

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

FOR THE YEAR ENDED DECEMBER 31, 2021

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Clearfield County Charitable Foundation
PO Box 1442
Clearfield, PA 16830

Opinion

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, 2021, 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.

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, 2021, 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 for Opinion

We conducted our audit 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 Clearfield County Charitable 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.

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.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the modified cash basis of accounting described in Note 1, and for 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 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 Clearfield County Charitable 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 Clearfield County Charitable 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.

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

Altoona, Pennsylvania
August 19, 2022

CLEARFIELD COUNTY CHARITABLE FOUNDATION
STATEMENT OF ASSETS, LIABILITIES, AND NET ASSETS
MODIFIED CASH BASIS
DECEMBER 31, 2021

ASSETS

Investments (Cost)	\$8,403,573
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TOTAL ASSETS	\$8,403,573
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LIABILITIES AND NET ASSETS

<u>Liabilities</u>	\$ 0
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<u>Net Assets</u>	
Without Donor Restrictions	\$1,389,421
With Donor Restrictions	<u>7,014,152</u>
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Total Net Assets	\$8,403,573
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TOTAL LIABILITIES AND NET ASSETS	\$8,403,573
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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, 2021**

	<u>Net Assets Without Donor Restrictions</u>	<u>Net Assets With Donor Restrictions</u>	<u>Total</u>
<u>Support and Revenue</u>			
Contributions	\$ 239,775	\$1,908,350	\$2,148,125
Other Income:			
Investment Return, Net	<u>135,331</u>	<u>374,173</u>	<u>509,504</u>
Total Support and Revenue	<u>\$ 375,106</u>	<u>\$2,282,523</u>	<u>\$2,657,629</u>
Net Assets Released from Restrictions (including \$86,052 in administrative fees)	<u>\$ 252,345</u>	<u>(\$ 252,345)</u>	<u>\$ 0</u>
<u>Expenses</u>			
Program Services	\$ 247,698	\$ 0	\$ 247,698
Management and General	32,164	0	32,164
Fundraising	<u>13,646</u>	<u>0</u>	<u>13,646</u>
Total Expenses	<u>\$ 293,508</u>	<u>\$ 0</u>	<u>\$ 293,508</u>
Change in Net Assets	\$ 333,943	\$2,030,178	\$2,364,121
<u>Net Assets</u> - Beginning of Year	<u>1,055,478</u>	<u>4,983,974</u>	<u>6,039,452</u>
<u>Net Assets</u> - End of Year	<u>\$1,389,421</u>	<u>\$7,014,152</u>	<u>\$8,403,573</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, 2021**

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Expenses</u>
Grants	\$214,706	\$ 0	\$ 0	\$214,706
Salaries and Wages	29,840	14,920	4,973	49,733
Payroll Taxes	3,152	1,576	525	5,253
Rent	0	6,121	0	6,121
Advertising	0	0	1,420	1,420
Special Events	0	0	6,478	6,478
Office Supplies and Expenses	0	1,581	0	1,581
Administrative Services	0	516	0	516
Insurance	0	770	0	770
Professional Fees	0	6,465	0	6,465
Membership Dues and Fees	<u>0</u>	<u>215</u>	<u>250</u>	<u>465</u>
Total Functional Expenses	<u>\$247,698</u>	<u>\$32,164</u>	<u>\$13,646</u>	<u>\$293,508</u>

See Accompanying Notes and Independent Auditor's Report

CLEARFIELD COUNTY CHARITABLE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

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, 2021. The Foundation's federal income tax returns for the tax years 2018 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, 2021, 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, 2021
(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 \$1,420 for the year ended December 31, 2021.

f. 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.

g. 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 \$489 per month. Rent expense totaled \$5,871 for the year ended December 31, 2021. Since the lease is month-to-month, the future minimum lease payments could not be determined. In addition, the Foundation paid \$250 for the use of office space in Dubois. The Foundation signed an agreement allowing access to the space for one day a week effective January 1 through December 31, 2021 at a total cost of \$500.

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	\$8,403,573	\$11,822,295

Investment return, net consists of the following:

Investment Income	\$160,396
Realized Gain on Sales of Investments	397,312
Trust Department Fees	(48,204)
	<u>\$509,504</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, 2021
(CONTINUED)

Note 4: 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, 2021, 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 5: Endowment Funds

The Foundation's endowment consists of 51 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, 2021 are as follows:

	Total Net Assets <u>2021</u>
Endowment Net Assets - December 31, 2020	\$6,039,452
Contributions	2,148,125
Investment Return, Net	509,504
Amounts Appropriated for Expenditure	(214,706)
Other Changes:	
Distribution from Board-Designated Endowment Pursuant to Distribution Policy	(<u>78,802</u>)
Endowment Net Assets - December 31, 2021	<u>\$8,403,573</u>

The Foundation charges a 1% administrative fee for fund management. In 2021, the Foundation transferred intra-fund management fees of \$104,946 consisting of \$18,894 from endowment funds with no restrictions and \$86,052 from funds with restrictions into the unrestricted Board designated fund for administrative expenses.

CLEARFIELD COUNTY CHARITABLE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021
(CONTINUED)

Note 6: Net Assets

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

Designated	\$5,569,505
Scholarships	932,558
Field of Interest	404,803
Other Various	<u>107,286</u>

Total Net Assets With Donor Restrictions	\$7,014,152
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Net assets without donor restrictions were available for the following purposes at December 31:

Board Designated:	
Operating Funds	\$ 106,813
Donor Advised Endowments	<u>1,282,608</u>

Total Net Assets Without Donor Restrictions	\$1,389,421
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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 \$106,813 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 19, 2022, the date the financial statements were available to be issued.

Note 9: 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.