

Community Giving Foundation

Financial Statements

Years Ended December 31, 2022 and 2021
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, 2022 AND 2021

TABLE OF CONTENTS

Independent Auditor's Report

Financial Statements:

Statements of Financial Position	1
Statements of Activities	3
Statements of Functional Expenses	5
Statements of Cash Flows	7
Notes to Financial Statements	8

Supplementary Information:

Independent Auditor's Report in Accordance with *Government Auditing Standards*:

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 <i>Government Auditing Standards</i>	26
Schedule of Findings and Responses	28

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, 2022 and 2021, 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, 2022 and 2021, 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 audit 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 30, 2023 on our consideration of the Organization'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
May 30, 2023

COMMUNITY GIVING FOUNDATION

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 797,492	\$ 972,398
Pledges receivable	246,833	323,083
Accrued interest receivable	61,338	58,284
Prepaid expense	34,724	530
Total current assets	<u>1,140,387</u>	<u>1,354,295</u>
Noncurrent assets:		
Land, buildings, and equipment:		
Land	95,324	95,324
Land improvements	224,501	224,502
Building and building improvements	1,417,493	1,417,493
Furniture, fixtures, and equipment	76,624	76,624
Less: accumulated depreciation	<u>(685,280)</u>	<u>(641,182)</u>
Land, buildings, and equipment, net	1,128,662	1,172,761
Investments	60,832,864	74,168,442
Investment in private company	-	5,955,000
Beneficial interest in charitable remainder trusts	9,961	12,711
Beneficial interest in remainder trusts held by others	417,165	514,349
Beneficial interest in perpetual trusts held by others	<u>784,231</u>	<u>997,728</u>
Total noncurrent assets	<u>63,172,883</u>	<u>82,820,991</u>
Total Assets	<u><u>\$ 64,313,270</u></u>	<u><u>\$ 84,175,286</u></u>

(Continued)

	<u>2022</u>	<u>2021</u>
Liabilities and Net Assets		
Liabilities:		
Current liabilities:		
Accounts payable	\$ 19,523	\$ 6,167
Grants payable	73,795	192,731
Refundable advance	-	100,000
Total current liabilities	<u>93,318</u>	<u>298,898</u>
Noncurrent liabilities:		
Grants payable, net of current portion	206,722	184,392
Funds held as agency endowments	5,247,744	6,621,427
Total noncurrent liabilities	<u>5,454,466</u>	<u>6,805,819</u>
Total Liabilities	<u>5,547,784</u>	<u>7,104,717</u>
Net Assets:		
Without donor restrictions	57,554,129	75,545,781
With donor restrictions	1,211,357	1,524,788
Total Net Assets	<u>58,765,486</u>	<u>77,070,569</u>
Total Liabilities and Net Assets	<u><u>\$ 64,313,270</u></u>	<u><u>\$ 84,175,286</u></u>
		(Concluded)

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

COMMUNITY GIVING FOUNDATION

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and Other Support:			
Contributions	\$ 1,512,603	\$ -	\$ 1,512,603
Grant revenue	636,570	-	636,570
Medical Assistance grant revenue	60,984	-	60,984
Trust income	22,984	-	22,984
Investment return, net	(11,512,804)	-	(11,512,804)
Change in value of charitable remainder trust and remainder trusts held by others	-	(99,934)	(99,934)
Gain (loss) on beneficial interest in perpetual trusts held by others	-	(213,497)	(213,497)
Other income	128,215	-	128,215
Total revenues and other support	(9,151,448)	(313,431)	(9,464,879)
Expenses:			
Program	3,505,603	-	3,505,603
Development	328,105	-	328,105
Administrative	551,496	-	551,496
Total expenses	4,385,204	-	4,385,204
Change in Net Assets before Loss on Sale of Investment in Private Company			
	(13,536,652)	(313,431)	(13,850,083)
Loss on sale of investment in private company	(4,455,000)	-	(4,455,000)
Change in Net Assets	(17,991,652)	(313,431)	(18,305,083)
Net Assets:			
Beginning of year	75,545,781	1,524,788	77,070,569
End of year	\$ 57,554,129	\$ 1,211,357	\$ 58,765,486

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	-	41,883	41,883
Gain (loss) 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 FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2022

	Program	Development	Administrative	Total
Expenses:				
Community events	\$ 12,168	\$ 10,591	\$ 17,801	\$ 40,560
Dues and subscriptions	13,619	11,854	19,924	45,397
Employee benefits	67,559	58,801	98,835	225,195
Grants	3,128,630	-	-	3,128,630
Special projects	30,252	26,330	44,257	100,839
Insurance	3,568	3,105	5,220	11,893
Marketing expense	7,691	6,694	11,253	25,638
Meeting supplies	3,717	3,235	5,439	12,391
Miscellaneous	3,078	2,679	4,502	10,259
Office expenses	8,013	6,974	11,723	26,710
Professional fees	17,492	15,225	25,590	58,307
Repairs and maintenance	9,592	8,349	14,033	31,974
Salaries and wages	172,840	150,434	252,858	576,132
Telephone	2,036	1,772	2,977	6,785
Utilities	4,619	4,020	6,757	15,396
Workers' compensation claim	7,500	6,528	10,972	25,000
Depreciation expense	13,229	11,514	19,355	44,098
Total expenses	\$ 3,505,603	\$ 328,105	\$ 551,496	\$ 4,385,204

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
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
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

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
Cash Flows From Operating Activities:		
Change in net assets	\$ (18,305,083)	\$ 7,243,303
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Loss on sale of private company	4,455,000	-
Net realized and unrealized gain (loss) on investments	13,882,131	(7,543,278)
Transfer of beneficial interest in charitable remainder trust	-	-
Transfer of beneficial interest in perpetual trust held by others	-	-
Net change in beneficial interest in charitable remainder trust and remainder trusts held by others	99,934	(41,883)
Gain (loss) on beneficial interest in perpetual trusts held by others	213,497	(83,008)
Depreciation expense	44,098	44,246
Donated stock	(24,702)	(218,739)
(Increase) decrease in:		
Pledges receivable	76,250	(214,942)
Accrued interest receivable	(3,054)	(10,040)
Prepaid expenses	(34,194)	-
Increase (decrease) in:		
Accounts payable	13,356	(7,407)
Accrued expenses	-	-
Grants payable	(96,606)	(155,388)
Refundable advance	(100,000)	100,000
Funds held as agency endowments	(1,373,683)	525,463
Net cash provided by (used in) operating activities	<u>(1,153,056)</u>	<u>(361,673)</u>
Cash Flows From Investing Activities:		
Proceeds from the sale of investments	6,612,669	8,992,369
Proceeds from sale of investment in private company	1,500,000	-
Purchases of investments	(7,134,519)	(8,831,114)
Net cash provided by (used in) investing activities	<u>978,150</u>	<u>161,255</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>(174,906)</u>	<u>(200,418)</u>
Cash and Cash Equivalents:		
Beginning of year	<u>972,398</u>	<u>1,172,816</u>
End of year	<u>\$ 797,492</u>	<u>\$ 972,398</u>

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

COMMUNITY GIVING FOUNDATION

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2022 AND 2021

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, 2022 AND 2021

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, 2022 and 2021 is reported in the financial statements as follows:

	<u>2022</u>	<u>2021</u>
Net realized and unrealized gain (loss) on investments	\$ (12,685,075)	\$ 6,872,523
Attributable to assets held in agency endowment funds	<u>(1,197,056)</u>	<u>670,755</u>
	<u>\$ (13,882,131)</u>	<u>\$ 7,543,278</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, 2022 AND 2021

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 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, corporate bonds, 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, 2022 AND 2021

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, 2022 AND 2021

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

The Foundation capitalizes assets purchased with a cost greater than \$5,000.

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, 2022 and 2021, depreciation expense was \$44,098 and \$44,246, 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

COMMUNITY GIVING FOUNDATION

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2022 AND 2021

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 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. Refundable advances for the years ended December 31, 2022 and 2021 were \$0 and \$100,000, respectively.

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, 2022 AND 2021

December 31, 2022 and 2021, there were no donated services, facilities, or equipment 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 Danville Area Community Foundation (Danville Foundation) (a 501(c)(3) organization) and the Berwick Area Community Foundation (Berwick 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 Danville Foundation and the Berwick Foundation. The agreements may be terminated by the Danville Foundation and the Berwick Foundation at any time.

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.

COMMUNITY GIVING FOUNDATION

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2022 AND 2021

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 December 31, 2022 and 2021 is to distribute not in excess of 4.25% and 5.00%, 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.

COMMUNITY GIVING FOUNDATION

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2022 AND 2021

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, 2022:

Accounting Standards Update (ASU) 2016-02, "*Leases (Topic 842)*," requires 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 are required by lessors and lessees to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases. The Foundation has no material leases, and as such, the effects of this adoption had no effect on beginning net asset balances or the statements of financial position.

ASU 2020-07, "*Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*," requires presentation of contributed nonfinancial assets as a separate line item in the statement of activities apart from contributions of cash and other nonfinancial assets. Additional disclosures included disaggregation of type, description of program, if utilized, monetizing policy, if applicable, donor-imposed restrictions, and fair value measurement. The Foundation did not have any significant contributions of nonfinancial assets during the year ended December 31, 2022.

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, 2022 had a book value and bank balance of \$797,492 and \$848,725, respectively. Cash and cash equivalents at December 31, 2021 had a book value and bank balance of \$972,398 and \$1,151,251, respectively. Deposits held in financial institutions are insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC). Balances in excess of \$250,000 are collateralized through a repurchase agreement.

COMMUNITY GIVING FOUNDATION

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2022 AND 2021

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, 2022 and 2021:

	Level	2022		
		Fair Value	Cost	Unrealized Appreciation (Depreciation)
Money market funds	1	\$ 2,130,805	\$ 2,130,805	\$ -
Cash and Equivalents	1	612,246	612,246	-
Common stock:				
Communication services	1	241,606	272,316	(30,710)
Consumer discretionary	1	664,315	588,141	76,174
Consumer staples	1	344,060	250,913	93,147
Energy	1	645,308	356,530	288,778
Financials	1	1,465,412	1,329,461	135,951
Health care	1	852,578	623,448	229,130
Industrials	1	1,019,673	807,494	212,179
Information technology	1	1,075,911	1,044,416	31,495
International	1	3,015,208	2,589,906	425,302
Materials	1	218,936	221,020	(2,084)
Real estate	1	307,603	307,400	203
Utilities	1	357,819	261,875	95,944
Equity mutual funds:				
Large cap funds	1	18,111,413	13,087,703	5,023,710
Small cap funds	1	2,276,441	1,732,920	543,521
International developed	1	8,496,838	8,710,307	(213,469)
Emerging markets	1	4,255,118	4,904,441	(649,323)
Equity REITs	1	1,052,865	1,226,561	(173,696)
Commodities	1	751,667	810,445	(58,778)
Fixed income mutual funds:				
U.S. Bond Market ETF	1	3,311,336	3,813,341	(502,005)
Taxable pooled	1	3,783,085	4,552,331	(769,246)
Inflation Linked Funds	1	536,672	650,011	(113,339)
High yield pooled	1	1,179,781	1,285,161	(105,380)
Debt securities:				
Corporate bonds	2	3,463,638	3,757,326	(293,688)
U.S. Treasury	1	478,516	499,242	(20,726)
U.S. agency obligations	1	184,014	200,188	(16,174)
		<u>\$ 60,832,864</u>	<u>\$ 56,625,948</u>	<u>\$ 4,206,916</u>
Investment in private company	3	<u>\$ -</u>		
Beneficial interest in:				
Charitable remainder trust	3	<u>\$ 417,165</u>		
Remainder trusts held by others	3	<u>\$ 9,961</u>		
Perpetual trusts	3	<u>\$ 784,231</u>		

COMMUNITY GIVING FOUNDATION

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2022 AND 2021

	2021			
	Level	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	\$ 514,349		
Remainder trusts held by others	3	\$ 12,711		
Perpetual trusts	3	\$ 997,728		

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.

COMMUNITY GIVING FOUNDATION

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2022 AND 2021

Such coverage, however, does not insure against losses resulting from changes in securities markets.

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 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.

The Foundations was 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.

COMMUNITY GIVING FOUNDATION

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2022 AND 2021

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 Agreement. The Court of Common Pleas of the 17th Judicial District of Pennsylvania Snyder County Branch – Orphan’s Court Division (Orphan’s Court) approved the termination of the Northway Industries Trust and Redemption and Settlement Agreement on April 14, 2022. The Foundation received \$1,500,000 for the sale of the non-voting shares and recorded a loss on sale of \$4,450,000.

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.

COMMUNITY GIVING FOUNDATION

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2022 AND 2021

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

	Balance as of January 1, 2022	Contributions/ Purchases	Withdrawals/ Redemptions/ Donations	Change in Value	Loss on Sale	Balance as of December 31, 2022
Investment in private company	\$ 5,955,000	\$ -	\$ (1,500,000)	\$ -	\$ (4,455,000)	\$ -
Charitable remainder trust	12,711	-	-	(2,750)	-	9,961
Remainder trusts held by others	514,349	-	-	(97,184)	-	417,165
Perpetual trusts	997,728	-	-	(213,497)	-	784,231
	<u>\$ 7,479,788</u>	<u>\$ -</u>	<u>\$ (1,500,000)</u>	<u>\$ (313,431)</u>	<u>\$ (4,455,000)</u>	<u>\$ 1,211,357</u>

	Balance as of January 1, 2021	Contributions/ Purchases	Withdrawals/ Redemptions/ Payments	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>

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, 2022 and 2021 were \$22,984 and \$16,258, respectively. The Foundation's estimated beneficial interest in these perpetual trusts as of December 31, 2022 and 2021 is \$784,231 and \$997,728, respectively.

COMMUNITY GIVING FOUNDATION

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2022 AND 2021

5. Beneficial Interest in Remainder Trusts Held by Others

The Foundation is 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, 2022 and 2021, the Foundation's beneficial interest in these remainder trusts held by others is \$417,165 and \$514,349, respectively.

6. Grants Payable

At December 31, 2022, \$372,777 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, 2021, \$221,000 of grants awards were approved by the Board; however, barriers for payment had not been met.

Grants payable, totaling \$280,517 and \$377,123, respectively, at December 31, 2022, and 2021, 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.

Total cash flow requirements in subsequent years are as follows:

	<u>2022</u>	<u>2021</u>
2022	\$ -	\$ 214,556
2023	73,795	-
2024	-	-
2025	-	-
2026	-	-
Thereafter	206,722	184,392
Total	<u>\$ 280,517</u>	<u>\$ 398,948</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

COMMUNITY GIVING FOUNDATION

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2022 AND 2021

each organization. At December 31, 2022 and 2021, the Foundation has recorded \$5,247,744 and \$6,621,427, respectively, in investments and funds held as agency endowments for these organizations.

8. Restrictions on Net Assets

At December 31, 2022, net assets without donor restrictions consist of \$57,554,129, including \$2,333,997 in non-permanent funds and \$55,220,132 in Board-designated endowment funds. At December 31, 2021, net assets without donor restrictions consist of \$75,545,781, including \$2,722,044 in non-permanent funds and \$72,823,737 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, 2022 and 2021, net assets with donor restrictions consist of a beneficial interest in a charitable remainder trust subject to time restrictions totaling \$9,961 and \$12,711, respectively, a beneficial interest in remainder trusts held by others subject to time restrictions totaling \$417,165 and \$514,349, respectively, and \$784,231 and \$997,728, 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>2022</u>	<u>2021</u>
Beginning balance	\$ 72,823,700	\$ 66,177,700
Contributions	958,700	514,300
Trust income	23,000	16,300
Investment return, net	(11,307,700)	8,085,100
Other income	2,900	-
Expenses	<u>(7,280,500)</u>	<u>(1,969,700)</u>
Endowment funds with variance power - end of year	<u>\$ 55,220,100</u>	<u>\$ 72,823,700</u>

COMMUNITY GIVING FOUNDATION

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2022 AND 2021

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, 2022, these liquid financial assets include a non-endowed operating fund of \$18,369, a \$414,814 Board designated endowment subject to the Foundation's spending policy, and estimated fund administration fee income of \$958,000 expected to be earned in 2022. At December 31, 2021, these liquid financial assets included 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. 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 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 managing the Corporation's claims. As of December 31, 2022 and 2021, 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.

COMMUNITY GIVING FOUNDATION

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2022 AND 2021

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, 2022 and 2021 was \$848,725 and \$1,151,251, respectively. Total investments held by First Keystone as of December 31, 2022 and 2021 were \$7,853,570 and \$8,711,931, respectively.

Community Giving Foundation

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

Year Ended December 31, 2022

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 combined statement of financial position as of December 31, 2022, 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 30, 2023.

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.

Mahe Duessel

Harrisburg, Pennsylvania
May 30, 2023

COMMUNITY GIVING FOUNDATION

SCHEDULE OF FINDINGS AND RESPONSES

YEAR ENDED DECEMBER 31, 2022

NONE