

Community Giving Foundation

Financial Statements

Years Ended December 31, 2023 and 2022
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, 2023 AND 2022

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

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 statements of financial position as of December 31, 2023 and 2022, 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, 2023 and 2022, 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. 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 audits. 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 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 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, 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.

Maher Duessel

Harrisburg, Pennsylvania
May 29, 2024

COMMUNITY GIVING FOUNDATION

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 1,754,010	\$ 797,492
Pledges receivable	144,508	246,833
Accrued interest receivable	73,532	61,338
Prepaid expense	-	34,724
Total current assets	<u>1,972,050</u>	<u>1,140,387</u>
Noncurrent assets:		
Land, buildings, and equipment:		
Land	95,324	95,324
Land improvements	224,501	224,501
Building and building improvements	1,417,493	1,417,493
Furniture, fixtures, and equipment	76,624	76,624
Less: accumulated depreciation	<u>(729,378)</u>	<u>(685,280)</u>
Land, buildings, and equipment, net	1,084,564	1,128,662
Investments	69,703,823	60,832,864
Beneficial interest in charitable remainder trusts	-	9,961
Beneficial interest in remainder trusts held by others	238,397	417,165
Beneficial interest in perpetual trusts held by others	<u>851,114</u>	<u>784,231</u>
Total noncurrent assets	<u>71,877,898</u>	<u>63,172,883</u>
Total Assets	<u><u>\$ 73,849,948</u></u>	<u><u>\$ 64,313,270</u></u>

(Continued)

	<u>2023</u>	<u>2022</u>
Liabilities and Net Assets		
Liabilities:		
Current liabilities:		
Accounts payable	\$ 9,043	\$ 19,523
Grants payable	105,395	73,795
Refundable advance	23,150	-
Total current liabilities	<u>137,588</u>	<u>93,318</u>
Noncurrent liabilities:		
Grants payable, net of current portion	243,393	206,722
Funds held as agency endowments	5,745,961	5,247,744
Total noncurrent liabilities	<u>5,989,354</u>	<u>5,454,466</u>
Total Liabilities	<u>6,126,942</u>	<u>5,547,784</u>
Net Assets:		
Without donor restrictions	66,633,495	57,554,129
With donor restrictions	1,089,511	1,211,357
Total Net Assets	<u>67,723,006</u>	<u>58,765,486</u>
Total Liabilities and Net Assets	<u><u>\$ 73,849,948</u></u>	<u><u>\$ 64,313,270</u></u>
		(Concluded)

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

COMMUNITY GIVING FOUNDATION

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and Other Support:			
Contributions	\$ 3,702,963	\$ -	\$ 3,702,963
Grant revenue	94,759	-	94,759
Trust income	32,803	-	32,803
Investment return, net	9,033,058	-	9,033,058
Change in value of charitable remainder trust and remainder trusts held by others	-	107,499	107,499
Gain (loss) on beneficial interest in perpetual trusts held by others	-	66,883	66,883
Other income	115,102	-	115,102
Release from restrictions	296,228	(296,228)	-
	<u>13,274,913</u>	<u>(121,846)</u>	<u>13,153,067</u>
Expenses:			
Program	3,436,462	-	3,436,462
Development	368,698	-	368,698
Administrative	390,387	-	390,387
	<u>4,195,547</u>	<u>-</u>	<u>4,195,547</u>
Change in Net Assets	9,079,366	(121,846)	8,957,520
Net Assets:			
Beginning of year	<u>57,554,129</u>	<u>1,211,357</u>	<u>58,765,486</u>
End of year	<u>\$ 66,633,495</u>	<u>\$ 1,089,511</u>	<u>\$ 67,723,006</u>

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	<u>(9,151,448)</u>	<u>(313,431)</u>	<u>(9,464,879)</u>
Expenses:			
Program	3,505,603	-	3,505,603
Development	328,105	-	328,105
Administrative	551,496	-	551,496
Total expenses	<u>4,385,204</u>	<u>-</u>	<u>4,385,204</u>
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	<u>(4,455,000)</u>	<u>-</u>	<u>(4,455,000)</u>
Change in Net Assets	(17,991,652)	(313,431)	(18,305,083)
Net Assets:			
Beginning of year	<u>75,545,781</u>	<u>1,524,788</u>	<u>77,070,569</u>
End of year	<u>\$ 57,554,129</u>	<u>\$ 1,211,357</u>	<u>\$ 58,765,486</u>

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

COMMUNITY GIVING FOUNDATION

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2023

	<u>Program</u>	<u>Development</u>	<u>Administrative</u>	<u>Total</u>
Expenses:				
Community events	\$ 14,012	\$ 15,881	\$ 16,815	\$ 46,708
Dues and subscriptions	14,639	16,591	17,567	48,797
Employee benefits	55,746	63,178	66,895	185,819
Grants	3,111,139	-	-	3,111,139
Special projects	11,801	13,374	14,161	39,336
Insurance	5,379	6,096	6,454	17,929
Marketing expense	7,398	8,384	8,878	24,660
Meeting supplies	3,766	4,268	4,518	12,552
Miscellaneous	3,560	4,034	4,271	11,865
Office expenses	6,518	7,387	7,822	21,727
Professional fees	14,052	15,926	16,862	46,840
Repairs and maintenance	8,193	9,286	9,832	27,311
Salaries and wages	153,217	173,646	183,860	510,723
Telephone	1,994	2,260	2,394	6,648
Utilities	4,319	4,894	5,182	14,395
Workers' compensation claim	7,500	8,500	9,000	25,000
Depreciation expense	13,229	14,993	15,876	44,098
Total expenses	<u>\$ 3,436,462</u>	<u>\$ 368,698</u>	<u>\$ 390,387</u>	<u>\$ 4,195,547</u>

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

COMMUNITY GIVING FOUNDATION

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2022

	<u>Program</u>	<u>Development</u>	<u>Administrative</u>	<u>Total</u>
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	<u>13,229</u>	<u>11,514</u>	<u>19,355</u>	<u>44,098</u>
 Total expenses	<u>\$ 3,505,603</u>	<u>\$ 328,105</u>	<u>\$ 551,496</u>	<u>\$ 4,385,204</u>

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

COMMUNITY GIVING FOUNDATION

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
Cash Flows From Operating Activities:		
Change in net assets	\$ 8,957,520	\$ (18,305,083)
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	(8,222,663)	13,882,131
Transfer of beneficial interest in charitable remainder trust	296,228	-
Net change in beneficial interest in charitable remainder trust and remainder trusts held by others	(107,499)	99,934
(Gain) loss on beneficial interest in perpetual trusts held by others	(66,883)	213,497
Depreciation expense	44,098	44,098
Donated stock	(810,727)	(24,702)
(Increase) decrease in:		
Pledges receivable	102,325	76,250
Accrued interest receivable	(12,194)	(3,054)
Prepaid expenses	34,724	(34,194)
Increase (decrease) in:		
Accounts payable	(10,480)	13,356
Grants payable	68,271	(96,606)
Refundable advance	23,150	(100,000)
Funds held as agency endowments	498,217	(1,373,683)
	<u>794,087</u>	<u>(1,153,056)</u>
Cash Flows From Investing Activities:		
Proceeds from the sale of investments	8,507,962	6,612,669
Proceeds from sale of investment in private company	-	1,500,000
Purchases of investments	(8,345,531)	(7,134,519)
	<u>162,431</u>	<u>978,150</u>
Net Increase (Decrease) in Cash and Cash Equivalents	956,518	(174,906)
Cash and Cash Equivalents:		
Beginning of year	<u>797,492</u>	<u>972,398</u>
End of year	<u>\$ 1,754,010</u>	<u>\$ 797,492</u>

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

COMMUNITY GIVING FOUNDATION

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2023 AND 2022

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 66 agency endowment funds and 345 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, 2023 AND 2022

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, 2023 and 2022 is reported in the financial statements as follows:

	2023	2022
Net realized and unrealized gain (loss) on investments	\$ 7,551,550	\$ (12,685,075)
Attributable to assets held in agency endowment funds	671,113	(1,197,056)
	<u>\$ 8,222,663</u>	<u>\$ (13,882,131)</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, 2023 AND 2022

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, real estate funds, 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, 2023 AND 2022

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.

Management reviews the Foundation's investment portfolio performance at least quarterly, including evaluation of any available for sale debt securities in an unrealized loss position for possible impairment. A debt security is deemed impaired if the fair value of the investment is less than its amortized cost. In this evaluation, consideration is given to the issuer of the securities and their creditworthiness, any changes to the

COMMUNITY GIVING FOUNDATION

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2023 AND 2022

rating of the security and any adverse conditions specifically related to the security, among other factors. Also, the business and financial outlook of the issuer, as well as broader economic performance indicators, may be evaluated. Unrealized losses, if any, are recorded in the statement of activities. The Foundation does not have any available for sale debt securities it considers to be impaired at December 31, 2023 and required an allowance for credit losses.

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, 2023 and 2022, depreciation expense was \$44,098 and \$44,098, 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.

COMMUNITY GIVING FOUNDATION

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2023 AND 2022

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 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, 2023 and 2022 were \$23,150 and \$0, respectively.

COMMUNITY GIVING FOUNDATION

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2023 AND 2022

H. *Contributed Services, Facilities, and Equipment*

A number of unpaid volunteers, which include the Board of Directors of the Foundation, have made significant contributions of their time toward developing and achieving the Foundation's goals and objectives. Contributions of donated services that create or enhance nonfinancial assets, or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received. During the years ended December 31, 2023 and 2022, 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.

COMMUNITY GIVING FOUNDATION

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2023 AND 2022

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 60% to 80% in equity securities, 15% to 35% in fixed income securities, 2% to 10% in alternative investments, 0% to 15% in private markets, 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, 7% of the Russell 2000, 20% MSCI EAFE (net), 7% MSCI Emerging Markets (net), 22% Barclays Aggregate, 2% Barclays High Yield, 1% Barclays US Gov't ILB, 1.5% S&P Developed Property, 1.5% Bloomsburg Commodity, 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

COMMUNITY GIVING FOUNDATION

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2023 AND 2022

investment model selected by the donor, the spending policy for the years ended December 31, 2023 and 2022 is to distribute not in excess 4.25% of a 16-quarter trailing average of the fund balance of the endowment funds. For funds less than four years old, the fair value will be the average of all quarterly market values to date.

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, 2023:

Accounting Standards Update (ASU) 2022-02, *Financial Instruments – Credit Losses (Topic 326): Troubled Debt Restructuring and Vintage Disclosures* requires evaluation of the measurement of credit losses for most financial assets and certain other instruments that are not measured at fair value and enhanced disclosures for analyzing exposure to credit risk and the measurement of credit losses. The standard will be applied on a modified prospective basis. The impact of the adoption of this standard was not considered material to the financial statements.

P. Reclassifications

Certain prior year amounts have been reclassified to conform to the current year presentation.

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, 2023 had a book value and bank balance of \$1,754,010 and \$1,730,305, respectively. Cash and cash equivalents at December 31, 2022 had a book value and bank balance of \$797,492 and \$848,725, 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, 2023 AND 2022

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, 2023 and 2022:

	2023			
	Level	Fair Value	Cost	Unrealized Appreciation (Depreciation)
Money market funds	1	\$ 3,710,754	\$ 3,710,754	\$ -
Cash and Equivalents	1	65,443	65,443	-
Common stock:				
Communication services	1	80,716	59,328	21,388
Consumer discretionary	1	600,797	456,711	144,086
Consumer staples	1	317,222	270,769	46,453
Energy	1	426,243	292,208	134,035
Financials	1	1,367,440	1,092,813	274,627
Health care	1	618,215	525,365	92,850
Industrials	1	852,885	568,173	284,712
Information technology	1	1,152,131	895,866	256,265
Materials	1	327,666	324,296	3,370
Real estate	1	264,420	259,091	5,329
Utilities	1	188,825	169,640	19,185
International common stock				
International	1	3,519,400	2,705,312	814,088
International equity mutual funds				
International developed	1	9,301,376	8,162,600	1,138,776
International emerging markets	1	4,631,491	4,904,441	(272,950)
U.S. equity mutual funds:				
Large cap funds	1	21,991,447	12,644,529	9,346,918
Small cap funds	1	2,843,422	2,033,789	809,633
Real Estate				
Inflation linked funds	1	533,890	650,011	(116,121)
U.S. REITs	1	576,549	532,393	44,156
Commodities	1	678,810	810,445	(131,635)
International REITs	1	530,246	687,158	(156,912)
Fixed income mutual funds:				
Taxable pooled	1	9,588,406	10,691,305	(1,102,899)
Taxable high yield pooled	1	593,802	633,578	(39,776)
Bank loan and leveraged loan	1	628,571	650,000	(21,429)
Debt securities:				
Corporate bonds	2	3,489,379	3,681,383	(192,004)
U.S. Treasury notes	1	487,830	499,429	(11,599)
U.S. government agency obligations	1	188,058	200,164	(12,106)
Foreign bonds	1	148,389	146,480	1,909
		<u>\$ 69,703,823</u>	<u>\$ 58,323,474</u>	<u>\$ 11,380,349</u>
Beneficial interest in:				
Charitable remainder trust	3	<u>\$ 238,397</u>		
Perpetual trusts	3	<u>\$ 851,114</u>		

COMMUNITY GIVING FOUNDATION

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2023 AND 2022

	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
Materials	1	218,936	221,020	(2,084)
Real estate	1	307,603	307,400	203
Utilities	1	357,819	261,875	95,944
International common stock	1	3,015,208	2,589,906	425,302
International equity mutual funds				
International developed	1	8,496,838	8,710,307	(213,469)
International emerging markets	1	4,255,118	4,904,441	(649,323)
U.S. 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
Real Estate				
Inflation Linked Funds	1	536,672	650,011	(113,339)
U.S. 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)
Taxable 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 notes	1	478,516	499,242	(20,726)
U.S. government agency obligations	1	184,014	200,188	(16,174)
		<u>\$ 60,832,864</u>	<u>\$ 56,625,948</u>	<u>\$ 4,206,916</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, 2023 AND 2022

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.

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.

COMMUNITY GIVING FOUNDATION

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2023 AND 2022

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 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, 2023 AND 2022

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

	Balance as of January 1, 2023	Contributions/ Purchases	Withdrawals/ Redemptions/ Donations	Change in Value	Loss on Sale	Balance as of December 31, 2023
Charitable remainder trust	\$ 9,961	\$ -	\$ -	\$ (9,961)	\$ -	\$ -
Remainder trusts held by others	417,165	-	(296,228)	117,460	-	238,397
Perpetual trusts	784,231	-	-	66,883	-	851,114
	<u>\$ 1,211,357</u>	<u>\$ -</u>	<u>\$ (296,228)</u>	<u>\$ 174,382</u>	<u>\$ -</u>	<u>\$ 1,089,511</u>

	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>

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, 2023 and 2022 were \$32,803 and \$22,984, respectively. The Foundation's estimated beneficial interest in these perpetual trusts as of December 31, 2023 and 2022 is \$851,114 and \$784,231, respectively.

COMMUNITY GIVING FOUNDATION

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2023 AND 2022

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, 2023 and 2022, the Foundation's beneficial interest in these remainder trusts held by others is \$238,397 and \$417,165, respectively.

6. Grants Payable

At December 31, 2023, \$344,515 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, 2022, \$372,777 of grants awards were approved by the Board; however, barriers for payment had not been met.

Grants payable, totaling \$348,788 and \$280,517, respectively, at December 31, 2023, and 2022, 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>2023</u>	<u>2022</u>
2023	-	73,795
2024	105,395	-
2025	50,000	-
2026	-	-
2027	-	-
2028	-	-
Thereafter	193,393	206,722
Total	<u>\$ 348,788</u>	<u>\$ 280,517</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

COMMUNITY GIVING FOUNDATION

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2023 AND 2022

administers and invests these funds in accordance with the agreements established with each organization. At December 31, 2023 and 2022, the Foundation has recorded \$5,745,961 and \$5,247,744, respectively, in investments and funds held as agency endowments for these organizations.

8. Restrictions on Net Assets

At December 31, 2023, net assets without donor restrictions consist of \$66,633,495, including \$2,646,794 in non-permanent funds and \$63,986,701 in Board-designated endowment funds. 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. 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, 2023 and 2022, net assets with donor restrictions consist of a beneficial interest in a charitable remainder trust subject to time restrictions totaling \$0 and \$9,961, respectively, a beneficial interest in remainder trusts held by others subject to time restrictions totaling \$238,397 and \$417,165, respectively, and \$851,114 and \$784,231, 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>2023</u>	<u>2022</u>
Beginning balance	\$ 55,220,100	\$ 72,823,700
Contributions	3,096,700	958,700
Trust income	32,800	23,000
Investment return, net	8,833,400	(11,307,700)
Other income	-	2,900
Expenses	<u>(3,196,300)</u>	<u>(7,280,500)</u>
Endowment funds with variance power - end of year	<u>\$ 63,986,700</u>	<u>\$ 55,220,100</u>

COMMUNITY GIVING FOUNDATION

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2023 AND 2022

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, 2023, these liquid financial assets include a non-endowed operating fund of \$118,338, a Board designated endowment subject to the Foundation's spending policy of \$465,924, and estimated fund administration fee income of \$1,005,000 expected to be earned in 2024. 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 2023. 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. During the year ended December 31, 2023 and 2022, 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 as 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, 2023 AND 2022

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, 2023 and 2022 was \$1,730,305 and \$848,725, respectively. Total investments held by First Keystone as of December 31, 2023 and 2022 were \$0 and \$7,853,570, respectively.