

**REPORT OF  
CLEARFIELD COUNTY CHARITABLE FOUNDATION  
CLEARFIELD, PENNSYLVANIA**

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**FOR THE YEAR ENDED DECEMBER 31, 2019**

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# Young, Oakes, Brown & Company, P.C.

*Certified Public Accountants*

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Clearfield County Charitable Foundation  
PO Box 171  
Clearfield, PA 16830

We have audited the accompanying financial statements of the Clearfield County Charitable Foundation (a nonprofit organization), which comprise the statement of assets, liabilities, and net assets - modified cash basis as of December 31, 2019, and the related statement of support, revenue, and expenses - modified cash basis and statement of functional expenses - modified cash basis for the year then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting as described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible 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.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and net assets of the Clearfield County Charitable Foundation as of December 31, 2019, and its support, revenue, and expenses and functional expenses for the year then ended in accordance with the modified cash basis of accounting as described in Note 1.

**Basis of Accounting**

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

*Young, Decker, Brown & Company, P.C.*

**CLEARFIELD COUNTY CHARITABLE FOUNDATION  
STATEMENT OF ASSETS, LIABILITIES, AND NET ASSETS  
MODIFIED CASH BASIS  
DECEMBER 31, 2019**

**ASSETS**

Mutual Funds (Cost)	\$5,344,432
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<b>TOTAL ASSETS</b>	<b>\$5,344,432</b>
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**LIABILITIES AND NET ASSETS**

**Net Assets**

Without Donor Restrictions	\$ 986,660
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With Donor Restrictions	<u>4,357,772</u>
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Total Net Assets	\$5,344,432
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<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$5,344,432</b>
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See Accompanying Notes and Independent Auditor's Report

**CLEARFIELD COUNTY CHARITABLE FOUNDATION  
STATEMENT OF SUPPORT, REVENUE, AND EXPENSES  
MODIFIED CASH BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

	<u>Net Assets Without Donor Restrictions</u>	<u>Net Assets With Donor Restrictions</u>	<u>Total</u>
<b><u>Revenue and Other Support</u></b>			
Contributions	\$ 69,747	\$ 158,239	\$ 227,986
Other Income:			
Investment Income, Net	<u>8,138</u>	<u>124,650</u>	<u>132,788</u>
Total Revenue and Other Support	\$ 77,885	\$ 282,889	\$ 360,774
	<hr/>	<hr/>	<hr/>
<b><u>Net Assets Released from Restrictions</u></b>	<u>\$125,157</u>	<u>(\$ 125,157)</u>	<u>\$ 0</u>
	<hr/>	<hr/>	<hr/>
<b><u>Expenses</u></b>			
Program Services	\$165,757	\$ 0	\$ 165,757
Management and General	9,271	0	9,271
Fundraising	<u>164</u>	<u>0</u>	<u>164</u>
Total Expenses	\$175,192	\$ 0	\$ 175,192
	<hr/>	<hr/>	<hr/>
Change in Net Assets	\$ 27,850	\$ 157,732	\$ 185,582
<b><u>Net Assets</u></b> - Beginning of Year	<u>958,810</u>	<u>4,200,040</u>	<u>5,158,850</u>
<b><u>Net Assets</u></b> - End of Year	<u>\$986,660</u>	<u>\$4,357,772</u>	<u>\$5,344,432</u>
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See Accompanying Notes and Independent Auditor's Report

**CLEARFIELD COUNTY CHARITABLE FOUNDATION  
STATEMENT OF FUNCTIONAL EXPENSES  
MODIFIED CASH BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Expenses</u>
Grants	\$165,757	\$ 0	\$ 0	\$165,757
Rent	0	950	0	950
Advertising	0	0	164	164
Office Supplies and Expenses	0	556	0	556
Administrative Services	0	3,900	0	3,900
Insurance	0	258	0	258
Professional Fees	0	3,150	0	3,150
Membership Dues and Fees	<u>0</u>	<u>457</u>	<u>0</u>	<u>457</u>
 Total Functional Expenses	 <u>\$165,757</u>	 <u>\$ 9,271</u>	 <u>\$ 164</u>	 <u>\$175,192</u>

See Accompanying Notes and Independent Auditor's Report

CLEARFIELD COUNTY CHARITABLE FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019

**Note 1: Nature of Activities and Summary of Significant Accounting Policies**

**a. Nature of Activities**

The Clearfield County Charitable Foundation (the Foundation) was established in 2006 to improve the quality of life in the Clearfield, PA region and to promote effective philanthropy. The Foundation accomplishes its purpose by building a permanent endowment for the benefit of the community through the support of its philanthropically minded donors. Funds are contributed by individuals, corporations, and non-profit agencies and support a wide range of organizations that promote the educational, cultural, health, social, and civic development of the region.

**b. Basis of Accounting**

The Foundation's accounts are maintained on the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under the modified cash basis of accounting, revenues are recognized when collected and expenses are recognized when paid. If the books were maintained on the accrual basis of accounting, in accordance with accounting principles generally accepted in the United States of America, all revenues would be recognized when earned and all expenses would be recognized when incurred.

**c. Basis of Financial Statement Presentation**

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) and its *Not-for-Profit Entities* Topic of the Financial Accounting Standards. Under the topic, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: Net Assets With Donor Restrictions and Net Assets Without Donor Restrictions.

Net Assets Without Donor Restrictions include those assets not restricted as to use in any way or only restricted by Board of Director designation. Net Assets With Donor Restrictions are those assets restricted by the donor for a specific period or purpose to be fulfilled at some future time or restricted in use for an indefinite period of time usually taking the form of an endowment or bequeath. These assets are released from their restricted status upon fulfillment of the purpose or time restriction.

**d. Income Tax Status**

The Foundation is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, the Foundation has been classified as an entity that is not a private foundation within the meaning of Section 509(a) and qualifies for deductible contributions as provided in Section 170(b)(1)(A)(vi). Accordingly, no provision has been made for income taxes in the financial statements. The Organization's Federal Return of Organization Exempt from Income Tax for the years ended December 31, 2016 and beyond remain subject to examination by the Internal Revenue Service.



CLEARFIELD COUNTY CHARITABLE FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019  
(CONTINUED)

**Note 1: Nature of Activities and Summary of Significant Accounting Policies** (Continued)

**e. Contributions**

The Foundation has adopted the *Not-for-Profit Entities* Topic of the Financial Accounting Standards. In accordance with the standard's topic, contributions received are recorded as support with donor restrictions or as support without donor restrictions depending on the existence or nature of any donor restrictions.

Donor-restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), restricted net assets are reclassified to net assets without donor restrictions and reported in the statement of support, revenue, and expenses as "net assets released from restrictions."

**f. Advertising Expenses**

The Foundation expenses advertising costs as incurred. Advertising expense was \$164 for the year ended December 31, 2019.

**g. Use of Estimates**

The preparation of financial statements in conformity with the modified cash basis of accounting requires management to make estimates and assumptions that affect certain reported amounts. Accordingly, actual results could differ from those estimates.

**h. New Accounting Pronouncements**

The Financial Accounting Standards Board (FASB) issued Accounting Standards Update No. 2018-08, *Not-for-Profit Entities* (Topic 958), *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, which establishes standards for characterizing grants and similar contracts with resource providers as either exchange transactions or contributions. In addition, it clarifies whether a contribution is conditional. As a result of this adoption, there has been no effect on these financial statements.

**Note 2: Office Lease**

The Foundation began leasing an office in Clearfield on a month-to-month basis for \$475 per month. Rent expense totaled \$950 for the year ended December 31, 2019. Since the lease is month-to-month, the future minimum lease payments could not be determined.

**Note 3: Investments**

Investments purchased by the Foundation are recorded at their cost, and donated investments are recorded at fair value on the date they are received as a donation.

**CLEARFIELD COUNTY CHARITABLE FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019  
(CONTINUED)**

**Note 3: Investments** (Continued)

Investments are composed of the following:

	<u>Cost</u>	<u>Fair Value</u>
Mutual Funds	\$5,344,432	\$6,921,478
	<u>                    </u>	<u>                    </u>

Investment return consists of the following:

Investment Income		\$149,550
Net Realized Gain on Sales of Investments		12,308
Trust Department Fees		( 29,070)
		<u>\$132,788</u>

Investment return is reported net of trust department fees in the statement of support, revenue, and expenses. The amount of expenses netted with revenues was recorded in the Foundation's operating endowment fund.

**Note 4: Related Party Transactions**

Riverview Bank, successor fiduciary to CBT Bank, serves as the Foundation's Trustee. The Foundation paid Riverview Bank \$29,070 for trust services in 2019. In addition, one non-voting employee and two CBT Bank directors are also members of the Foundation's Board of Directors. The Foundation does not provide any compensation for serving on the board.

**Note 5: Functional Allocations of Expenses**

The Foundation's operating costs have been allocated between program, management and general, and fundraising expenses based on direct identification when possible and indirect allocation if a single expenditure benefits more than one function. Expenditures that require allocation are allocated on either a personnel-cost or square-footage basis, whichever is more reasonable for the expenditure. For the year ended December 31, 2019, all expenses were allocated based on direct identification.

**Note 6: Endowment Funds**

The Foundation's endowment consists of 49 individual funds established within a specific framework to support various philanthropic programs and needs within the community. The funds include both donor-restricted endowment funds, one fund designated by the board to function as an endowment for operating purposes and donor advised funds. Contributions made to donor-restricted funds are maintained in perpetuity, the income of which is expendable for the donor's intended purpose. Annual distributions are in accordance with the Foundation's investment and spending policy and subject to Pennsylvania law.

**CLEARFIELD COUNTY CHARITABLE FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**  
**(CONTINUED)**

**Note 6: Endowment Funds** (Continued)

Changes in endowment net assets as of December 31, 2019:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total Net Assets 2019</u>
Endowment Net Assets - December 31, 2018	\$958,810	\$4,200,040	\$5,158,850
Contributions	69,747	158,239	227,986
Investment Return, Net	8,138	124,650	132,788
Amounts Appropriated for Expenditure	( 40,600)	( 125,157)	( 165,757)
Other Changes:			
Distribution from Board-Designated Endowment Pursuant to Distribution Policy	( 9,435)	0	( 9,435)
Endowment Net Assets - December 31, 2019	<u>\$986,660</u>	<u>\$4,357,772</u>	<u>\$5,344,432</u>

**Note 7: Liquidity and Availability of Resources**

The Foundation is substantially supported by contributions with donor restrictions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Foundation must maintain sufficient resources to meet those responsibilities to its donors. As part of the Foundation's liquidity management, it has an endowment fund specifically designated for paying expenditures as they become due. The fund has \$35,641 of investments available to meet cash needs for general expenditures within one year of the financial statement date.

**Note 8: Subsequent Events**

In preparing these financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through August 14, 2020, the date the financial statements were available to be issued.

On March 11, 2020, the World Health Organization declared the outbreak of a coronavirus (COVID-19) pandemic. As a result, economic uncertainties have arisen which are likely to negatively impact income. Other financial impact could occur though such potential impact is unknown at this time.

# Young, Oakes, Brown & Company, P.C.

*Certified Public Accountants*

## MANAGEMENT LETTER

To the Board of Directors  
Clearfield County Charitable Foundation  
PO Box 171  
Clearfield, PA 16830

Members of the Board:

In planning and performing our audit of the financial statements of the Clearfield County Charitable Foundation for the year ended December 31, 2019, we considered the Foundation's internal control in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control.

During our audit, we became aware of an opportunity to strengthen internal control and operating efficiency. This letter does not affect our report dated August 14, 2020, on the financial statements of the Clearfield County Charitable Foundation.

### Administrative Fees

During our audit we noted individual endowment funds do not pay management fees to assist in the operations of the Foundation. Currently only one fund is used to handle all expenses including fiduciary fees charged by the trust department. We recommend the Board consider implementing a fee structure for endowment funds to assist in the operations of the Foundation. As the Foundation continues to grow additional administrative duties will be necessary to sustain it.

This report is intended solely for the information and use of the Board of Directors and management of Clearfield County Charitable Foundation and is not intended to be and should not be used by anyone other than these specified parties.

*Young, Oakes, Brown & Company, P.C.*

Altoona, Pennsylvania  
August 14, 2020

# Young, Oakes, Brown & Company, P.C.

*Certified Public Accountants*

## COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE AT THE CONCLUSION OF THE AUDIT

To The Board of Directors  
Clearfield County Charitable Foundation  
PO Box 171  
Clearfield, PA 16830

We have audited the financial statements of the Clearfield County Charitable Foundation (the Foundation) for the year ended December 31, 2019, and we will issue our report thereon dated August 14, 2020. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated February 6, 2020. Professional standards also require that we communicate to you the following information related to our audit.

### **Significant Audit Matters**

#### Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Foundation are described in Note 1 to the financial statements. As described in Note 1, the Foundation changed accounting policies related to characterizing grants with resource providers as either exchange transactions or contributions and clarifying conditional contributions by adopting FASB Accounting Standards Update (ASU) No. 2018-08, *Not-for-Profit Entities (Topic 958), Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* in 2019. We noted no transactions entered into by the Foundation during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

- The determination and classification of various types of net assets.

Management's estimates of these items are based on historical transactions and understanding of the underlying facts of the funds in question. We evaluated the key factors and assumptions used to develop these estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

**COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE  
AT THE CONCLUSION OF THE AUDIT  
(CONTINUED)**

**Significant Audit Matters** (Continued)

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated August 14, 2020.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Foundation's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Foundation's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the Board of Directors of the Clearfield County Charitable Foundation and is not intended to be, and should not be, used by anyone other than these specified parties.

*Young, Beck, Brown & Company, P.C.*