

THE GREATER PIKE COMMUNITY FOUNDATION

FINANCIAL STATEMENTS

DECEMBER 31, 2022 AND 2021

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Independent Auditor's Report

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

Opinion

We have audited the financial statements of The Greater Pike Community Foundation which comprise the statements of financial position as of December 31, 2022 and 2021, 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 accompanying financial statements present fairly, in all material respects, the financial position of The Greater Pike Community Foundation as of December 31, 2022 and 2021, 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 (GAAS). 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.

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

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 GAAS 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 GAAS, 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.

Michael Michael Quinn
+ Associates, P.C.

Scranton, Pennsylvania
October 30, 2023

THE GREATER PIKE COMMUNITY FOUNDATION

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2022 AND 2021

ASSETS

	<u>2022</u>	<u>2021</u>
Cash	\$ 890,484	\$ 448,304
Cash subject to program restrictions	7,800	10,400
Contributions receivable	2,000,000	300,000
Investments	3,169,476	3,960,797
Prepaid expenses	6,658	954
Operating lease right-of-use assets	11,808	-
Total assets	<u>\$ 6,086,226</u>	<u>\$ 4,720,455</u>

LIABILITIES AND NET ASSETS

Liabilities		
Accounts payable	\$ -	\$ 4,822
Operating lease liabilities	11,808	-
Total liabilities	<u>11,808</u>	<u>4,822</u>
Net assets		
Without donor restrictions		
Operating funds	59,105	119,956
Board designated funds	44,552	60,095
Donor-advised and other funds	5,962,961	4,525,182
Total without donor restrictions	<u>6,066,618</u>	<u>4,705,233</u>
With donor restrictions	7,800	10,400
Total net assets	<u>6,074,418</u>	<u>4,715,633</u>
Total liabilities and net assets	<u>\$ 6,086,226</u>	<u>\$ 4,720,455</u>

The accompanying Notes are an integral part of these Financial Statements.

THE GREATER PIKE COMMUNITY FOUNDATION

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022		2021	
	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions
Public support, revenues, and reclassifications				
Contributions	\$ 2,435,907	\$ 37,250	\$ 2,473,157	\$ 738,894
Event income	27,125	-	27,125	-
Investment income	43,027	-	43,027	70,730
Realized (loss) gain on investments	(25,098)	-	(25,098)	72,067
Unrealized (loss) gain on investments	(702,408)	-	(702,408)	283,808
Net assets released from restrictions:				
Satisfaction of program restrictions	39,850	(39,850)	-	22,300
Total public support, revenues, and reclassifications	1,818,403	(2,600)	1,815,803	1,187,799
Expenses				
Program services	290,138	-	290,138	210,353
Supporting services	112,230	-	112,230	70,902
Management and general	54,650	-	54,650	29,790
Fundraising	457,018	-	457,018	311,045
Total expenses	1,361,385	(2,600)	1,358,785	876,754
Change in net assets	4,705,233	10,400	4,715,633	3,828,479
Net assets at beginning of year	\$ 6,066,618	\$ 7,800	\$ 6,074,418	\$ 4,705,233
Net assets end of year				\$ 10,400
				\$ 4,715,633

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, 2022

	<u>SUPPORT SERVICES</u>			
	<u>Program Services</u>	<u>Management & General</u>	<u>Fundraising</u>	<u>Total</u>
Grants and awards	\$ 290,138	\$ -	\$ -	\$ 290,138
Salaries	-	49,220	8,723	57,943
Payroll taxes	-	3,700	656	4,356
Dues and subscriptions	-	12,518	-	12,518
Bank Charges	-	597	-	597
Computers & website maintenance	-	11,574	-	11,574
Contract services	-	9,900	15,623	25,523
Insurance	-	1,490	-	1,490
Licences and fees	-	250	-	250
Marketing	-	-	1,398	1,398
Office expenses	-	1,558	-	1,558
Postage	-	1,086	-	1,086
Printing	-	2,528	9,109	11,637
Professional fees	-	11,147	-	11,147
Rent expense	-	3,996	-	3,996
Telecommunications	-	1,769	-	1,769
Travel and meetings	-	897	-	897
Special event expenses	-	-	19,141	19,141
	<u>\$ 290,138</u>	<u>\$ 112,230</u>	<u>\$ 54,650</u>	<u>\$ 457,018</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, 2021

	<u>SUPPORT SERVICES</u>			
	<u>Program Services</u>	<u>Management & General</u>	<u>Fundraising</u>	<u>Total</u>
Grants and awards	\$ 210,353	\$ -	\$ -	\$ 210,353
Dues and subscriptions	-	1,180	-	1,180
Bank Charges	-	923	-	923
Computers & website maintenance	-	11,073	-	11,073
Contract services	-	41,378	18,580	59,958
Insurance	-	1,547	-	1,547
Licences and fees	-	250	-	250
Marketing	-	-	7,748	7,748
Office expenses	-	1,074	-	1,074
Postage	-	681	-	681
Printing	-	194	-	194
Professional fees	-	6,730	-	6,730
Rent expense	-	3,996	-	3,996
Telecommunications	-	1,462	-	1,462
Travel and meetings	-	414	-	414
Special event expenses	-	-	3,462	3,462
	<u>\$ 210,353</u>	<u>\$ 70,902</u>	<u>\$ 29,790</u>	<u>\$ 311,045</u>

The accompanying Notes are an integral part of these Financial Statements.

THE GREATER PIKE COMMUNITY FOUNDATION

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
Operating activities		
Change in net assets	\$ 1,358,785	\$ 879,954
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Realized loss (gain) on investments	25,098	(72,067)
Unrealized loss (gain) on investments	702,408	(283,808)
(Increase) decrease in operating assets:		
Contributions receivable	(1,700,000)	(300,000)
Prepaid expenses	(5,704)	57
Increase (decrease) in operating liabilities:		
Accounts payable	(4,822)	(3,261)
Net cash provided by operating activities	<u>375,765</u>	<u>220,875</u>
Investing activities		
Proceeds from sales of investments	156,395	219,239
Purchases of investments	(92,580)	(444,957)
Net cash provided by (used in) investing activities	<u>63,815</u>	<u>(225,718)</u>
Financing activities		
None	<u>-</u>	<u>-</u>
Net increase (decrease) in cash	439,580	(4,843)
Cash and restricted cash at beginning of year	<u>458,704</u>	<u>463,547</u>
Cash and restricted cash at end of year	<u>\$ 898,284</u>	<u>\$ 458,704</u>

The accompanying Notes are an integral part of these Financial Statements.

NOTES TO FINANCIAL STATEMENTS

Note 1 - Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

The Greater Pike Community Foundation (Greater Pike) is a not-for-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. Greater Pike encourages the establishment of new charitable endowment funds and provides discretionary, donor-defined and scholarship grants to qualified charitable organizations primarily in the Pike County region.

Secondarily, Greater Pike was organized to create a single charitable institution in its geographic area of focus, with detailed, in-depth, and current knowledge of the broader universe of charitable organizations serving the Pike County community. The goal of providing this knowledge is to enable a more effective deployment of donor funds from all sources within the Community, by acting as an information clearing house focused on the "not for profit" environment and institutions. Among the many beneficiaries of such detailed knowledge is local Government, and related institutions whose focus is on community well-being. The delivery of their mission is enhanced by the institutional knowledge provided by Greater Pike on an on-going basis.

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

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 Greater Pike has the ability, known as variance power, to modify donor intent; however, Greater Pike 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, Greater Pike'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 Greater Pike.

Note 1 - Nature of Operations and Summary of Significant Accounting Policies - (Continued)

Net Assets With Donor Restrictions

Net assets with donor restrictions are those whose use by Greater Pike have been limited by donors to a specific time period or purpose. Greater Pike has no net assets restricted in perpetuity.

Net Assets Without Donor Restrictions

Net assets without donor restrictions consist of the following types of internally designated funds:

Operating funds – Funds available for the general operations of Greater Pike.

Board designated funds – Funds set-aside by the Board of Directors to support community needs in Pike County through discretionary grants and distributions approved by the Board.

Donor-advised and other funds - Funds established by donor contributions that enable donors to make recommendations from time to time about distributions from the funds. The donors' advice in the grant-making process is considered by the Board of Directors in making grants from these resources. Other funds include field of interest funds used to support particular interests of the donor, designated funds intended to benefit designated charitable organizations, and scholarship funds intended to provide support and recognition for education.

Revenue Recognition

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

Greater Pike 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.

Note 1 - Nature of Operations and Summary of Significant Accounting Policies - (Continued)

Revenue Recognition - (Continued)

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. For the years ended December 31, 2022 and 2021, respectively, Greater Pike earned fees of \$42,430 and \$48,745 from permanent endowment funds management and other pass-through funds. These amounts are netted with the expenses charged to the individual fund accounts.

Special Event Revenues

Greater Pike 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.

Other Income

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

In-Kind Contributions

Greater Pike receives in-kind contributions of time from members of the community and volunteers related to program operations, special events, and fundraising campaigns. Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by Greater Pike. No amounts have been recognized in the accompanying Statements of Activities because the criterion for recognition of such volunteer effort does not exist.

Cash

Greater Pike 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.

Noncash transactions during 2022 included stock contributions in the amount of \$20,533 and are included in contributions for the year ended December 31, 2022. There were none in 2021.

During the years ended December 31, 2022 and 2021, Greater Pike did not pay any interest.

Note 1 - Nature of Operations and Summary of Significant Accounting Policies - (Continued)

Investments

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the Statements of Financial Position. Investment income or loss (including realized and unrealized gains and losses on investments, interest and dividends) is reported in the Statements of Activities as increases or decreases in net assets without donor restrictions unless the income or loss is restricted by donor or law. Investment income with donor restrictions is reported as an increase in net assets with donor restrictions.

All beneficially held investments are managed by Greater Pike.

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

Income Tax Status

Greater Pike is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Internal Revenue Service has granted Greater Pike permanent Public Foundation status. Consequently, Greater Pike is required to draw its support from a broad base of the community.

In accordance with the Financial Accounting Standards Board guidance on accounting for uncertainty in income taxes, Management evaluated Greater Pike's tax positions and concluded that Greater Pike had taken no uncertain tax positions that require adjustments to the financial statements to comply with the provisions of this guidance. With few exceptions, Greater Pike is no longer subject to income tax examinations by the Federal, state or local tax authorities for years before 2019.

Advertising

All advertising costs are expensed as incurred. For the years ended December 31, 2022 and 2021, advertising expense amounted to \$1,398 and \$7,748, respectively.

Note 1 - Nature of Operations and Summary of Significant Accounting Policies - (Continued)

Leases

In February 2016, the FASB issued ASC Topic 842, Leases, to increase transparency and comparability among organizations related to their leasing arrangements. The update requires lessees to recognize most leases on their balance sheets as a right-of-use (ROU) asset representing the right to use an underlying asset and a lease liability representing the obligation to make lease payments over the lease term, measured on a discounted basis. Topic 842 also requires additional disclosure of key quantitative and qualitative information for leasing arrangements. Similar to the previous lease guidance, the update retains a distinction between finance leases (similar to capital leases in Topic 840, Leases) and operating leases, with classification affecting the pattern of expense recognition in the income statement. Greater Pike adopted Topic 842 on January 1, 2022, using the optional transition method to the modified retrospective approach, which eliminates the requirement to restate the prior-period financial statements. Under this transition provision, the Organization has applied Topic 842 to reporting periods beginning on January 1, 2022, while prior periods continue to be reported and disclosed in accordance with Greater Pike's historical accounting treatment under ASC Topic 840, Leases.

Greater Pike elected the "package of practical expedients" under the transition guidance within Topic 842, in which Greater Pike does not reassess (1) the historical lease classification, (2) whether any existing contracts at transition are or contain leases, or (3) the initial direct costs for any existing leases. Greater Pike has not elected to adopt the "hindsight" practical expedient, and therefore will measure the ROU asset and lease liability using the remaining portion of the lease term upon adoption of ASC 842 on January 1, 2022.

Greater Pike determines if an arrangement is or contains a lease at inception, which is the date on which the terms of the contract are agreed to, and the agreement creates enforceable rights and obligations. A contract is or contains a lease when (i) explicitly or implicitly identified assets have been deployed in the contract and (ii) the customer obtains substantially all of the economic benefits from the use of that underlying asset and directs how and for what purpose the asset is used during the term of the contract. Greater Pike also considers whether its service arrangements include the right to control the use of an asset.

Greater Pike made an accounting policy election available under Topic 842 not to recognize ROU assets and lease liabilities for leases with a term of 12 months or less. For all other leases, ROU assets and lease liabilities are measured based on the present value of future lease payments over the lease term at the commencement date of the lease (or year beginning January 1, 2022, for existing leases upon the adoption of ASC Topic 842). The ROU assets also include any initial direct costs incurred and lease payments made at or before the commencement date and are reduced by any lease incentives. To determine the present value of lease payments, Greater Pike made an accounting policy election to utilize the risk-free borrowing rate, which is aligned with the lease term at the lease commencement date (or remaining term for leases existing upon the adoption of Topic 842).

Future lease payments may include fixed-rent escalation clauses or payments that depend on an index (such as the consumer price index), which is initially measured using the index or rate at lease commencement. Subsequent changes of an index and other periodic market-rate adjustments to base rent are recorded in variable lease expense in the period incurred. Residual value guarantees or payments for terminating the lease are included in the lease payments only when it is probable they will be incurred.

Note 1 - Nature of Operations and Summary of Significant Accounting Policies - (Continued)

Leases - (Continued)

Greater Pike has made an accounting policy election to account for lease and non-lease components in its contracts as a single lease component for its real estate asset classes. The non-lease components typically represent additional services transferred to Greater Pike, such as common area maintenance for real estate, which are variable in nature and recorded in variable lease expense in the period incurred.

Adoption of Topic 842 resulted in the recording of additional ROU assets and lease liabilities related to Greater Pike's operating leases of approximately \$15,663 at January 1, 2022. The adoption of the new lease standard did not materially impact net income or cash flows and did not result in a cumulative-effect adjustment to the opening balance of net assets.

Cost Allocations

The financial statements report certain expense categories that are attributable to more than one function. Therefore, these expenses require an allocation on a reasonable basis that is consistently applied. Salaries, payroll taxes, and contract services are allocated to a functional region based on estimated time and effort.

Liquidity

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

Financial assets at year end:	
Cash	\$ 890,484
Contributions receivable	2,000,000
Investments	3,169,476
Total financial assets	<u>6,059,960</u>
Less amounts not available to be used within one year:	
Board designated funds	(44,552)
Donor-advised and other funds	(5,962,961)
Financial assets not available to be used within one year	<u>(6,007,513)</u>
Financial assets available to meet general expenditures within one year	<u>\$ 52,447</u>

Greater Pike'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 is the primary liquid resource used by Greater Pike 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, Greater Pike's Board of Directors does not intend to spend these funds for purposes other than those specified.

Note 1 - Nature of Operations and Summary of Significant Accounting Policies - (Continued)

Recent Accounting Pronouncements

In September 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which requires a not-for-profit entity to present contributed nonfinancial assets in the statement of activities as a line item that is separate from contributions of cash or other financial assets. ASU 2020-07 also requires additional qualitative and quantitative disclosures about contributed nonfinancial assets received, disaggregated by category. This guidance is effective for fiscal years beginning after June 15, 2021. The adoption of ASU 2020-07 did not have a significant impact on Greater Pike's financial statements.

Reclassifications

Certain items have been reclassified to conform to the current year's format.

Subsequent Events

Greater Pike has evaluated subsequent events through October 30, 2023, the date that these financial statements were available to be issued, and concluded no events or transactions occurred during the period requiring recognition or disclosure.

Note 2 - Cash

Cash consisted of the following at December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Wayne Bank	\$ 820,267	\$ 236,734
Vanguard	<u>78,017</u>	<u>221,970</u>
Total cash and restricted cash shown in the Statements of Cash Flows	898,284	458,704
Less: Restricted cash	<u>(7,800)</u>	<u>(10,400)</u>
Total cash	<u>\$ 890,484</u>	<u>\$ 448,304</u>

The above table provides a reconciliation of cash and restricted cash reported within the Statements of Cash Flows to the totals shown in the Statements of Financial Position.

Restricted cash consists of the cash held to meet the requirements of net assets with donor restrictions.

Note 3 - Investments

Investments, as of December 31, 2022 and 2021, are summarized as follows:

	2022		2021	
	Cost	Fair Value	Cost	Fair Value
Mutual Funds	\$ 2,934,242	\$ 3,144,875	\$ 3,031,403	\$ 3,960,797
Common Stocks	8,248	24,601	-	-
Total investments	<u>\$ 2,942,490</u>	<u>\$ 3,169,476</u>	<u>\$ 3,031,403</u>	<u>\$ 3,960,797</u>

Investment income, for the years ended December 31, 2022 and 2021, consisted of the following:

	2022	2021
Interest and dividends	\$ 73,027	\$ 84,423
Investment fees	(30,000)	(13,693)
Investment income, net	<u>\$ 43,027</u>	<u>\$ 70,730</u>

Net realized and unrealized (losses) gains for the years ended December 31, 2022 and 2021 are summarized as follows:

	2022	2021
Net realized (losses) gains	\$ (25,098)	\$ 72,067
Net unrealized (losses) gains	(702,408)	283,808
Total net realized and unrealized (losses) gains	<u>\$ (727,506)</u>	<u>\$ 355,875</u>

Note 4 - Fair Value of Financial Instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, Greater Pike uses various methods including market, income and cost approaches. Based on these approaches, Greater Pike often utilizes certain assumptions about risk and or the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable inputs. Greater Pike utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Based on the observability of the inputs used in the valuation techniques, Greater Pike is required to provide the following information according to the fair value hierarchy. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values. Financial assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

- Level I: Valuations for assets and liabilities traded in active exchange markets, such as the New York Stock Exchange.
- Level II: Valuations for assets and liabilities traded in less active dealer or broker markets. Valuations are obtained from third party pricing services for identical or similar assets or liabilities.
- Level III: Valuations for assets and liabilities that are derived from other valuation methodologies, including option pricing models, discounted cash flow models and similar techniques, and not based on market exchange, dealer or broker traded transactions. Level 3 valuation incorporate certain assumptions and projections in determining the fair value assigned to such assets or liabilities.

Following is a description of the valuation methodologies used for assets measured at fair value:

Mutual funds, Common Stocks: Valued at the closing price reported on the active market on which the individual securities are traded.

The preceding methods may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while Greater Pike believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table presents the assets measured at fair value on a recurring basis by level within the hierarchy:

	December 31, 2022			Total
	Level I	Level II	Level III	
Assets Measured at Fair Value on a Recurring Basis:				
Common Stocks				
Healthcare	\$ 24,601	\$ -	\$ -	\$ 24,601
Mutual Funds				
Equity	2,248,504	-	-	2,248,504
Fixed Income	896,371	-	-	896,371
Total Mutual Funds	3,144,875	-	-	3,144,875
	<u>\$ 3,169,476</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,169,476</u>

Note 4 - Fair Value of Financial Instruments - (Continued)

	December 31, 2021			Total
	Level I	Level II	Level III	
Assets Measured at Fair Value on a Recurring Basis:				
Mutual Funds				
Equity	\$ 2,778,033	\$ -	\$ -	\$ 2,778,033
Fixed Income	1,182,764	-	-	1,182,764
Total Mutual Funds	<u>3,960,797</u>	<u>-</u>	<u>-</u>	<u>3,960,797</u>
	<u>\$ 3,960,797</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,960,797</u>

Note 5 - Net Assets Without Donor Restrictions

Operating funds: Funds available for the general operations of Greater Pike. At December 31, 2022 and 2021, operating funds totaled \$59,105 and \$119,956, respectively.

Board Designated funds: Funds set-aside by the Board of Directors to support community needs in Pike County through discretionary grants and distributions approved by the Board. At December 31, 2022 and 2021, board-designated funds totaled \$44,552 and \$60,095, respectively.

Donor-advised and other funds: Funds established by donor contributions that enable donors to make recommendations from time to time about distributions from the funds. The donors' advice in the grant-making process is considered by the Board of Directors in making grants from these resources. Other funds include field of interest funds used to support particular interests of the donor, designated funds intended to benefit designated charitable organizations, and scholarship funds intended to provide support and recognition for education. At December 31, 2022 and 2021, donor-advised and other funds consisted of 37 and 29 funds, respectively, both endowed and pass-through, made up of the following:

	2022	2021
Donor-advised funds	\$ 2,296,220	\$ 269,170
Field of interest funds	3,052,996	3,540,565
Donor-designated funds	337,469	382,037
Scholarship funds	276,276	333,410
Total donor-advised and other funds	<u>\$ 5,962,961</u>	<u>\$ 4,525,182</u>

Note 6 - Net Assets With Donor Restrictions

Net assets with donor restrictions, as of December 31, 2022 and 2021, are available for the educational improvement and Pre-K tax credit programs as follows:

	2022	2021
Educational improvement scholarship program	\$ -	\$ 9,200
Pre-K scholarship program	7,800	1,200
Total net assets with donor restrictions	<u>\$ 7,800</u>	<u>\$ 10,400</u>

Note 6 - Net Assets With Donor Restrictions - (Continued)

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes as follows:

	<u>2022</u>	<u>2021</u>
Educational improvement scholarship program	\$ 21,700	\$ 10,800
Pre-K scholarship program	18,150	11,500
Total releases	<u>\$ 39,850</u>	<u>\$ 22,300</u>

Note 7- Leases

Greater Pike leases real estate under an operating lease agreement that has an initial term of 3 years. This lease includes an option to renew, generally at Greater Pike's sole discretion, with renewal terms that can extend the lease term up to 1 year. The options to extend or terminate a lease are included in the lease terms when it is reasonably certain that Greater Pike will exercise that option. Greater Pike's operating leases generally do not contain any material restrictive covenants or residual value guarantees.

Operating lease costs are recognized on a straight-line basis over the lease term. The components of lease expense are as follows for the year ended December 31, 2022:

Operating lease cost – real estate	<u>\$ 3,996</u>
Total rent expense	<u>\$ 3,996</u>

During the year ended December 31, 2021, Greater Pike made rental payments totaling \$3,996.

Supplemental cash flow information related to leases is as follows for the year ended December 31, 2022:

Cash paid for amounts included in measurement of lease liabilities:	
Operating cash outflows—payments on operating leases	\$ 3,996

Supplemental Statement of Financial Position information related to leases is as follows as of December 31 2022:

Weighted-average remaining lease term:	
Operating leases	3 years
Weighted-average discount rate:	
Operating leases	1.04%

Note 7- Leases - (Continued)

Future undiscounted cash flows for each of the next five years and thereafter and a reconciliation to the lease liabilities recognized on the Statements of Financial Position are as follows as of December 31, 2022:

	<u>Operating Leases</u>
Years ending December 31:	
2023	\$ 3,996
2024	3,996
2025	<u>3,996</u>
Total lease payments	11,988
Less imputed interest	<u>180</u>
Total present value of lease liabilities	<u>\$ 11,808</u>

Note 8 - Endowments

The Greater Pike's endowments consist of over thirty-nine 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. Greater Pike 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.

Greater Pike 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 Greater Pike's discretionary grant making.

Undesignated Funds represent those over which the Greater Pike'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.

Note 8 - Endowments - (Continued)

Donor-Defined Funds - (Continued)

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.

Greater Pike 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. Greater Pike 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.

Greater Pike'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. Greater Pike targets a diversified asset allocation that places greater emphasis on equity-based investments to achieve its long-term rate of return objective. Greater Pike'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, 2022, Greater Pike had no individual donor fund balances that fell below the original gift value as a result of unfavorable market conditions.

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

- Duration and preservation of the fund
- Purposes of Greater Pike and the fund
- General economic conditions
- Possible effect of inflation and deflation
- Expected return from investment income and appreciation/depreciation of investments
- Other resources of Greater Pike
- Investment policies of Greater Pike

Note 8 - Endowments - (Continued)

Greater Pike's spending policy determines the amount of money to be distributed annually from donor funds for grant making and operational support. Greater Pike 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% for both years ended December 31, 2022 and 2021. The amount available for spending is calculated based on the average market value of endowment funds over sixteen rolling quarters. Greater Pike's spending policy is intended to allow Greater Pike 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 Greater Pike's objective to maintain the purchasing power of endowment assets held as well to provide additional real growth through new gifts and investment return.

Endowment Net Asset Composition by type of fund as of December 31, 2022 and 2021 is as follows:

	2022		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Operating endowment funds	\$ 59,105	\$ -	\$ 59,105
Board-designated endowment funds	44,552	-	44,552
Donor-advised and other endowment funds	5,951,752	-	5,951,752
Total	<u>\$ 6,055,409</u>	<u>\$ -</u>	<u>\$ 6,055,409</u>
	2021		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Operating endowment funds	\$ 67,480	\$ -	\$ 67,480
Board-designated endowment funds	60,095	-	60,095
Donor-advised and other endowment funds	4,495,808	-	4,495,808
Total	<u>\$ 4,623,383</u>	<u>\$ -</u>	<u>\$ 4,623,383</u>

Note 8 - Endowments - (Continued)

Changes in Endowment Net Assets for the years ended December 31, 2022 and 2021 are as follows:

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 4,623,383	\$ -	\$ 4,623,383
Investment return:			
Investment income, net	43,027	-	43,027
Net realized and unrealized losses	(727,506)	-	(727,506)
Total investment return	(684,479)	-	(684,479)
Contributions	2,405,606	-	2,405,606
Appropriation of endowment assets for expenditure	(289,101)	-	(289,101)
Endowment net assets, end of year	<u>\$ 6,055,409</u>	<u>\$ -</u>	<u>\$ 6,055,409</u>
	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 3,705,863	\$ -	\$ 3,705,863
Investment return:			
Investment income, net	70,730	-	70,730
Net realized and unrealized gains	355,875	-	355,875
Total investment return	426,605	-	426,605
Contributions	674,978	-	674,978
Appropriation of endowment assets for expenditure	(184,063)	-	(184,063)
Endowment net assets, end of year	<u>\$ 4,623,383</u>	<u>\$ -</u>	<u>\$ 4,623,383</u>

Note 9 - 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.

During the year, Greater Pike 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.