foundation. One of the Foundation's Board members is a Board Member of First Keystone. Total cash held by First Keystone as of December 31, 2020 and 2019 was \$1,113,877 and \$799,679, respectively. Total investments held by First Keystone as of December 31, 2020 and 2019 were \$8,861,458 and \$8,288,980, respectively.

### 12. Transfer of Assets from Another Community Foundation

On July 27, 2020, final dissolution of the Sunbury Foundation was approved by the Commonwealth of Pennsylvania, Bureau of Corporations and Charitable Organizations. As of July 27, 2020, the Sunbury Foundation had assets of \$6,697,873, after payment of expenses. All remaining assets were transferred to the Foundation on July 27, 2020.

On May 18, 2020, final dissolution of the Bloomsburg Foundation was approved by the Commonwealth of Pennsylvania, Bureau of Corporations and Charitable Organizations. As of May 18, 2020, the Bloomsburg Foundation had assets of \$357,203, after payment of expenses. All remaining assets were transferred to the Foundation on May 18, 2020.

In January 2015, Selinsgrove Foundation's Board of Directors approved the dissolution of the Selinsgrove Foundation. Final dissolution of the Selinsgrove Foundation was approved by the Commonwealth of Pennsylvania, Bureau of Corporations and Charitable Organizations on January 21, 2019. As of January 21, 2019, the Selinsgrove Foundation had assets of \$1,845,616, after payment of expenses. All remaining assets were transferred to the Foundation on January 21, 2019.

These transfers are reported as Transfer of assets from a community foundation in the Statement of Activities for the year ended December 31, 2020 for the Sunbury Foundation and Bloomsburg Foundation and December 31, 2019 for the Selinsgrove Foundation.

### 13. Risks and Uncertainties

The coronavirus pandemic remains a rapidly evolving situation. The extent of the impact of the coronavirus on our business and financial results will depend on future developments, including the duration and spread of the outbreak within the markets in which we operate,

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# COMMUNITY GIVING FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2020 AND 2019

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the related impact on the federal budget, and the State of Pennsylvania's budget, all of which are highly uncertain.

## **Community Giving Foundation**

Independent Auditor's Report In  
Accordance with *Government Auditing  
Standards*

Year Ended December 31, 2020



**Independent Auditor’s Report on Internal Control over Financial Reporting and on  
Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance with *Government Auditing Standards***

**Board of Directors  
Community Giving  
Foundation**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Community Giving Foundation (Foundation), which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated May 26, 2021.

### **Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Foundation’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Foundation’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Foundation’s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Foundation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Foundation's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Foundation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Mahe Duessel*

Harrisburg, Pennsylvania  
May 26, 2021

# COMMUNITY GIVING FOUNDATION

## SCHEDULE OF FINDINGS AND RESPONSES

YEAR ENDED DECEMBER 31, 2020

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**NONE**