

REPORT OF
CLEARFIELD COUNTY CHARITABLE FOUNDATION
CLEARFIELD, PENNSYLVANIA

FOR THE YEAR ENDED DECEMBER 31, 2020

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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, 2020, 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, 2020, and its support, revenue, and 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, Baker, Brown & Company, P.C.

CLEARFIELD COUNTY CHARITABLE FOUNDATION
STATEMENT OF ASSETS, LIABILITIES, AND NET ASSETS
MODIFIED CASH BASIS
DECEMBER 31, 2020

ASSETS

Investments (Cost)	\$6,039,452
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TOTAL ASSETS	\$6,039,452
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LIABILITIES AND NET ASSETS

Net Assets

Without Donor Restrictions	\$1,055,478
With Donor Restrictions	<u>4,983,974</u>

Total Net Assets	\$6,039,452
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TOTAL LIABILITIES AND NET ASSETS	\$6,039,452
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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, 2020

	<u>Net Assets Without Donor Restrictions</u>	<u>Net Assets With Donor Restrictions</u>	<u>Total</u>
<u>Support and Revenue</u>			
Contributions	\$ 94,749	\$ 696,135	\$ 790,884
Other Income:			
Investment Return, Net	<u>888</u>	<u>133,994</u>	<u>134,882</u>
Total Support and Revenue	<u>\$ 95,637</u>	<u>\$ 830,129</u>	<u>\$ 925,766</u>
Net Assets Released from Restrictions (including \$55,447 in administrative fees)	<u>\$ 203,927</u>	<u>(\$ 203,927)</u>	<u>\$ 0</u>
<u>Expenses</u>			
Program Services	\$ 201,011	\$ 0	\$ 201,011
Management and General	26,088	0	26,088
Fundraising	<u>3,647</u>	<u>0</u>	<u>3,647</u>
Total Expenses	<u>\$ 230,746</u>	<u>\$ 0</u>	<u>\$ 230,746</u>
Change in Net Assets	\$ 68,818	\$ 626,202	\$ 695,020
<u>Net Assets</u> - Beginning of Year	<u>986,660</u>	<u>4,357,772</u>	<u>5,344,432</u>
<u>Net Assets</u> - End of Year	<u>\$1,055,478</u>	<u>\$4,983,974</u>	<u>\$6,039,452</u>

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, 2020**

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Expenses</u>
Grants	\$184,285	\$ 0	\$ 0	\$184,285
Salaries and Wages	15,537	7,769	2,589	25,895
Payroll Taxes	1,189	594	198	1,981
Rent	0	5,700	0	5,700
Advertising	0	0	860	860
Office Supplies and Expenses	0	2,279	0	2,279
Administrative Services	0	1,978	0	1,978
Insurance	0	1,277	0	1,277
Professional Fees	0	6,050	0	6,050
Membership Dues and Fees	<u>0</u>	<u>441</u>	<u>0</u>	<u>441</u>
Total Functional Expenses	<u>\$201,011</u>	<u>\$26,088</u>	<u>\$3,647</u>	<u>\$230,746</u>

See Accompanying Notes and Independent Auditor's Report

**CLEARFIELD COUNTY CHARITABLE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

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 accompanying financial statements have been prepared 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. That basis differs from generally accepted accounting principles in that revenues are recognized when collected rather than when earned and expenses are recognized when paid rather than when the obligations are incurred.

c. Basis of Presentation

The Foundation reports information regarding its net assets and support, revenue, and expenses according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net Assets Without Donor Restrictions

These net assets generally result from revenues generated by receiving contributions that have no donor restrictions, providing services, and receiving interest from operating investments, less expenses incurred in providing program-related services, raising contributions, and performing administrative functions.

Net Assets With Donor Restrictions

These net assets result from gifts of cash and other assets that are received with donor stipulations that limit the use of the donated assets, either temporarily or permanently. They are not transferred to net assets without donor restrictions until the donor restriction expires, that is until the stipulated time restriction ends, or the purpose of the restriction is accomplished.

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. There was no unrelated business income for the year ended December 31, 2020. The Foundation's federal income tax returns for the tax years 2017 and beyond remain subject to examination by the Internal Revenue Service.

The Foundation has filed for and received state income tax exemptions in the jurisdictions where it is required to do so. As of and during the year ended December 31, 2020, the Foundation did not have a liability for any tax benefits that would not be sustained upon examination.

CLEARFIELD COUNTY CHARITABLE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020
(CONTINUED)

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

e. Advertising Expenses

The Foundation expenses advertising costs when paid. Advertising expense was \$860 for the year ended December 31, 2020.

f. 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.

g. Investments

Investments are carried at cost with realized gains and losses, along with interest and dividends, and investment fees reflected within investment return, net on the statement of support, revenue, and expenses - modified cash basis.

h. Grants

Grants are recorded when paid instead of when the amounts were approved.

Note 2: Office Lease

The Foundation leases an office in Clearfield on a month-to-month basis for \$475 per month. Rent expense totaled \$5,700 for the year ended December 31, 2020. 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.

Investments are composed of the following:

	<u>Cost</u>	<u>Fair Value</u>
Mutual Funds	\$6,039,452	\$8,436,604

Investment return, net consists of the following:

Investment Income	\$141,448
Realized Gain on Sales of Investments	27,302
Trust Department Fees	(33,868)
	<u>\$134,882</u>

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

CLEARFIELD COUNTY CHARITABLE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020
(CONTINUED)

Note 4: Related Party Transactions

Riverview Bank, successor fiduciary to CBT Bank, serves as the Foundation's Trustee. The Foundation paid Riverview Bank \$33,868 for trust services in 2020. 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, 2020, salaries and payroll taxes were allocated based on the time incurred by employees to perform the various functions. All other expenses were allocated based on direct identification.

Note 6: Endowment Funds

The Foundation's endowment consists of 47 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.

Changes in endowment net assets as of December 31, 2020 are as follows:

	Total Net Assets <u>2020</u>
Endowment Net Assets - December 31, 2019	\$5,344,432
Contributions	790,884
Investment Return, Net	134,882
Amounts Appropriated for Expenditure	(184,285)
Other Changes:	
Distribution from Board-Designated Endowment Pursuant to Distribution Policy	(46,461)
Endowment Net Assets - December 31, 2020	<u>\$6,039,452</u>

CLEARFIELD COUNTY CHARITABLE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020
(CONTINUED)

Note 6: Endowment Funds (Continued)

The Foundation charges a 1% administrative fee for fund management. In 2020, the Foundation transferred intra-fund management fees of \$68,885 consisting of \$13,438 from endowment funds with no restrictions and \$55,447 from funds with restrictions into the unrestricted Board designated fund for administrative expenses.

Note 7: Net Assets

Net assets with donor restrictions consist of funds which are available to support the following purposes at December 31:

Designated	\$3,800,770
Scholarships	727,620
Field of Interest	354,989
Other Various	<u>100,595</u>
Total Net Assets With Donor Restrictions	<u>\$4,983,974</u>

Net assets without donor restrictions were available for the following purposes at December 31:

Board Designated:	
Operating Funds	\$ 86,767
Donor Advised Endowments	<u>968,711</u>
Total Net Assets Without Donor Restrictions	<u>\$1,055,478</u>

Note 8: 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 \$86,767 of investments available to meet cash needs for general expenditures within one year of the financial statement date.

Note 9: Subsequent Events

In preparing these financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through July 22, 2021, the date the financial statements were available to be issued.

Note 10: Risks and Uncertainties

The Foundation's operations may be affected by the ongoing COVID-19 outbreak that was declared a pandemic by the World Health Organization in March 2020. The ultimate disruption and effect on the Foundation is uncertain and the related financial impact and duration cannot be reasonably estimated at this time.