

Community Giving Foundation

Financial Statements

Years Ended December 31, 2021 and 2020
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, 2021 AND 2020

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Independent Auditor's Report

**Board of Directors
Community Giving Foundation**

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Community Giving Foundation (Foundation), which comprise the statement of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

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, 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 of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Supplementary Information

The December 31, 2021 audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 2, 2022 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.

Maher Duessel

Harrisburg, Pennsylvania
August 2, 2022

COMMUNITY GIVING FOUNDATION

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 972,398	\$ 1,172,816
Pledges receivable	323,083	108,141
Accrued interest receivable	58,284	48,244
Prepaid expense	530	530
	<u>1,354,295</u>	<u>1,329,731</u>
Total current assets		
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	9,413
Less: accumulated depreciation	<u>(641,182)</u>	<u>(596,936)</u>
Land, buildings, and equipment, net	1,172,761	1,217,007
Investments	74,168,442	66,567,680
Investment in private company	5,955,000	5,955,000
Beneficial interest in charitable remainder trusts	12,711	11,912
Beneficial interest in remainder trusts held by others	514,349	473,265
Beneficial interest in perpetual trusts held by others	<u>997,728</u>	<u>914,720</u>
	<u>82,820,991</u>	<u>75,139,584</u>
Total noncurrent assets		
	<u>\$ 84,175,286</u>	<u>\$ 76,469,315</u>
Total Assets		

(Continued)

	<u>2021</u>	<u>2020</u>
Liabilities and Net Assets		
Liabilities:		
Current liabilities:		
Accounts payable	\$ 6,167	\$ 13,574
Grants payable	192,731	361,919
Refundable advance	100,000	-
Total current liabilities	<u>298,898</u>	<u>375,493</u>
Noncurrent liabilities:		
Grants payable, net of current portion	184,392	170,592
Funds held as agency endowments	6,621,427	6,095,964
Total noncurrent liabilities	<u>6,805,819</u>	<u>6,266,556</u>
Total Liabilities	<u>7,104,717</u>	<u>6,642,049</u>
Net Assets:		
Without donor restrictions	75,545,781	68,427,369
With donor restrictions	1,524,788	1,399,897
Total Net Assets	<u>77,070,569</u>	<u>69,827,266</u>
Total Liabilities and Net Assets	<u><u>\$ 84,175,286</u></u>	<u><u>\$ 76,469,315</u></u>

(Concluded)

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

COMMUNITY GIVING FOUNDATION

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and Other Support:			
Contributions	\$ 2,129,651	\$ -	\$ 2,129,651
Grant revenue	1,451,787	-	1,451,787
Medical Assistance grant revenue	65,835	-	65,835
Trust income	16,258	-	16,258
Investment return, net	8,269,026	-	8,269,026
Change in value of charitable remainder trust and remainder trusts held by others	-	41,883	41,883
Gain on beneficial interest in perpetual trusts held by others	-	83,008	83,008
Other income	223,528	-	223,528
Total revenues and other support	12,156,085	124,891	12,280,976
Expenses:			
Program	4,199,874	-	4,199,874
Development	350,951	-	350,951
Administrative	486,848	-	486,848
Total expenses	5,037,673	-	5,037,673
Change in Net Assets	7,118,412	124,891	7,243,303
Net Assets:			
Beginning of year	68,427,369	1,399,897	69,827,266
End of year	\$ 75,545,781	\$ 1,524,788	\$ 77,070,569

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
Revenues and Other Support:			
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	-	9,062	9,062
Gain on beneficial interest in perpetual trusts held by others	-	85,545	85,545
Gain on cancellation of grants	-	-	-
Other income	261,588	-	261,588
Total revenues and other support	13,297,331	94,607	13,391,938
Transfer of assets from another community foundation	6,103,554	951,522	7,055,076
Total revenues, other support, and transfer	19,400,885	1,046,129	20,447,014
Expenses:			
Program	3,927,804	-	3,927,804
Development	346,009	-	346,009
Administrative	400,752	-	400,752
Total expenses	4,674,565	-	4,674,565
Change in Net Assets	14,726,320	1,046,129	15,772,449
Net Assets:			
Beginning of year - restated	53,701,049	353,768	54,054,817
End of year	\$ 68,427,369	\$ 1,399,897	\$ 69,827,266

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

COMMUNITY GIVING FOUNDATION

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2021

	<u>Program</u>	<u>Development</u>	<u>Administrative</u>	<u>Total</u>
Expenses:				
Community events	\$ 9,096	\$ 9,795	\$ 16,092	\$ 34,983
Dues and subscriptions	11,436	12,316	20,234	43,986
Employee benefits	47,728	64,731	80,967	193,426
Grants	3,917,756	-	-	3,917,756
Special projects	24,507	26,392	43,358	94,257
Insurance	4,386	4,724	7,761	16,871
Marketing expense	9,051	9,747	16,014	34,812
Meeting supplies	1,349	1,452	2,386	5,187
Miscellaneous	2,199	2,368	3,890	8,457
Office expenses	3,794	4,085	6,711	14,590
Printing	-	-	-	-
Professional fees	15,637	16,840	27,666	60,143
Repairs and maintenance	9,293	10,008	16,441	35,742
Salaries and wages	121,001	164,110	205,270	490,381
Telephone	1,985	2,138	3,512	7,635
Utilities	2,652	2,856	4,693	10,201
Workers' compensation claim	6,500	7,000	11,500	25,000
Depreciation expense	11,504	12,389	20,353	44,246
	<u>\$ 4,199,874</u>	<u>\$ 350,951</u>	<u>\$ 486,848</u>	<u>\$ 5,037,673</u>
Total expenses	<u>\$ 4,199,874</u>	<u>\$ 350,951</u>	<u>\$ 486,848</u>	<u>\$ 5,037,673</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>
Expenses:				
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

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021	2020
Cash Flows From Operating Activities:		
Change in net assets	\$ 7,243,303	\$ 15,772,449
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Net realized and unrealized gain on investments	(7,543,278)	(7,633,173)
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	(41,883)	(9,062)
Gain on beneficial interest in perpetual trusts held by others	(83,008)	(85,545)
Depreciation expense	44,246	44,354
Donated stock	(218,739)	(157,083)
(Increase) decrease in:		
Pledges receivable	(214,942)	(29,191)
Accrued interest receivable	(10,040)	9,156
Prepaid expenses	-	(500)
Increase (decrease) in:		
Accounts payable	(7,407)	(47,239)
Accrued expenses	-	(25)
Grants payable	(155,388)	4,259
Refundable advance	100,000	-
Funds held as agency endowments	525,463	(6,041,100)
Net cash provided by (used in) operating activities	(361,673)	875,778
Cash Flows From Investing Activities:		
Purchase of land, building and equipment	-	(5,608)
Proceeds from the sale of investments	8,992,369	19,740,529
Purchases of investments	(8,831,114)	(20,244,622)
Net cash provided by (used in) investing activities	161,255	(509,701)
Net Increase (Decrease) in Cash and Cash Equivalents	(200,418)	366,077
Cash and Cash Equivalents:		
Beginning of year	1,172,816	806,739
End of year	\$ 972,398	\$ 1,172,816

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

COMMUNITY GIVING FOUNDATION

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2021 AND 2020

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 designated 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 64 agency endowment funds and 318 other charitable endowment and non-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.

COMMUNITY GIVING FOUNDATION

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2021 AND 2020

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 on investments presented in the statements of cash flows for the years ended December 31, 2021 and 2020 is reported in the financial statements as follows:

	<u>2021</u>	<u>2020</u>
Net realized and unrealized gain on investments	\$ 6,872,523	\$ 7,153,010
Attributable to assets held in agency endowment funds	<u>670,755</u>	<u>480,163</u>
	<u>\$ 7,543,278</u>	<u>\$ 7,633,173</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, 2021 AND 2020

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.

COMMUNITY GIVING FOUNDATION

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2021 AND 2020

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. Financial instruments, which potentially expose the Foundation to concentrations of credit risk, include investments in marketable securities and other investments. Concentration of credit risk for investments in marketable securities is mitigated by the overall diversification of managed investment portfolios. 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, 2021 AND 2020

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, 2021 and 2020, depreciation expense was \$44,246 and \$44,354, 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

COMMUNITY GIVING FOUNDATION

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2021 AND 2020

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 and Grants

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.

The Foundation recognizes contributions when cash, securities, or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give - 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.

A portion of the Foundation's revenue is derived from federal and state contracts and grants. Amounts received are recognized as revenue when the Foundation has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position. The Foundation received grants that have not been recognized at December 31, 2021 because qualifying expenditures have not yet been incurred, with an advance payment of \$100,000 recognized in the statement of financial position as a refundable advance at December 31, 2021. There were no refundable advances at December 31, 2020.

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

COMMUNITY GIVING FOUNDATION

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2021 AND 2020

December 31, 2021 and 2020, 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 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 could be terminated by the Bloomsburg Foundation, Sunbury Foundation, or the Selinsgrove Foundation at any time. 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.

The Foundation also entered into agreements with the Danville Area Community Foundation (a 501(c)(3) organization) and the Berwick to administer their assets for investment purposes.

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.

COMMUNITY GIVING FOUNDATION

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2021 AND 2020

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.

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

COMMUNITY GIVING FOUNDATION

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2021 AND 2020

December 31, 2021 and 2020 is to distribute not in excess of 5.00% and 4.25%, respectively, 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.

O. 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 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.

COMMUNITY GIVING FOUNDATION

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2021 AND 2020

2. Deposits

Cash and cash equivalents at December 31, 2021 had a book value and bank balance of \$972,398 and \$1,151,251, respectively. Cash and cash equivalents at December 31, 2020 had a book value and bank balance of \$1,172,816 and \$1,113,877, 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, 2021 and 2020, the Foundation had cash balances in excess of the federally insured limit.

COMMUNITY GIVING FOUNDATION

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2021 AND 2020

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, 2021 and 2020:

	Level	2021		
		Fair Value	Cost	Unrealized Appreciation (Depreciation)
Money market funds	1	\$ 1,415,770	\$ 1,415,770	\$ -
Cash and Equivalents	1	623,403	623,403	-
Common stock:				
Communication services	1	257,499	273,150	(15,651)
Consumer discretionary	1	854,688	527,453	327,235
Consumer staples	1	392,358	289,813	102,545
Energy	1	439,150	361,102	78,048
Financials	1	1,613,978	1,143,521	470,457
Health care	1	850,369	590,577	259,792
Industrials	1	1,386,893	843,943	542,950
Information technology	1	1,368,472	769,509	598,963
International	1	4,093,428	2,561,409	1,532,019
Materials	1	196,928	143,345	53,583
Real estate	1	364,086	278,891	85,195
Utilities	1	327,670	225,749	101,921
Equity mutual funds:				
Large cap funds	1	25,099,305	13,680,720	11,418,585
Small cap funds	1	2,597,916	1,572,920	1,024,996
International developed	1	10,128,239	8,655,691	1,472,548
Emerging markets	1	4,528,829	4,059,974	468,855
Equity REITs	1	1,646,162	1,390,034	256,128
Commodities	1	1,289,252	1,385,000	(95,748)
Fixed income mutual funds:				
U.S. Bond Market ETF	1	5,166,797	5,095,253	71,544
Taxable pooled	1	3,431,282	3,496,837	(65,555)
Inflation Linked Funds	1	355,893	350,011	5,882
High yield pooled	1	1,296,351	1,285,505	10,846
Debt securities:				
Corporate bonds	2	3,709,572	3,628,913	80,659
U.S. Treasury	1	516,641	498,876	17,765
U.S. agency obligations	1	217,511	200,212	17,299
		<u>\$ 74,168,442</u>	<u>\$ 55,347,581</u>	<u>\$ 18,820,861</u>
Investment in private company	3	<u>\$ 5,955,000</u>		
Beneficial interest in:				
Charitable remainder trust	3	<u>\$ 514,349</u>		
Remainder trusts held by others	3	<u>\$ 12,711</u>		
Perpetual trusts	3	<u>\$ 997,728</u>		

COMMUNITY GIVING FOUNDATION

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2021 AND 2020

	2020			
	Level	Fair Value	Cost	Unrealized Appreciation (Depreciation)
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>		

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, 2021 AND 2020

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 were to be distributed to the Foundation for the creation of the C. K Battram Fund. Dora Battram died on April 29, 2020 and the shares were distributed to the Foundation. 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. There were no changes to the valuation or the Foundation's resulting interest during the year ended December 31, 2021.

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.

On February 22, 2022, Northway Industries, Inc. filed a petition with the Commonwealth of Pennsylvania Office of the Attorney General (Attorney General) for the termination of the Northway Industries Trust and for the approval of the Redemption and Settlement Agreement related to the Stock Redemption Agreement between Northway Industries, Inc., and the Foundation for the purchase of the non-voting stock of Northway Industries, Inc. Under the petition for termination of the Northway Industries Trust, a newly formed tax-exempt entity would be created to operate as a parent organization owning all of the voting shares of Northway Industries, Inc. Under the Stock Redemption Agreement, Northway Industries, Inc. would purchase the non-voting shares from the Foundation for \$1.5 million. The Attorney General issued a letter of "no objection" to the petition to Terminate the Northway Industries Trust and for the Approval of the Redemption and Settlement

COMMUNITY GIVING FOUNDATION

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2021 AND 2020

Agreement. A petitioner's motion for a status conference was filed with the Court of Common Pleas of the 17th Judicial District of Pennsylvania Snyder County Branch – Orphan's Court Division (Orphan's Court) on March 23, 2022. The status conference was held in the Orphan's Court on April 14, 2022 and final approval of the termination of the Northway Industries Trust and Redemption and Settlement Agreement was granted on April 14, 2022.

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 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 others and beneficial interests in perpetual trusts were transferred to the Foundation.

COMMUNITY GIVING FOUNDATION

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2021 AND 2020

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

	Balance as of January 1, 2021	Contributions/ Purchases	Withdrawals/ Redemptions/ Donations	Change in Value	Balance as of December 31, 2021
Investment in private company	\$ 5,955,000	\$ -	\$ -	\$ -	\$ 5,955,000
Charitable remainder trust	11,912	-	-	799	12,711
Remainder trusts held by others	473,265	-	-	41,084	514,349
Perpetual trusts	914,720	-	-	83,008	997,728
	<u>\$ 1,399,897</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 124,891</u>	<u>\$ 1,524,788</u>

	Balance as of January 1, 2020	Contributions/ Purchases	Withdrawals/ Redemptions/ Payments	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>

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, 2021 and 2020 were \$12,641 and \$10,584, 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, 2021 and 2020 is \$997,728 and \$914,720, respectively.

COMMUNITY GIVING FOUNDATION

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2021 AND 2020

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, 2021 and 2020, the Foundation's beneficial interest in these remainder trusts held by others is \$514,349 and \$473,265, respectively.

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.

At December 31, 2021, \$221,000 of grants awards were approved by the Board; however, barriers for payment had not been met. The conditions for payment of the grants are programmatic requirement. At December 31, 2020, there were no grants awards approved by the Board for which barriers for payment had not been met.

Grants payable, totaling \$377,123 and \$532,511, respectively, at December 31, 2021, and 2020, represent 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.

COMMUNITY GIVING FOUNDATION

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2021 AND 2020

Total cash flow requirements in subsequent years are as follows:

	<u>2021</u>	<u>2020</u>
2021	\$ -	\$ 361,919
2022	214,556	6,200
2023	-	1,000
2024	-	-
2025	-	-
Thereafter	184,392	163,392
Total	<u>\$ 398,948</u>	<u>\$ 532,511</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, 2021 and 2020, the Foundation has recorded \$6,621,427 and \$6,095,964, respectively, in investments and funds held as agency endowments for these organizations.

8. Restrictions on Net Assets

At December 31, 2021, net assets without donor restrictions consist of approximately \$75,545,781, including \$2,722,044 in non-permanent funds and \$72,823,737 in Board-designated endowment funds. At December 31, 2020, net assets without donor restrictions consist of \$68,427,369, including \$2,359,748 in non-permanent funds and \$66,067,621 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.

At December 31, 2021 and 2020, net assets with donor restrictions consist of a beneficial interest in a charitable remainder trust subject to time restrictions totaling \$12,711 and \$11,912, respectively, a beneficial interest in remainder trusts held by others subject to time restrictions totaling \$514,349 and \$473,265, respectively, and \$997,728 and \$914,720,

COMMUNITY GIVING FOUNDATION

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2021 AND 2020

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>2021</u>	<u>2020</u>
Beginning balance	\$ 66,067,600	\$ 52,351,100
Contributions	514,300	2,466,000
Trust income	16,300	10,600
Investment return, net	8,085,100	7,806,100
Other income	-	4,400
Transfer of assets from another community foundation	-	5,401,400
Expenses	<u>(1,749,500)</u>	<u>(1,972,000)</u>
Endowment funds with variance power - end of year	<u>\$ 72,933,800</u>	<u>\$ 66,067,600</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, 2021, these liquid financial assets include a non-endowed operating fund of \$62,734, a \$500,000 Board designated endowment subject to the Foundation's spending policy, and estimated fund administration fee income of \$924,000 expected to be earned in 2022. At December 31, 2020, these liquid financial assets included a non-endowed operating fund of \$165,000 and estimated fund administration fee income of \$882,000 expected to be earned in 2021. 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

COMMUNITY GIVING FOUNDATION

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2021 AND 2020

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, 2021 and 2020, the Foundation paid \$25,000 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.

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, 2021 and 2020 was \$1,151,251 and \$1,113,877, respectively. Total investments held by First Keystone as of December 31, 2021 and 2020 were \$8,711,932 and \$8,861,458, respectively.

COMMUNITY GIVING FOUNDATION

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2021 AND 2020

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.

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.

SUPPLEMENTARY INFORMATION

COMMUNITY GIVING FOUNDATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2021

Federal Grantor/Pass-Through Grantor/Project Title	Assistance Listing Number	Pass-through Grantor's Number	Expenditures	Expenditures to Subrecipients/ Beneficiaries
U.S. Department of Health & Human Services:				
Passed through the Commonwealth of Pennsylvania				
Department of Human Services - Office of Child Development and Early Learning:				
Temporary Assistance for Needy Families	93.558	4100070245	\$ 458,456	\$ 458,456
Maternal, Infant and Early Childhood Home Visiting	93.870	4100070296	<u>153,692</u>	<u>153,692</u>
Total U.S. Department of Health & Human Services			<u>612,148</u>	<u>612,148</u>
U.S. Department of the Treasury:				
Passed through Columbia County:				
COVID-19 Coronavirus State and Local Fiscal Recovery Funds				
	21.027		<u>500,000</u>	<u>500,000</u>
Total U.S. Department of the Treasury			<u>500,000</u>	<u>500,000</u>
Total Expenditures of Federal Awards			<u>\$ 1,112,148</u>	<u>\$ 1,112,148</u>

See accompanying notes to schedule of expenditures of federal awards.

COMMUNITY GIVING FOUNDATION

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED DECEMBER 31, 2021

1. General

The accompanying schedule of expenditures of federal awards (Schedule) reflects the activity of all federal awards programs of the Community Giving Foundation (Foundation). All financial assistance received directly from federal agencies, as well as financial assistance passed through other governmental agencies or not-for-profit organizations, is included in the Schedule.

The Foundation has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

2. Basis of Presentation

The accompanying Schedule is prepared using the accrual basis of accounting, which is described in Note 1 to the Foundation's financial statements. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Community Giving Foundation

Independent Auditor's Reports
Required by the Uniform Guidance

Year Ended December 31, 2021

**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 consolidated/combined statement of financial position as of December 31, 2021, 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 August 2, 2022.

Report on 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 Foundation’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 or significant deficiencies may exist that were not identified.

Report on 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.

Maher Duessel

Harrisburg, Pennsylvania
August 2, 2022

Independent Auditor's Report on Compliance for the Major Program and on Internal Control over Compliance Required by the Uniform Guidance

Board of Directors
Community Giving Foundation

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited the Community Giving Foundation's (Foundation) compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on the Foundation's major federal program for the year ended December 31, 2021. The Foundation's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Foundation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the major federal programs for the year ended December 31, 2021.

Basis for Opinion on the Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Foundation and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of the Foundation's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Foundation's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Foundation's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Foundation's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Foundation's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Foundation's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control over compliance. Accordingly, no such opinion is expressed.

Community Giving Foundation
Independent Auditor's Report on Compliance for the Major
Program and on Internal Control over Compliance

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Maher Duessel

Harrisburg, Pennsylvania
August 2, 2022

COMMUNITY GIVING FOUNDATION

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED DECEMBER 31, 2021

I. Summary of Audit Results

1. Type of auditor's report issued: Unmodified, prepared in accordance with Generally Accepted Accounting Principles

2. Internal control over financial reporting:

Material weakness(es) identified? yes no

Significant deficiency(ies) identified that are not considered to be material weakness(es)? yes none reported

3. Noncompliance material to financial statements noted? yes no

4. Internal control over major programs:

Material weakness(es) identified? yes no

Significant deficiency(ies) identified that are not considered to be material weakness(es)? yes none reported

5. Type of auditor's report issued on compliance for major programs: Unmodified for the COVID-19 Coronavirus State and Local Fiscal Recovery Fund.

6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)? yes no

7. Major Programs:

Federal ALN(s)

21.027

Name of Federal Program or Cluster

COVID-19 Coronavirus State and Local Fiscal Recovery Fund

8. Dollar threshold used to distinguish between type A and type B programs: \$750,000

9. Auditee qualified as low-risk auditee? yes no

COMMUNITY GIVING FOUNDATION

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED DECEMBER 31, 2021

II. Findings related to the financial statements which are required to be reported in accordance with GAGAS.

No matters were reported.

III. Findings and questioned costs for federal awards.

No matters were reported.

COMMUNITY GIVING FOUNDATION

SCHEDULE OF PRIOR YEAR FINDINGS

YEAR ENDED DECEMBER 31, 2021

NONE