

**THE GREATER PIKE COMMUNITY FOUNDATION**  
**FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

**THE GREATER PIKE COMMUNITY FOUNDATION**

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**DECEMBER 31, 2020**

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### INDEPENDENT AUDITORS' REPORT

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

#### **Opinion**

We have audited the accompanying financial statements of The Greater Pike Community Foundation (a nonprofit organization), which comprise the statement of financial position as of December 31, 2020, 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 Greater Pike Community Foundation as of December 31, 2020, 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 Greater Pike Community 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 Greater Pike Community 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, including omissions, 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 Greater Pike Community 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 Greater Pike Community 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.

#### **Report on Summarized Comparative Information**

We have previously audited The Greater Pike Community Foundation's 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 30, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

***Emphasis of Matter***

As discussed in Note A to the financial statements, in 2020, the Organization adopted Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers*, and ASU 2018-08, *Not-For-Profit Entities (Topic 958), Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*. Our opinion is not modified with respect to these matters.

As further discussed in Note 9 to the financial statements, The Greater Pike Community Foundation has been materially impacted by the outbreak of the novel coronavirus (COVID-19) due to the events occurring after the World Health Organization declared that COVID-19 was a global pandemic. The Commonwealth of Pennsylvania suspended non-essential business operations in March 2020 and the Organization modified its services in compliance with evolving health guidance and in response to community needs. Our opinion is not modified with respect to this matter.

*Kirk, Summa + Co. LLP*

March 15, 2021  
East Stroudsburg, Pennsylvania

**THE GREATER PIKE COMMUNITY FOUNDATION**  
**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2020**  
(with summarized financial information for the year ended December 31, 2019)

	<b>2020</b>			<b>2019</b>
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>	<b>Total</b>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 457,147	\$ 6,400	\$ 463,547	\$ 271,606
Investments, at FMV	3,379,204	-	3,379,204	2,994,657
Prepaid insurance	678	-	678	-
Prepaid rent	333	-	333	333
Total Assets	<u>\$ 3,837,362</u>	<u>\$ 6,400</u>	<u>\$ 3,843,762</u>	<u>\$ 3,266,596</u>
<b>LIABILITIES AND NET ASSETS</b>				
<b>LIABILITIES</b>				
Liabilities:				
Accounts payable and accrued expenses	\$ 8,083	\$ -	\$ 8,083	\$ 6,292
<b>NET ASSETS</b>				
Operations	123,416	6,400	129,816	67,617
Endowment	3,705,863	-	3,705,863	3,192,687
Total Net Assets	<u>3,829,279</u>	<u>6,400</u>	<u>3,835,679</u>	<u>3,260,304</u>
Total Liabilities and Net Assets	<u>\$ 3,837,362</u>	<u>\$ 6,400</u>	<u>\$ 3,843,762</u>	<u>\$ 3,266,596</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, 2020**  
(with summarized financial information for the year ended December 31, 2019)

	2020			2019
	Without Donor Restrictions	With Donor Restrictions	Total	Total
<b>REVENUE, GAINS AND SUPPORT</b>				
Public contributions and gifts	456,427	\$ 29,000	\$ 485,427	\$ 280,877
Government grants	15,145	-	15,145	-
Special events revenue	-	-	-	47,620
Interest and dividend income	66,693	-	66,693	75,313
Realized gain on investments	655	-	655	11,271
Unrealized gain (loss) on investments	360,082	-	360,082	435,649
<b>Net assets released from restrictions:</b>				
Satisfaction of program restrictions	28,193	(28,193)	-	-
<b>TOTAL REVENUE, GAINS AND SUPPORT</b>	<u>927,195</u>	<u>807</u>	<u>928,002</u>	<u>850,730</u>
<b>EXPENSES AND LOSSES</b>				
Program services	262,586	-	262,586	151,795
Management and general	90,041	-	90,041	80,126
Fundraising expenses	-	-	-	23,142
<b>TOTAL EXPENSES AND LOSSES</b>	<u>352,627</u>	<u>-</u>	<u>352,627</u>	<u>255,063</u>
<b>INCREASE (DECREASE) IN NET ASSETS</b>	574,568	807	575,375	595,667
<b>Net Assets at beginning of year, as restated</b>				
	<u>3,254,711</u>	<u>5,593</u>	<u>3,260,304</u>	<u>2,664,637</u>
<b>NET ASSETS AT END OF YEAR</b>	<u>\$ 3,829,279</u>	<u>\$ 6,400</u>	<u>\$ 3,835,679</u>	<u>\$ 3,260,304</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, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Increase (decrease) in net assets	\$ 575,375	\$ 595,667
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Net realized and unrealized (gain) loss on investments	(360,738)	(446,920)
(Increase) in assets:		
Prepaid expenses	(678)	-
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	1,791	3,436
Total Adjustments	<u>(359,625)</u>	<u>(443,484)</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>215,750</u>	<u>152,183</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of investments	(66,000)	(300,219)
Sales of investments	<u>42,191</u>	<u>244,449</u>
<b>NET CASH (USED IN) INVESTING ACTIVITIES</b>	<u>(23,809)</u>	<u>(55,770)</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	191,941	96,413
<b>BEGINNING CASH AND CASH EQUIVALENTS</b>	<u>271,606</u>	<u>175,193</u>
<b>ENDING CASH AND CASH EQUIVALENTS</b>	<u>\$ 463,547</u>	<u>\$ 271,606</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, 2020**  
(with summarized financial information for the year ended December 31, 2019)

	<b>2020</b>			<b>2019</b>	
	<b>Program Services</b>	<b>SUPPORT SERVICES</b>		<b>Total</b>	
<b>Management and General</b>		<b>Fundraising</b>	<b>Total</b>		
Grants and awards	\$ 250,396	\$ -	\$ -	\$ 250,396	\$ 139,957
Investment custodial fees	12,190	-	-	12,190	11,838
Administrative costs	-	2,777	-	2,777	3,041
Bank charges	-	651	-	651	119
Computer/website maintenance	-	12,096	-	12,096	9,177
Insurance	-	817	-	817	1,490
Licenses and fees	-	325	-	325	150
Miscellaneous expenses	-	-	-	-	784
Office expenses	-	1,620	-	1,620	2,200
Postage	-	1,036	-	1,036	222
Printing	-	166	-	166	87
Professional fees	-	65,128	-	65,128	53,344
Rent expense	-	3,996	-	3,996	3,996
Telecommunications	-	1,265	-	1,265	1,150
Travel and meetings	-	164	-	164	4,366
Special event expenses	-	-	-	-	23,142
<b>TOTAL FUNCTIONAL EXPENSES</b>	<b>\$ 262,586</b>	<b>\$ 90,041</b>	<b>\$ -</b>	<b>\$ 352,627</b>	<b>\$ 255,063</b>

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

**THE GREATER PIKE COMMUNITY FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019**

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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.

The primary sources of income are contributions, investment income and administrative fees for the management of endowment funds and distribution of awards to various Pike County organizations.

**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.

**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.

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.

**THE GREATER PIKE COMMUNITY FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019**

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

**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.

**Newly Adopted Accounting Standards**

- 1) In May 2014, the Financial Accounting Standards Board (FASB) issued accounting Standards Update 2014-09, ***Revenue from Contracts with Customer (Topic 606)***. The ASU implements a single framework for revenue recognition ensuring that revenue is recognized in a manner that reflects the consideration to which the entity expects to be entitled for goods or services. The core principle of the new standard is built on the contract between a vendor and a customer for goods and services. It attempts to depict the exchange of rights between the parties based on commensurate value. To accomplish this, the standard requires five steps: (i) identify the contract with the customer, (ii) identify the performance obligations in the contract, (iii) determine the transactions price, (iv) allocate the transaction price to the performance obligations in the contract, and (v) recognize revenue when the entity satisfies the performance obligation.

ASC 606 requires new, expanded disclosures regarding revenue recognition to ensure an understanding as to the nature, amount and timing of revenue and cash flows arising from contracts with customers.

Effective, January 1, 2020, the Organization adopted ASU 2014-09 on a modified retrospective basis. The adoption of ASU 2014-09, did not have a material impact on the recognition of revenue from contracts. In accordance with FASB Accounting Standards Codification ("ASC") Topic 606, *Revenue from Contracts with Customers* (ASC 606), the Organization recognizes revenue when control of the services is transferred to outside parties in an amount that reflects the consideration the Organization expects to be entitled to in exchange for the services.

The Organization has identified various revenue sources that are accounted for as exchange (reciprocal) transactions, including administrative fees, and miscellaneous income.

- 2) In June 2018, the FASB issued ASU 2018-08, ***Not-For-Profit Entities (Topic 958), Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made***. The ASU was issued to standardize how grants and other contracts received and made are classified across not-for-profit organizations as either an exchange transaction or a contribution. ASU 2018-08 assists entities in evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, *Not-for-Profit Entities*, or as exchange (reciprocal transactions) within the scope of Topic 606, *Revenue from Contracts*. If the transaction is deemed a contribution, the entity must determine if the contribution is conditional or unconditional. Conditional status is based upon whether the agreement includes both (1) one and more barriers that must be overcome before the Organization is entitled to the assets transferred and promised and (2) a right of return of assets transferred or a right of release of a promisor's obligation to transfer assets. If it is determined that an unconditional contribution has been received, the entity needs to ascertain whether the contribution is restricted.

**THE GREATER PIKE COMMUNITY FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019**

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

**Newly Adopted Accounting Standards (continued)**

ASU 2018-08 was adopted by The Greater Pike Community Foundation effective January 1, 2020 on a modified retrospective basis. The adoption of ASU 2018-08 did not have a significant impact on the Organization's financial statements.

The Foundation's nonreciprocal transactions include government grants, private contributions and other grants as discussed under revenue recognition.

**Accounting Pronouncements Not Yet Adopted**

In February 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842), as amended. Under the new provision, all lessees will report on the balance sheet a right-of-use asset and a liability for the obligation to make payments with the exception of those leases with a term of 12 months or less. The new provision will be effective for The Greater Pike Community Foundation in fiscal year 2022.

**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.

**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 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 reasonably prudent levels of risk.

**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.

**THE GREATER PIKE COMMUNITY FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019**

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

**Revenue Recognition**

In accordance with FASB Accounting Standards Codification (“ASC”) Topic 606, *Revenue from Contracts with Customers* (ASC 606), the Organization recognizes revenue when control of the services is transferred to outside parties in an amount that reflects the consideration the Organization expects to be entitled to in exchange for the services.

ASC 606 also requires new and expanded disclosures regarding revenue recognition to ensure an understanding as to the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

The results of applying ASC 606, using the modified retrospective approach, did not have a material impact on the statements of financial position, statement of activities, cash flows, business processes or systems of the Organization.

The Organization has identified revenue sources that are accounted for as exchange transactions, including fee income and miscellaneous income.

**Private Grants and Contributions**

Contributions and private foundation grants, which include unconditional promises to give (pledges), are recorded as revenue, at their fair value, when received or promised unconditionally. Contributions received with donor restrictions that limit their use are reported as revenues with donor restrictions. As donor restrictions are met through the passage of time or fulfillment of a purpose, the net assets are released from restriction in the statement of activities and reclassified as net assets without donor restrictions. Donor restricted contributions are initially reported in the net assets with donor restriction class, even if such restrictions were met within the same or current reporting period.

A contribution is conditional if the agreement includes both a barrier that must be overcome for the recipient to be entitled to the assets transferred and a right of return for the transferred assets or right of release of the grantor’s obligation to the transferred assets. Conditional contributions are recognized as revenue when the barriers on which they depend have been met.

Certain grants are accounted for as exchange transactions whereby revenue is recognized when the related expenses are incurred. Under these arrangements, amounts received but not yet expended are reported as deferred revenue.

**Fee Income Earned from Endowments**

Fees are charged to endowment accounts for the administrative functions of setting up, managing the funds, and making grant awards. Revenue is recognized within the fiscal year as administrative services are provided. The Organization earned fees of \$32,031 from permanent endowment funds management and \$5,881 from memorial and other pass-through funds. These amounts are netted with the expenses charged to the individual fund accounts.

**Special Event Revenues**

The Organization recognizes revenue from sponsors, ticket sales and auction proceeds upon sale or date of service, as applicable.

**Investment Income**

Investment income is recorded on an accrual basis, and purchases and sales of investment securities are reflected on a trade-date basis. Realized gains and losses are calculated using average cost for securities sold.

**THE GREATER PIKE COMMUNITY FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019**

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

**Other Income**

Revenue from miscellaneous sources include vendor refunds or other claims. The Organization recognizes miscellaneous income as an exchange transaction.

**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.

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, 2018 through December 31, 2020.

**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, 2020 and 2019 totaled \$1,455 and \$2,916, 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 amounts in the prior period financial statements have been reclassified to conform to the presentation of the current period financial statements. These reclassifications had no effect on the previously reported net income.

**THE GREATER PIKE COMMUNITY FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

**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, 2020 is as follows:

<u>Investment Type</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Gains</u>
Corporate/U.S. Bond Fund	\$ 610,480	\$ 646,076	\$ 35,596
International Bond Fund	210,740	225,198	14,458
U.S. Equities Fund	1,053,767	1,553,072	499,305
International Stock Fund	858,630	954,857	96,227
Total	<u>\$ 2,733,617</u>	<u>\$ 3,379,203</u>	<u>\$ 645,586</u>

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:

	<u>2020</u>	<u>2019</u>
Return on investments:		
Interest and dividend income	\$ 66,000	\$ 72,608
Gains (losses) on investments:		
Net realized gains on investments	655	11,271
Net unrealized gains on investment	360,082	435,649
Net gain on investments	<u>360,737</u>	<u>446,920</u>
Total return on investments	<u>\$ 426,737</u>	<u>\$ 519,528</u>

Investment advisory fees associated with the account were \$12,190 and \$11,838 for the years ended December 31, 2020 and 2019, respectively.

**THE GREATER PIKE COMMUNITY FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019**

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**NOTE 2 – INVESTMENTS (continued)**

**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 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, 2020:

	<u>Fair Value</u>	<u>Valuation (Level 1)</u>	<u>Valuation (Level 2)</u>
<b>Investments</b>			
Equity Mutual Funds	\$ 2,507,929	\$ 2,507,929	\$ -
Bond Mutual Funds	871,274	871,274	-
Total investments, at market	<u>\$ 3,379,203</u>	<u>\$ 3,379,203</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.



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**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 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, 2020, the Foundation had no individual donor fund balances that fell below the original gift value as a result of unfavorable market conditions.

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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 4.25 percent for the year ended December 31, 2020. 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, 2020 are as follows:

	<u>Without donor restrictions</u>
Endowment net assets at January 01, 2020	\$ 3,192,687
Additional amounts invested in fund	242,115
Net investment return	427,430
Net transfers out	(37,179)
Amounts appropriated for expenditure	(107,000)
Investment custodial fees	(12,190)
Endowment net assets at December 31, 2020	<u>\$ 3,705,863</u>

In 2020, the Foundation opened five pass-through funds with terms of no longer than one year. The funds were established for various purposes as designated by the donors. The funds remain non-invested for the one year term and any undisbursed funds at the end of the term may be transferred to the permanent endowment fund. A summary of the funds 2020 activity is as follows:

	<u>Without donor restrictions</u>
Pass-through funds at January 01, 2020	\$ -
Contributions and gifts	174,199
Net transfers out	(6,002)
Amounts appropriated for expenditure	(117,003)
Endowment net assets at December 31, 2020	<u>\$ 51,194</u>

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**NOTE 3 – ENDOWMENT FUNDS - continued**

**Limited Life Endowment**

The Organization also separately maintains a limited life endowment fund which was initiated in December 2019. The fund received income of \$5,000 during the year 2000 and paid out a \$4,000 scholarship award. The fund had a balance of \$12,715 as of December 31, 2020.

**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, 2020 and 2019 was \$3,996 and \$3,992, respectively.

Future minimum lease payments under operating leases having remaining terms in excess of one year are as follows as of December 31, 2020:

December 31, 2021	<u>1,665</u>
Total remaining lease commitment	<u>\$ 1,665</u>

**NOTE 5 – RESTRICTED NET ASSETS**

The Organization received \$29,000 in restricted educational improvement program contributions during the year ended December 31, 2020.

Net assets with donor restrictions consist of the following as of December 31, 2020.

Educational improvement/scholarship programs	<u>\$ 6,400</u>
Total	<u>\$ 6,400</u>

Amounts released from purpose restrictions in 2020 were as follows:

Educational improvement programs	\$ 6,500
Pre-K scholarship program	<u>21,693</u>
Total	<u>\$ 28,193</u>

**NOTE 6 – 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, 2020.

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, 2020 was \$3,379,203 and is subject to fluctuations on a year-to-year basis. The Foundation's securities balance exceeded SIPC protection by \$2,879,203.

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**NOTE 7 – PRIOR PERIOD ADJUSTMENT**

During 2020, it was discovered that restricted net assets were understated as of December 31, 2019. The Organization received \$16,000 in Pre-K Scholarship programs in 2019, of which \$10,407 was spent or released, leaving a balance of \$5,593 in restricted net assets. We have reclassified the operations net assets as of December 31, 2019 as follows:

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>Operations Net Assets</b> , at December 31, 2019, as previously reported	\$ 67,617	\$ -	\$ 67,617
<b>Prior Period Adjustment:</b> Reclassification of restricted net assets	<u>(5,593)</u>	<u>5,593</u>	<u>-</u>
Operations Net Assets at December 31, 2019, as restated	<u>\$ 62,024</u>	<u>\$ 5,593</u>	<u>\$ 67,617</u>
<b>Endowment Net Assets</b> , at December 31, 2019, as previously reported	<u>3,192,687</u>	<u>-</u>	<u>3,192,687</u>
Total Net Assets, December 31, 2019, as restated	<u>\$ 3,254,711</u>	<u>\$ 5,593</u>	<u>\$ 3,260,304</u>

This change had no effect on the Organization's net income for 2019.

**NOTE 8 – 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	\$ 345,438
Money market funds	118,109
Investments	<u>3,379,204</u>
Total financial assets	3,842,751
Less: donor restricted assets	<u>6,400</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 3,836,351</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.

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**NOTE 9 – SUBSEQUENT EVENTS**

In preparing these financial statements, management of The Greater Pike Community Foundation has evaluated events and transactions subsequent to December 31, 2020 through March 15, 2021, the date the financial statements were available to be issued. Based on the definitions and requirements of the Subsequent Events Topics of the FASB Accounting Standards Codification, management is not aware of any subsequent events that would require recognition or disclosure in the financial statements, other than as described below.

On March 11, 2020, the World Health Organization declared COVID-19, a global pandemic. The pandemic has caused a substantial impact on the global economy, including significant volatility in the financial markets. COVID-19 pandemic and government responses has created disruption in supply chains and has adversely affected industries as well as state and municipal governments. The outbreak could continue to cause further economic slowdowns and alter business functionality. As of the date of this report, management has modified its program procedures to meet health and safety standards in delivery of its services.

The rapid development of fluidity of the situation precludes prediction as to the ultimate material adverse impact of COVID-19. Due to the material uncertainty and risk with COVID-19, the Organization continues to examine its impact as well as resources under the CARES Act and the effect it may have on financial condition, results of operations or liquidity.