

**THE GREATER PIKE COMMUNITY FOUNDATION**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2019 AND 2018**

**THE GREATER PIKE COMMUNITY FOUNDATION**

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**DECEMBER 31, 2019**

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## INDEPENDENT AUDITORS' REPORT

To the Board of Trustees  
The Greater Pike Community Foundation  
Milford, Pennsylvania

We have audited the accompanying financial statements of The Greater Pike Community Foundation (a nonprofit organization), which comprise the statements of financial position as of December 31, 2019 and 2018 and the related statements of activities, and cash flows for the years 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 accounting principles generally accepted in the United States of America; this includes 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 financial position of The Greater Pike Community Foundation as of December 31, 2019, and the changes in net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

**Emphasis of Matter**

As further described in Note 8 to the financial statements, the Foundation has been impacted by the outbreak of the novel coronavirus (COVID-19) due to the subsequent events occurring in March 2020 when COVID-19 was declared a global pandemic by the World Health Organization and the Commonwealth of Pennsylvania suspended non-essential businesses' operations.

Our opinion is not modified with respect to this matter.

**Report on Summarized Comparative Information**

We have previously audited The Greater Pike Community Foundation's 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated July 8, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Kirk, Summa & Co. LLP*

March 30, 2020  
East Stroudsburg, Pennsylvania

THE GREATER PIKE COMMUNITY FOUNDATION  
STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2019  
(with summarized financial information for the year ended December 31, 2018)

	2019			2018
	Without Donor Restrictions	With Donor Restrictions	Total	Total
<b>ASSETS</b>				
Cash and cash equivalents	\$ 271,606	\$ -	\$ 271,606	\$ 175,193
Investments, at FMV	2,994,657	-	2,994,657	2,491,967
Prepaid rent	333	-	333	333
Total Assets	<u>\$ 3,266,596</u>	<u>\$ -</u>	<u>\$ 3,266,596</u>	<u>\$ 2,667,493</u>
<b>LIABILITIES AND NET ASSETS</b>				
<b>LIABILITIES</b>				
Liabilities:				
Accounts payable and accrued expenses	\$ 6,292	\$ -	\$ 6,292	\$ 2,856
<b>NET ASSETS</b>				
Operations	67,617	-	67,617	57,165
Endowment	3,192,687	-	3,192,687	2,607,472
Total Net Assets	<u>3,260,304</u>	<u>-</u>	<u>3,260,304</u>	<u>2,664,637</u>
Total Liabilities and Net Assets	<u>\$ 3,266,596</u>	<u>\$ -</u>	<u>\$ 3,266,596</u>	<u>\$ 2,667,493</u>

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

**THE GREATER PIKE COMMUNITY FOUNDATION**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**  
(with summarized financial information for the year ended December 31, 2018)

	2019			2018
	Without Donor Restrictions	With Donor Restrictions	Total	Total
<b>REVENUE, GAINS AND SUPPORT</b>				
Public contributions	\$ 248,377	\$ 32,500	\$ 280,877	\$ 93,743
Government grants	-	-	-	23,793
Special events revenue	47,620	-	47,620	46,150
Fee income earned from endowments	29,231	-	29,231	28,024
Interest and dividend income	75,313	-	75,313	66,145
Realized gain on investments	11,271	-	11,271	12,875
Unrealized gain (loss) on investments	435,649	-	435,649	(225,685)
<b>Net assets released from restrictions:</b>				
Satisfaction of program restrictions	32,500	(32,500)	-	-
<b>TOTAL REVENUE, GAINS AND SUPPORT</b>	<u>879,961</u>	<u>-</u>	<u>879,961</u>	<u>45,045</u>
<b>EXPENSES AND LOSSES</b>				
Program services	181,026	-	181,026	179,463
Management and general	80,126	-	80,126	64,396
Fundraising expenses	23,142	-	23,142	20,463
<b>TOTAL EXPENSES AND LOSSES</b>	<u>284,294</u>	<u>-</u>	<u>284,294</u>	<u>264,322</u>
<b>INCREASE (DECREASE) IN NET ASSETS</b>	595,667	-	595,667	(219,277)
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<u>2,664,637</u>	<u>-</u>	<u>2,664,637</u>	<u>2,883,914</u>
<b>NET ASSETS AT END OF YEAR</b>	<u>\$ 3,260,304</u>	<u>\$ -</u>	<u>\$ 3,260,304</u>	<u>\$ 2,664,637</u>

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

**THE GREATER PIKE COMMUNITY FOUNDATION  
STATEMENT OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

	<u>2019</u>	<u>2018</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Increase (decrease) in net assets	\$ 595,667	\$ (219,277)
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Net realized and unrealized (gain) loss on investments	(446,920)	212,810
(Increase) in assets:		
Prepaid expenses	-	(333)
Increase in liabilities:		
Accounts payable and accrued expenses	3,436	2,856
Total Adjustments	<u>(443,484)</u>	<u>215,333</u>
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	<u>152,183</u>	<u>(3,944)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of investments	(300,219)	(110,180)
Sales of investments	<u>244,449</u>	<u>167,625</u>
<b>NET CASH (USED IN) PROVIDED BY INVESTING ACTIVITIES</b>	<u>(55,770)</u>	<u>57,445</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	96,413	53,501
<b>BEGINNING CASH AND CASH EQUIVALENTS</b>	<u>175,193</u>	<u>121,692</u>
<b>ENDING CASH AND CASH EQUIVALENTS</b>	<u>\$ 271,606</u>	<u>\$ 175,193</u>
<b>SUPPLEMENTAL DISCLOSURES:</b>		
Taxes paid	<u>\$ -</u>	<u>\$ -</u>
Interest paid	<u>\$ -</u>	<u>\$ -</u>

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

THE GREATER PIKE COMMUNITY FOUNDATION  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2019  
(with summarized financial information for the year ended December 31, 2018)

	2019			2018
	Program Services	SUPPORT SERVICES		Total
Management and General		Fundraising	Total	
Grants and awards	\$ 139,957	\$ -	\$ -	\$ 139,957
Investment custodial fees	41,069	-	-	41,069
Administrative costs	-	3,041	-	3,041
Bank charges	-	119	-	119
Computer/website maintenance	-	9,177	-	9,177
Insurance	-	1,490	-	1,490
Licenses and fees	-	150	-	150
Miscellaneous expenses	-	784	-	784
Office expenses	-	2,200	-	2,200
Postage	-	222	-	222
Printing	-	87	-	87
Professional fees	-	53,344	-	53,344
Rent expense	-	3,996	-	3,996
Telecommunications	-	1,150	-	1,150
Travel and meetings	-	4,366	-	4,366
Special event expenses	-	-	23,142	23,142
<b>TOTAL FUNCTIONAL EXPENSES</b>	<b>\$ 181,026</b>	<b>\$ 80,126</b>	<b>\$ 23,142</b>	<b>\$ 284,294</b>
				<b>\$ 264,322</b>

See accompanying notes and independent accountant's compilation report.



**THE GREATER PIKE COMMUNITY FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019 AND 2018**

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**NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Activities**

The Greater Pike Community Foundation (the "Foundation") is a non-profit corporation, organized under the laws of the Commonwealth of Pennsylvania on February 27, 2012, for the primary purpose of enabling generous individuals, families and local businesses to maximize their charitable support through organized, targeted community philanthropy. The Foundation encourages the establishment of new charitable endowment funds and provides discretionary, donor-defined and scholarship grants to arts and culture, community development, health, education, historic preservation, environmental stewardship and human service organizations primarily in the Pike County region.

**Accounting Method**

The Foundation's financial statements are presented on the accrual basis of accounting generally accepted in the United States of America (GAAP), as codified by the Financial Accounting Standards Board. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset is used. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

**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 reported in the financial statements and accompanying notes. Accordingly, actual results could differ from those estimates.

**Financial statement presentation**

In compliance with Financial Accounting Standards Board ("FASB") Accounting Standards Update ("ASU") No. 2016-14, Not-for-Profit Entities (Topic 958): *Presentation of Financial Statements for Not-for-Profit Entities*, the Foundation presents two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. As such, gifts for property and equipment are considered net assets without donor restrictions when the associated long-lived assets is placed in service; recognition of underwater endowment funds is shown as a reduction in net assets with donor restrictions; and reporting of investment income is net of external and direct internal investment expenses.

The net assets and revenues, gains and losses of the Foundation have been prepared to focus on the Foundation as a whole and to present balances and transactions according to the existence or absence of donor-imposed restrictions. Net assets and changes therein are classified as follows:

Net assets without donor restrictions – Net assets that are not subject to donor-imposed restrictions.

**THE GREATER PIKE COMMUNITY FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019 AND 2018**

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**NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES - continued**

**Financial statement presentation (continued)**

Net assets with donor restrictions – Net assets subject to donor-imposed stipulations that will be met by actions of the Foundation and/or the passage of time. When a donor stipulation time restriction expires or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Net assets with donor restrictions also includes endowments and other funds subject to donor imposed stipulations requiring that they be maintained permanently by the Foundation. The income from these assets is available for either general operations or specific programs as specified by the donor.

Revenue is reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law.

**Variance Power**

Accounting principles generally accepted in the United States of America and the *Not-for-Profit Entities* Topic of the FASB Standards Codification provide that if the governing body of an organization has the unilateral power to redirect use of a donor's contribution to another beneficiary, such contributions must be classified as net assets without donor restrictions. The Board of Directors of the Foundation has the ability, known as variance power, to modify donor intent; however, the Foundation attempts to abide by donor stipulations unless the stated purpose of a contribution becomes no longer applicable, inconsistent with charitable needs of the community or incapable of fulfillment

Donor fund agreements generally contain advice regarding the use of principal; however, the Foundation's governing documents provide that all or part of the principal of any fund may be used subject to certain conditions, at the approval of the Board of Directors. Therefore, such contributions are reported as net assets without donor restrictions. However, this classification does not imply that such funds are available for claims of general creditors of the Foundation.

**Cash and Cash Equivalents**

The Foundation considers all short-term liquid investments available for current use with original maturities of three months or less to be cash equivalents. Cash and cash equivalents temporarily held by financial institutions for investment purposes are included in investments in the statement of financial position.

**THE GREATER PIKE COMMUNITY FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019 AND 2018**

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**NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES - continued**

**Investments**

The Foundation has adopted Statements of Financial Accounting Standards (ASC-958-320) "*Accounting for Certain Investments Held by Not-for-Profit Organizations*" The provisions of this standard require that the investments in equity securities with readily determinable fair values and all investments in debt securities be measured at fair value on the balance sheet. Investment return includes dividends, interest and realized and unrealized gain or loss on investments and is reflected in the statement of activities.

All beneficially held investments are managed by the Foundation.

The Foundation maintains pooled investment accounts for its donor and operating funds. Investment income and realized and unrealized gains and losses from securities in the pooled investment accounts are allocated monthly to individual funds based on the relationship of the fair value of interest of each endowment to the total fair value of the pooled investment accounts, as adjusted for additions to or deductions from those accounts.

The charitable funds of the Foundation are managed by the Foundation's Investment Advisor in a fiduciary capacity in accordance with the Foundation's investment policy and under the oversight of its Finance Committee. The Foundation's investment policy provides for strategic asset allocation based on a long-term perspective. The objectives of the Foundation's investment policy include maintaining the purchasing power of assets and maximizing long-term return within reasonable and prudent levels of risk.

**Grants and Contributions**

Gifts or grants of cash and other assets received without grantor stipulations are reported as revenue and net assets without donor restrictions. Gifts or grants received with a stipulation that limits their use are reported as revenue and net assets with donor restrictions. When the stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Unconditional promises to give (pledges) to the Foundation are reported as receivables and revenues. Conditional promises to give are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met.

**Donated Services**

The Directors of the Foundation and other volunteers have made contributions of their time to the development of the Foundation's growth, principally in the solicitation of donors and management of investment portfolios. The value of this contributed time is not reflected in these statements because it does not meet the requirements for recording under generally accepted accounting principles.

**Income Taxes**

The Foundation is a Pennsylvania not-for-profit corporation, exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as an organization other than a private foundation. The Foundation is exempt from taxes based on a similar provision of state law.

**THE GREATER PIKE COMMUNITY FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019 AND 2018**

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**NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES - continued**

**Income Taxes (continued)**

Under the Income Taxes Topic of the FASB Accounting Standards Codification, the Foundation has reviewed and evaluated the relevant technical merits of each of its tax positions in accordance with accounting principles generally accepted in the United States of America for accounting for uncertainty in income taxes, and determined that there are no uncertain tax positions that would have a material impact on the combined financial statements.

The Foundation files income tax returns in the U.S. federal jurisdiction. The tax periods open to examination by the major taxing jurisdictions to which the Foundation is subject include fiscal years ended December 31, 2017 through December 31, 2019.

**New Accounting Pronouncement: ASU 2014-09, Revenue from Contracts with Customers (Topic 606)**

In May 2014, the FASB issued new guidance concerning the recognition and measurement of revenue from contracts with customers. Its objective is to increase the usefulness of information in the financial statements regarding the nature, timing and uncertainty of revenues. The core principle of the new guidance is that an entity should recognize revenue to reflect the transfer of goods and services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services.

The standard is intended to improve comparability of revenue recognition practices across for-profit and not-for-profit entities and is effective for years beginning after December 15, 2018. Management has reviewed the provisions of this standard and determined that it had no significant effect in the way the Foundation recognizes revenue since its primary revenue is derived from donor contributions.

**Advertising**

The Foundation expenses all advertising costs in the period in which they were incurred. Amounts charged to expense for advertising and promotions for the year ended December 31, 2019 and 2018 totaled \$2,916 and \$1,938, respectively.

**Risks and Uncertainties**

Investment securities are exposed to various risks, such as interest rate, credit and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in risks and values of investment securities will occur in the near term, and that such change could materially affect the amounts reported in the statement of financial position.

**Reclassifications**

Certain prior year functional expense amounts have been reclassified to conform to the presentation of the current period financial statements. These reclassifications had no effect on the previously reported results of operations.

**THE GREATER PIKE COMMUNITY FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019 AND 2018**

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**NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES - continued**

**Functional Expenses**

Functional expenses are those expenses incurred by the Foundation in the accomplishment of its stated mission. They include grant awards, services to other non-profits, community programs, development and fundraising, and management and general, including expenses that benefit the Foundation as an entity and the management and accounting for funds. The costs of providing the various program and supporting services have been summarized on a functional basis in the Statements of Functional Expenses. This statement reflects expenses that are attributed to more than one program or supporting function. Accordingly, certain expenses have been allocated on a reasonable and consistent basis among the programs and supporting services benefited.

**NOTE 2 – INVESTMENTS**

The cost and fair value of short-term and long-term investments as of December 31, 2019 is as follows:

<u>Investment Type</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Gains</u>
Corporate/U.S. Bond Fund	\$ 609,164	\$ 616,701	\$ 7,537
International Bond Fund	209,096	216,223	7,127
U.S. Equities Fund	1,032,032	1,283,659	251,627
International Stock Fund	838,861	858,074	19,213
Money Funds	20,000	20,000	-
Total	<u>\$ 2,709,153</u>	<u>\$ 2,994,657</u>	<u>\$ 285,504</u>

Total investment return is comprised of the following:

Return on investments:	
Interest and dividend income	\$ 72,608
Gains (losses) on investments:	
Net realized gains on investments	11,271
Net unrealized gains on investments	435,649
Net gain on investments	<u>446,920</u>
Total return on investments	<u>\$ 519,528</u>

**Fair Value Measurements**

The Foundation applies the provisions of ASC 820, Fair Value Measurements and Disclosures, for fair value measurements of investments that are recognized and disclosed at fair value in the financial statements on a recurring basis. Fair value is defined as the exchange price that would be received for an asset or liability in an orderly transaction between market participants on the measurement date. ASC 820 also establishes a fair value hierarchy that requires the Foundation to maximize the use of observable inputs when measuring fair value. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect the Foundation's market assumptions.

**THE GREATER PIKE COMMUNITY FOUNDATION  
 NOTES TO FINANCIAL STATEMENTS  
 DECEMBER 31, 2019 AND 2018**

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**NOTE 2 – INVESTMENTS (continued)**

The three levels of the fair value hierarchy are as follows:

**Level 1** – Quoted prices for identical assets or liabilities in active markets.

**Level 2** – Observable inputs other than Level 1 quoted prices for similar assets or liabilities; quoted prices for identical or similar assets or liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for the full term of the assets or liabilities.

**Level 3** – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The following table represents investments that are measured at fair value on a recurring basis at December 31, 2019:

	<u>Fair Value</u>	<u>Valuation (Level 1)</u>	<u>Valuation (Level 2)</u>
<b>Investments</b>			
Equity Mutual Funds	\$ 2,141,733	\$ 2,141,733	\$ -
Bond Mutual Funds	832,934	832,934	
Money Funds	20,000	20,000	-
Total investments, at market	<u>\$ 2,994,657</u>	<u>\$ 2,994,657</u>	<u>\$ -</u>

*Equity Securities and Equity Mutual Funds:*

The custodians of the investments use quoted prices in active markets for identical assets to determine the fair value of Level 1 investments.

*Bonds and Bond Mutual Funds:*

The custodians of the investments use various market inputs to determine fair value of Level 1 investments. These inputs include outside pricing services and computerized pricing models.

*Money Funds:*

Cash equivalents temporarily held by institutions for investment.

**NOTE 3 – ENDOWMENT FUNDS**

The Foundation's endowments consist of over fifteen individual funds established for a variety of purposes. The endowment includes both funds established by donors and funds set aside by the Board for both operating and philanthropic purposes. The Foundation maintains variance power over all the endowments (including those established by donors) as provided within the fund agreements. As required by accounting principles generally accepted in the United States (GAAP), net assets associated with endowment funds, including those established by the Board, are classified and reported based on the existence or absence of donor-imposed restrictions.

**THE GREATER PIKE COMMUNITY FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019 AND 2018**

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**NOTE 3 – ENDOWMENT FUNDS - continued**

The Foundation offers different funds which are categorized as follows:

Discretionary Funds

- *Area of Interest Funds* represent funds to be used at the Board's discretion to meet a general area of charitable need (geography, program, or purpose) as defined by the donor.
- *Community Partnership Funds* represent funds restricted for the Foundation's discretionary grant making.
- *Undesignated Funds* represent those over which the Foundation's Board of Directors has full discretion in making distributions for charitable purposes.

Donor-Defined Funds

- *Area of Interest Funds* award grants based on the recommendations of a community committee that oversees a specific initiative.
- *Donor-Advised Funds* represent funds for which the donor has reserved the right to make nonbinding suggestions for charitable giving to the Board.
- *Designated funds* represent funds for which the donors have designated specific organizations for ongoing support.
- *Scholarship and Award Funds* represent funds intended to provide support for education and to provide grants to recognize achievement in areas such as teaching, the arts, or scientific research.

The Foundation has elected to be governed by the Pennsylvania Act 141 which relates to nonprofit endowments and requires organizations to adopt and follow a total return investment policy and a spending policy. The Foundation has adopted investment and spending policies for endowment assets. These policies work together in an attempt to provide a predictable stream of funding for grants and programs while seeking to maintain the purchasing power of the endowment assets.

The Foundation's investment objective is to maximize return within reasonable and prudent levels of risk while maintaining an appropriate portfolio asset allocation. Investment guidelines are based on an investment horizon of greater than five years. The Foundation targets a diversified asset allocation that places greater emphasis on equity-based investments to achieve its long-term rate of return objective. The Foundation's investment policy pursues a total return approach to the management of assets in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends).

From time to time, the fair value of the assets associated with individual donor funds may fall below historical gift value. At December 31, 2019, the Foundation had no individual donor fund balances that fell below the original gift value as a result of unfavorable market conditions.

**THE GREATER PIKE COMMUNITY FOUNDATION  
 NOTES TO FINANCIAL STATEMENTS  
 DECEMBER 31, 2019 AND 2018**

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**NOTE 3 – ENDOWMENT FUNDS – continued**

While the Foundation ultimately has variance power over all of the assets maintained in endowment funds, in accordance with Pennsylvania Act 141, the Foundation considers the following factors in making a determination to appropriate funds for expenditure or accumulate endowment funds:

1. Duration and preservation of the fund.
2. Purposes of the Foundation and the fund
3. General economic conditions
4. Possible effect of inflation and deflation
5. Expected return from investment income and appreciation/depreciation of investments
6. Other resources of the Foundation
7. Investment policies of the Foundation

The Foundation's spending policy determines the amount of money to be distributed annually from donor funds for grant making and operational support. The Foundation assesses an administrative fee on donor funds. The fee is established independently of the spending rate. The administrative fee ranges from 1% to 2% of the fund balance at the end of each quarter. The spending rate is established annually by the Board of Directors, and the approved rate was 4.5 percent for the year ended December 31, 2019. The amount available for spending is calculated based on the average market value of endowment funds over twenty rolling quarters. The Foundation's spending policy is intended to allow the Foundation to meet the needs of both its current beneficiaries and its future ones. Therefore, the spending rate is set each year to balance current spending level needs against the need to achieve long term asset growth. This is consistent with the Foundation's objective to maintain the purchasing power of endowment assets held as well to provide additional real growth through new gifts and investment return.

Changes in endowment net assets for the year ended December 31, 2019 are as follows:

	<u>Without donor restrictions</u>
Endowment net assets at January 01, 2019	\$ 2,607,472
Additional amounts invested in fund	222,845
Net investment return	522,232
Net transfers out	(28,430)
Amounts appropriated for expenditure	(119,594)
Investment custodial fees	(11,838)
Endowment net assets at December 31, 2019	<u>\$ 3,192,687</u>

**Limited Life Endowment**

The Organization also separately maintains a limited life endowment fund which was initiated in December 2019. The fund has a balance of \$12,000 as of December 31, 2019. No income or expenses had accrued during the year ended December 31, 2019.



**THE GREATER PIKE COMMUNITY FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019 AND 2018**

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**NOTE 4 – COMMITMENTS**

The Foundation entered into a lease with Milford Community House to rent office space effective June 1, 2018. The lease term is for three years ending May 31, 2021. Rental expense under the lease for the year ended December 31, 2019 and 2018 was \$3,992 and \$2,331, respectively.

Future minimum lease payments under operating leases having remaining terms in excess of one year are as follows as of December 31, 2019:

December 31, 2020	\$	3,996
December 31, 2021		<u>1,665</u>
Total remaining lease commitment	\$	<u>5,661</u>

**NOTE 5 – DEPOSITS AND CONCENTRATIONS OF CREDIT RISK**

During the year, the Foundation maintained cash accounts in local commercial banks within Pennsylvania. The checking and savings type account groups are secured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per group, per trustee. The Foundation did not have any deposits in excess of FDIC coverage as of December 31, 2019.

Financial instruments that potentially subject the Foundation to concentrations of credit risk consist principally of debt and equity investments. The market value of these investments as of December 31, 2019 was \$2,974,657 and is subject to fluctuations on a year-to-year basis. The Foundation's securities balance exceeded SIPC protection by \$2,474,657.

**NOTE 6 – RESTRICTED NET ASSETS**

Net assets with donor restrictions consist of the following as of December 31, 2019.

Educational improvement/scholarship programs	\$	-
Total	\$	<u>-</u>

Amounts released from purpose restrictions in 2019 were as follows:

Educational improvement programs	\$	25,200
Pre-K scholarship program		<u>7,207</u>
Total	\$	<u>32,407</u>

**THE GREATER PIKE COMMUNITY FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 7 – LIQUIDITY**

The Foundation's financial assets available for general expenditure within one year of the balance sheet date are as follows:

Cash and cash equivalents	\$ 114,191
Money market funds	157,415
Investments	<u>2,994,657</u>
Total financial assets	3,263,488
Less: donor restricted assets	<u>-</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 3,263,488</u>

The Foundation's liquidity management includes a policy of structuring its financial assets to be available to meet its grant-making and general expenditures and other obligations as they come due. Cash and cash equivalents are the primary liquid resources used by the Foundation to meet these obligations. While financial assets invested in long-term investments can be liquidated within one year, those investments are made and managed with a 5-10 year time horizon. Net assets including donor advised funds and funds designated for specific charities could be spent for operations if necessary; however, the Foundation's Board of Directors does not intend to spend these funds for purposes other than those specified.

**NOTE 8 – SUBSEQUENT EVENTS**

In preparing these financial statements, management of The Greater Pike Community Foundation has evaluated events and transactions subsequent to December 31, 2019 through March 30, 2020, the date these financial statements were available to be issued. Based on the definitions and requirements of the Subsequent Event Topics of FASB Accounting Standards Codification, management of The Greater Pike Community Foundation has identified that the outbreak of the novel coronavirus pandemic, COVID-19, has adversely impacted global financial markets and contributed to significant volatility in financial instruments. The pandemic and related government responses are creating disruption and adversely impacting virtually all industries. Depending on the severity and length of the outbreak, the novel coronavirus may present material uncertainty and risk with respect to the value of the Foundation's investments and cash flow available for grants. Given the uncertainty regarding the spread of this coronavirus and the ongoing economic volatility, the related financial impact on the Foundation's financial condition, results of operations and cash flows cannot be reasonably estimated at this time.