

**CARBON COUNTY COMMUNITY FOUNDATION**

**FINANCIAL REPORT**

**December 31, 2018**

**BUCKNO  
LISICKY   
& COMPANY**

**BUCKNOLISICKY.COM**

*A Professional Corporation*

**Certified Public Accountants Business Consultants**

**CARBON COUNTY COMMUNITY FOUNDATION**

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BUCKNO  
LISICKY   
& COMPANY

Certified Public Accountants | Business Consultants  
**ACCOUNTANTS' COMPILATION REPORT**

To the Board of Directors  
Carbon County Community Foundation  
Lehighton, Pennsylvania

Management is responsible for the accompanying financial statements of Carbon County Community Foundation (a nonprofit organization), which comprise the statement of assets, liabilities, and net assets—cash basis as of December 31, 2018, and the related statements of revenues, expenses, and other changes in net assets—cash basis and statement of functional expenses – cash basis for the year then ended, and the related notes to the financial statements in accordance with the cash basis of accounting, and for determining that the cash basis of accounting is an acceptable financial reporting framework. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. We do not express an opinion, a conclusion, nor provide any assurance on these financial statements.

We draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared in accordance with the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

We are not independent with respect to Carbon County Community Foundation.

*Buckno Lisicky & Co PC*

Lehighton, Pennsylvania  
October 16, 2019

**CARBON COUNTY COMMUNITY FOUNDATION**

**Statement of Assets, Liabilities, and Net Assets - Cash Basis**

**December 31, 2018**

**See Independent Accountant's Compilation Report**

**ASSETS**

**CURRENT ASSETS**

Cash	141,747
Investments	162,505
Separately managed investments	<u>269,509</u>
<b>TOTAL CURRENT ASSETS</b>	<u><b>573,761</b></u>

**TOTAL ASSETS** **\$ 573,761**

**LIABILITIES AND NET ASSETS**

**NET ASSETS**

With donor restrictions	\$ 313,256
Without donor restrictions	<u>260,505</u>
<b>TOTAL NET ASSETS</b>	<u><b>573,761</b></u>

**TOTAL LIABILITIES AND NET ASSETS** **\$ 573,761**

**CARBON COUNTY COMMUNITY FOUNDATION****Statement of Revenues, Expenses and Other Changes in Net Assets - Cash Basis**

Year Ended December 31, 2018

See Independent Accountant's Compilation Report

	WITH DONOR RESTRICTIONS	WITHOUT DONOR RESTRICTIONS	TOTAL
<b>REVENUES AND OTHER SUPPORT</b>			
Contributions	\$ 240,768	\$ 104,573	\$ 345,341
Grants	-	30,674	30,674
Donated materials and services	-	17,961	17,961
Special events revenue, net	1,936	-	1,936
Net investment income (loss)	(14,526)	(11,897)	(26,423)
Net assets released from donor restrictions	(22,102)	22,102	-
<b>TOTAL REVENUES AND OTHER SUPPORT</b>	<u>206,076</u>	<u>163,413</u>	<u>369,489</u>
<b>EXPENSES</b>			
Program services			
Grants awarded	-	33,000	33,000
Supporting services			
Management and general	-	23,905	23,905
Communications	-	19,122	19,122
Community and professional development	-	14,343	14,343
Fund-raising	-	38,775	38,775
<b>TOTAL EXPENSES</b>	<u>-</u>	<u>129,145</u>	<u>129,145</u>
<b>CHANGE IN NET ASSETS</b>	<b>206,076</b>	<b>34,268</b>	<b>240,344</b>
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<u>107,180</u>	<u>226,237</u>	<u>333,417</u>
<b>NET ASSETS AT END OF YEAR</b>	<u>\$ 313,256</u>	<u>\$ 260,505</u>	<u>\$ 573,761</u>

**CARBON COUNTY COMMUNITY FOUNDATION**

**Statement of Functional Expenses - Cash Basis**

**Year Ended December 31, 2018**

**See Independent Accountant's Compilation Report**

	Supporting Services					Total
	Program Services		Supporting Services			
	Grants Awarded	Management and General	Communications	Community and Professional Development	Fund-raising	
Grants and related expenses						
Grants awarded	\$ 33,000	\$ -	\$ -	\$ -	\$ -	\$ 33,000
Grant related events	-	-	-	-	-	-
Total grants and related expenses	<u>33,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>33,000</u>
Other expenses						
Advertising	-	1,026	821	615	1,641	4,103
Bank fees	-	162	129	97	258	646
Dues and memberships	-	700	560	420	1,120	2,800
Donation processing fees	-	20	16	12	30	78
Insurance	-	314	251	189	503	1,257
Legal and accounting	-	2,240	1,792	1,344	3,585	8,961
Meals and entertainment	-	142	113	85	761	1,101
Office expense	-	2,015	1,612	1,209	3,223	8,059
Payroll taxes and benefits	-	2,601	2,081	1,561	4,162	10,405
Payroll processing	-	241	192	144	385	962
Rent	-	1,500	1,200	900	2,400	6,000
Salaries	-	11,250	9,000	6,750	18,000	45,000
Taxes	-	10	8	6	15	39
Telephone	-	316	253	190	505	1,264

**CARBON COUNTY COMMUNITY FOUNDATION**

**Statement of Functional Expenses - Cash Basis**

**Year Ended December 31, 2018**

**See Independent Accountant's Compilation Report**

	Program Services	Supporting Services				Total
		Grants Awarded	Management and General	Communications	Professional Development	
Travel and seminars	-	880	704	528	1,408	3,520
Utilities	-	488	390	293	779	1,950
Total other expenses	\$ -	\$ 23,905	\$ 19,122	\$ 14,343	\$ 38,775	\$ 96,145

# CARBON COUNTY COMMUNITY FOUNDATION

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## Notes to the Financial Statements

December 31, 2018

### NOTE 1. ORGANIZATION

Carbon County Community Foundation (the "Foundation") is a not-for-profit corporation organized under the laws of the Commonwealth of Pennsylvania for the purpose of the of developing, managing, and distributing the philanthropy of a variety of donors in order to improve the quality of life for residents of Carbon County. The Foundation operates as a subsidiary of The Luzerne Foundation. The Foundation's primary sources of revenue are contributions, grants and fund raising events.

### NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies followed are described below:

#### **Basis of Accounting**

The accompanying financial statements have been prepared on the cash basis of accounting which is a basis of accounting other than accounting principles generally accepted in the United States of America. Under this basis, the only asset recognized is cash, and no liabilities are recognized. All transactions are recognized as either cash receipts or disbursements, and noncash transactions are not recognized. The cash basis differs from generally accepted accounting principles primarily because the effects of outstanding pledges and obligations for expenses incurred but not yet paid are not included in the financial statement.

#### **Basis of Presentation**

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

*Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board can designate, from net assets without donor restrictions, net assets for an operating reserve and board-designated endowment. Their governing boards have designated certain net assets as of December 31, 2018, detail included in Note 6.

*Net Assets With Donor Restrictions* – Net assets subject to donor or grantor imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. Detail of net assets with donor restrictions is included in Note 5.



# CARBON COUNTY COMMUNITY FOUNDATION

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## Notes to the Financial Statements

December 31, 2018

### Use of Estimates

The preparation of financial statements in conformity with the cash basis of accounting requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

### Fair Value Measurements

Generally accepted accounting principles provide guidance on how fair value should be determined when financial statement elements are required to be measured at fair value. Valuation techniques are ranked in three levels depending on the degree of objectivity of the inputs used with each level:

Level 1 inputs – quoted prices in active markets for identical assets

Level 2 inputs – quoted prices in active or inactive markets for the same or similar assets

Level 3 inputs – estimates using the best information available when there is little to no market

The Foundation is required to measure certain investments at fair value. The specific techniques used to measure fair value for these financial statement elements are described in the notes below.

### Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of assets, liabilities, and net assets. Unrealized gains and losses are reported as increases (decreases) in net assets without donor restrictions unless restricted by donors.

### Contributions

Contributions, including unconditional promises to give are recorded as made. All contributions are available for unrestricted use unless specifically restricted by the donor.

### Donated Materials and Services

Donated materials and equipment are reflected as contributions in the accompanying statement of revenues, expenses, and other changes in net assets at their estimated values at the date of receipt.

Donated services of a specialized skill (i.e. legal) that would be purchased in the absence of this donation are recorded at fair value for the corresponding hours spent. The Foundation received donated materials and services for the year ended December 31, 2018 of \$17,961, for rent, utilities, telephone, legal and accounting services, professional dues and memberships, and office supplies.

## **CARBON COUNTY COMMUNITY FOUNDATION**

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### **Notes to the Financial Statements**

**December 31, 2018**

#### **Advertising Expense**

Advertising costs are expensed as incurred and were \$4,103 for the year ended December 31, 2018

#### **Income Taxes**

The Foundation is a nonprofit organization incorporated in the Commonwealth of Pennsylvania and exempt from federal income taxes under 501(c)(3) of the Internal Revenue Code.

The Foundation continually evaluates expiring statutes of limitations, audits, proposed settlements, changes in tax law, and new authoritative rulings in determining any uncertain tax positions. The Foundation would recognize accrued interest and penalties associated with any uncertain tax positions as part of the income tax provision.

The Foundation's parent - affiliate, The Luzerne Foundation, reports activity from the Carbon County Community Foundation as a consolidated entity on its' form 990. The Foundation is generally no longer subject to examination by the Internal Revenue Service for years before 2014.

#### **Date of Management's Review**

The Foundation has evaluated subsequent events through October 16, 2019, the date which the financial statements were available to be issued.

#### **Functionalized Expenses**

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include occupancy which is allocated on a square footage basis, as well as salaries and wages, benefits, payroll taxes, professional services, office expenses, information technology, insurance, and other, which are allocated on the basis of estimates of time and effort.

# CARBON COUNTY COMMUNITY FOUNDATION

## Notes to the Financial Statements

December 31, 2018

### NOTE 3. INVESTMENTS

Investments as of December 31, 2018 are composed of the following:

Equities	\$	117,377
Bonds		33,167
Cash on deposit		10,823
Other		1,138
	\$	<u>162,505</u>

The breakdown above does not include the composition of separately managed investments.

Investment activity for the year ended December 31, 2018 consists of the following:

	With Donor Restrictions	Without Donor Restrictions	Total
Net realized and unrealized loss	\$ (17,624)	\$ (13,223)	\$ (30,847)
Interest and dividends	5,459	3,934	9,393
Less: investment fees & charges	(2,361)	(2,608)	(4,969)
Net investment income (loss)	<u>\$ (14,526)</u>	<u>\$ (11,897)</u>	<u>\$ (26,423)</u>

### NOTE 4. LIQUIDITY AND AVAILABILITY

Management and Board of Directors regularly monitors liquidity needed to meet the agency's operating needs and other contractual commitments. The agency regularly manages cash resources to maximize any investment income and minimize the cost of borrowing. It also has various sources of liquidity at its disposal, including cash and cash equivalents, lines of credit and contractually obligated short-term receivables.

For the purposes of analyzing short-term liquidity needs, the agency strives to maintain sufficient liquid financial assets to cover two to three months of operating expenses. In addition to the financial assets available, the agency operates with a balanced budget and anticipates collecting sufficient revenues to cover general operating expenditures.

The breakdown of financial resources as of December 31, 2018, available to meet general expenditures, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date are listed below:

Cash	<u>260,505</u>
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**CARBON COUNTY COMMUNITY FOUNDATION**

**Notes to the Financial Statements**

**December 31, 2018**

The assets above include \$313,500 in donor advised and field of interest funds as of December 31, 2018. The Foundation generally uses these assets for grantmaking based on donor recommendations.

**NOTE 5. NET ASSETS WITH DONOR RESTRICTIONS**

The financial statements for the year ended December 31, 2018 reflect net assets with donor restrictions for the following purposes:

Carbon 20/20 Fund	\$ 22,551
Carbon County Creative Arts Fund	13,495
EITC Fund	1,000
Lehigh River Watershed Fund	1,000
Donor Advised Funds	<u>275,210</u>
	<u>\$ 313,256</u>

**NOTE 6. NET ASSETS WITHOUT DONOR RESTRICTIONS – BOARD DESIGNATED**

Net assets without donor restriction that have a defined use or purpose as defined by the Foundation's Board of Directors are Board designated net assets. Board designation of net assets does not imply donor restriction and the defined use may be changed by board action. Board designated net assets of the Foundation relate to the following:

Net Assets without donor restrictions- Board designated funds	
Administrative funds	14,661
Event funds	6
Fund for Carbon County	<u>245,838</u>
	<u>260,505</u>

**CARBON COUNTY COMMUNITY FOUNDATION**

**Notes to the Financial Statements  
December 31, 2018**

**NOTE 7. SPECIAL EVENTS**

Revenue and related expenses of the Foundation's major fundraising event is as follows:

	<u>Art with a View</u>
Revenue	\$ 2,180
Expenses	<u>(244)</u>
Net	<u>\$ 1,936</u>

**NOTE 8. CONCENTRATIONS OF CREDIT RISK**

The Foundation maintains cash balances at financial institutions located in Pennsylvania. The cash balances in the financial institutions are insured by the Federal Deposit Insurance Corporation up to \$250,000. At times, the Foundation maintains cash balances in excess of FDIC insurance in these institutions. The Foundation has not experienced any losses as a result of these noninsured cash balances.

**NOTE 9. FAIR VALUE MEASUREMENTS**

The table below presents the fair values of assets measured at December 31, 2018 on a recurring basis:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments:				
Mutual funds:				
Blend	\$ 41,991	\$ -	\$ -	\$ -
Bond	16,218	-	-	-
Growth	29,901	-	-	-
Stocks	45,518	-	-	-
Other	<u>28,877</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>162,505</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Total Investments at Fair Value	 <u>\$ 162,505</u>	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ -</u>

The fair value of investments has been measured on a recurring basis using quoted prices for identical assets in active markets (Level 1 inputs).

The table above does not include the fair values of separately managed investments.