

SCRANTON AREA FOUNDATION, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2018 AND 2017

INDEX

<u>PAGE</u>	<u>SCHEDULE</u>
2-3	Independent Auditor's Report
4	Statements of Financial Position
5	Statements of Activities
6-7	Statement of Functional Expenses – 2018
8-9	Statement of Functional Expenses - 2017
10	Statements of Cash Flows
11-30	Notes to Financial Statements

SUPPLEMENTARY INFORMATION

31	Exhibit I - Program Grants
----	----------------------------



McGrail Merkel Quinn & Associates, P.C.

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

Clay Avenue Professional Plaza
1173 Clay Avenue
Scranton, PA 18510
570 961-0345
Fax: 570 961-8650
mmq.com

Independent Auditor's Report

To the Board of Governors of
Scranton Area Foundation, Inc.
Scranton, Pennsylvania

Report on the Financial Statements

We have audited the accompanying statements of financial position of Scranton Area Foundation, Inc. as of December 31, 2018 and 2017, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

An independently owned member
RSM US Alliance



RSM US Alliance provides its members with access to resources of RSM US LLP. RSM US Alliance member firms are separate and independent businesses and legal entities that are responsible for their own acts and omissions, and each are separate and independent from RSM US LLP. RSM US LLP is the U.S. member firm of RSM International, a global network of independent audit, tax, and consulting firms. Members of RSM US Alliance have access to RSM International resources through RSM US LLP but are not member firms of RSM International. Visit rsmus.com/about-us for more information regarding RSM US LLP and RSM International. The RSM™ logo is used under license by RSM US LLP. RSM US Alliance products and services are proprietary to RSM US LLP.

To the Board of Governors of
Scranton Area Foundation, Inc.
Scranton, Pennsylvania

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Scranton Area Foundation, Inc. as of December 31, 2018 and 2017, and the changes in its net assets, functional expenses and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, in 2018, Scranton Area Foundation, Inc. adopted new accounting guidance in Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. Our opinion is not modified with respect to this matter.

Other Matter

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information in Exhibit I is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Mc Knail, Markel, Quinn
& Associates, P.C.

Scranton, Pennsylvania
August 7, 2019

SCRANTON AREA FOUNDATION, INC.

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2018 AND 2017

ASSETS

	<u>2018</u>	<u>2017</u>
Cash	\$ 301,509	\$ 109,411
Accrued interest and dividends	18,566	19,959
Cash subject to program restrictions (Note 11)	1,421,075	1,075,011
Investments (Notes 2 and 3)	34,170,909	37,612,742
Grants receivable	10,000	-
Prepaid expenses	30,739	4,583
Improvements, furniture and equipment, net (Note 4)	48,340	55,748
Total assets	<u>\$ 36,001,138</u>	<u>\$ 38,877,454</u>

LIABILITIES AND NET ASSETS

Liabilities		
Accounts payable	\$ 15,039	\$ -
Accrued payroll	16,308	-
Grants payable	1,168	15,009
Liability under charitable remainder unitrust (Note 6)	19,345	18,284
Funds held as agency endowments (Note 1 and 12)	3,214,653	3,379,621
Total liabilities	<u>3,266,513</u>	<u>3,412,914</u>
Net assets		
Without donor restrictions		
Undesignated	14,074,982	15,611,681
Designated (Note 10)	783,942	819,867
Invested in improvements, furniture and equipment	48,340	55,748
Total without donor restrictions	<u>14,907,264</u>	<u>16,487,296</u>
With donor restrictions (Note 5)	17,827,361	18,977,244
Total net assets	<u>32,734,625</u>	<u>35,464,540</u>
Total liabilities and net assets	<u>\$ 36,001,138</u>	<u>\$ 38,877,454</u>

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

SCRANTON AREA FOUNDATION, INC.

STATEMENTS OF ACTIVITIES

YEARS ENDED DECEMBER 31, 2018 AND 2017

	2018		2017	
	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions
	Total	Total	Total	Total
Public support, revenues, and reclassifications				
Contributions (Note 7)	\$ 42,563	\$ 1,377,467	\$ 131,667	\$ 856,025
Administrative fees	226,779	-	145,540	-
Contract service fees	72,000	-	72,000	-
Grant income	87,371	162,500	12,474	100,000
Investment income (Note 2)	244,840	47,631	225,486	102,812
Net realized and unrealized (losses) gains on investments (Note 2)	(1,153,381)	(1,275,050)	2,271,948	2,556,875
Change in value of charitable remainder unitrust	-	(9,245)	-	8,088
Net assets released from restrictions (Note 5)				
Satisfaction of program restrictions	1,102,409	(1,102,409)	815,955	(815,955)
Grants	350,777	(350,777)	231,907	(231,907)
Expenses				
Total public support, revenues, and reclassifications	973,358	(1,149,883)	3,906,977	2,575,938
Expenses				
Program services	2,142,340	-	1,567,672	-
Supporting services				
Management and general	288,186	-	258,075	-
Fundraising	122,864	-	133,250	-
Total expenses	2,553,390	-	1,958,997	-
Change in net assets	(1,580,032)	(1,149,883)	1,947,980	2,575,938
Net assets at beginning of year	16,487,296	18,977,244	14,539,316	16,401,306
Net assets end of year	\$ 14,907,264	\$ 17,827,361	\$ 16,487,296	\$ 18,977,244
		\$ 32,734,625		\$ 35,464,540

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

SCRANTON AREA FOUNDATION, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2018

	PROGRAM SERVICES				Total Program Services
	Capacity Building	NEPA Moves Transportation Initiative	Women in Philanthropy Initiative	Fund Administration	
Salaries	\$ 29,895	\$ 29,616	\$ 28,761	\$ 131,851	\$ 220,123
Employee Benefits	3,025	2,997	2,911	13,344	22,277
Pension plan expense	1,620	1,605	1,559	7,146	11,930
Payroll taxes	2,309	2,288	2,222	10,186	17,005
Occupancy	-	-	-	-	-
Professional fees	-	-	-	-	-
Board/Staff development	-	-	-	-	-
Supplies	-	-	-	-	-
Insurance	-	-	-	-	-
Travel/Auto	-	-	-	-	-
Subscriptions/Resources	-	-	-	-	-
Association dues	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Community outreach	-	18,182	18,967	-	37,149
Depreciation	-	-	-	-	-
Program grants	-	-	-	1,483,079	1,483,079
Direct fund expenses	99,192	10,000	196,440	45,145	350,777
	<u>\$ 136,041</u>	<u>\$ 64,688</u>	<u>\$ 250,860</u>	<u>\$ 1,690,751</u>	<u>\$ 2,142,340</u>

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

SCRANTON AREA FOUNDATION, INC.

STATEMENT OF FUNCTIONAL EXPENSES - (CONTINUED)

YEAR ENDED DECEMBER 31, 2018

	<u>SUPPORT SERVICES</u>			
	<u>Management and General</u>		<u>Fund Raising</u>	<u>Total</u>
	\$	\$	\$	\$
Salaries	116,129	77,106	413,358	
Employee Benefits	11,753	7,803	41,833	
Pension plan expense	6,294	4,179	22,403	
Payroll taxes	8,972	5,957	31,934	
Occupancy	40,002	-	40,002	
Professional fees	31,469	-	31,469	
Board/Staff development	34,056	-	34,056	
Supplies	12,667	-	12,667	
Insurance	5,385	-	5,385	
Travel/Auto	1,647	-	1,647	
Subscriptions/Resources	953	-	953	
Association dues	6,875	-	6,875	
Miscellaneous	3,616	-	3,616	
Community outreach	-	27,819	64,968	
Depreciation	8,368	-	8,368	
Program grants	-	-	1,483,079	
Direct fund expenses	-	-	350,777	
	<u>\$ 288,186</u>	<u>\$ 122,864</u>	<u>\$ 2,553,390</u>	

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

SCRANTON AREA FOUNDATION, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2017

	PROGRAM SERVICES			Total Program Services
	Capacity Building	Women in Philanthropy Initiative	Fund Administration	
Salaries	\$ 23,048	\$ 23,048	\$ 128,412	\$ 174,508
Employee Benefits	2,737	2,737	15,250	20,724
Pension plan expense	1,464	1,464	8,155	11,083
Payroll taxes	2,097	2,097	11,681	15,875
Occupancy	-	-	-	-
Professional fees	-	-	-	-
Board/Staff development	-	-	-	-
Supplies	-	-	-	-
Insurance	-	-	-	-
Travel/Auto	-	-	-	-
Subscriptions/Resources	-	-	-	-
Association dues	-	-	-	-
Miscellaneous	-	-	-	-
Community outreach	-	16,206	-	16,206
Depreciation	-	-	-	-
Program grants	55,950	-	1,041,419	1,097,369
Direct fund expenses	-	196,789	35,118	231,907
	\$ 85,296	\$ 242,341	\$ 1,240,035	\$ 1,567,672

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

SCRANTON AREA FOUNDATION, INC.

STATEMENT OF FUNCTIONAL EXPENSES - (CONTINUED)

YEAR ENDED DECEMBER 31, 2017

	<u>SUPPORT SERVICES</u>		
	<u>Management and</u>		
	<u>General</u>	<u>Fund Raising</u>	<u>Total</u>
Salaries	\$ 92,194	\$ 62,560	\$ 329,262
Employee Benefits	10,949	7,430	39,103
Pension plan expense	5,855	3,973	20,911
Payroll taxes	8,386	5,691	29,952
Occupancy	35,845	-	35,845
Professional fees	44,955	-	44,955
Board/Staff development	27,345	-	27,345
Supplies	5,225	5,225	10,450
Insurance	5,091	-	5,091
Travel/Auto	1,600	-	1,600
Subscriptions/Resources	709	-	709
Association dues	7,291	-	7,291
Miscellaneous	3,532	-	3,532
Community outreach	-	48,371	64,577
Depreciation	9,098	-	9,098
Program grants	-	-	1,097,369
Direct fund expenses	-	-	231,907
	<u>\$ 258,075</u>	<u>\$ 133,250</u>	<u>\$ 1,958,997</u>

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

SCRANTON AREA FOUNDATION, INC.

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
Operating activities		
Change in net assets	\$ (2,729,915)	\$ 4,523,918
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation	8,368	9,098
Net realized and unrealized losses (gains) on investments	2,428,431	(4,828,823)
(Increase) decrease in operating assets:		
Accrued interest and dividends	1,393	(2,120)
Grants receivable	(10,000)	-
Prepaid expenses	(26,156)	(4,583)
Increase (decrease) in operating liabilities:		
Accounts payable	15,039	-
Accrued payroll	16,308	-
Grants payable	(13,841)	3,303
Liability under charitable remainder unitrust	1,061	(759)
Funds held as agency endowments	(164,968)	322,040
Net cash (used in) provided by operating activities	<u>(474,280)</u>	<u>22,074</u>
Investing activities		
Change in cash subject to program restrictions	(346,064)	(60,859)
Purchase of furniture and equipment	(960)	(694)
Proceeds from sales of investments	12,583,165	14,927,728
Purchases of investments	(11,569,763)	(14,923,383)
Net cash provided by (used in) investing activities	<u>666,378</u>	<u>(57,208)</u>
Financing activities		
None	<u>-</u>	<u>-</u>
Net increase (decrease) in cash	192,098	(35,134)
Cash, beginning of year	<u>109,411</u>	<u>144,545</u>
Cash, at end of year	<u>\$ 301,509</u>	<u>\$ 109,411</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 Scranton Area Foundation, Inc. (the Foundation) was established in 1954 to assist tax-exempt organizations by providing project grants for religious, scientific, charitable, literary or educational purposes. The Foundation may, in furtherance of its charitable purposes, direct distributions to such persons, organizations, governments or governmental agencies which best carry out such purposes or help create new qualified charitable organizations to carry out such purposes.

The assets of the Foundation are invested with the Trust Department of Peoples Security Bank and Trust Company, PNC Institutional Investments, and Merrill Lynch. The principal source of distributable income is derived from investment income of the Trusts.

The Foundation also serves as the administrator for several private foundations.

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting.

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.

Net Assets With Donor Restrictions

Net assets with donor restrictions are those whose use by the Foundation have been limited by donors to a specific time period or purpose.

The Foundation has no net assets restricted in perpetuity.

Charitable Remainder Trusts

When the Foundation is the trustee, assets held in charitable remainder trusts are recorded at fair value when received and in the appropriate fund category based on donor stipulation. The present value of the estimated future payments to the named beneficiaries is recorded as a liability under charitable remainder trusts. The difference between these amounts is recorded as revenue with donor restrictions. Income earned on trust assets and adjustments to the liability to reflect amortization of the discount and changes in actuarial assumptions are recorded as change in value of charitable remainder trusts in the Statements of Activities. Upon death of the beneficiaries, the assets, net of any related liabilities, will be released from restriction and will be used to establish funds within the Foundation.

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

Donor-Restricted Gifts

Unconditional promises to give cash and other assets are reported at fair value at the date the promise is received, which is then treated as cost. Contributions are reported as support with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statements of Activities as net assets released from restrictions. Contributions with donor restrictions that are met within the same year as received are reflected as unrestricted contributions in the accompanying financial statements.

Cost Allocations

Certain expenses are attributable to more than one program or supporting function and are allocated consistently. Salaries and benefits are allocated based on estimates of time and effort.

Cash

Cash consists of operating accounts as well as unrestricted money market funds, held in trust accounts with banks or by other depositories. For the purposes of the Statements of Cash Flows, cash excludes cash with donor restrictions.

There were noncash transactions during 2018 including stock contributions in the amount of \$153,161 which is included in contributions with donor restrictions for the year ended December 31, 2018. There were noncash transactions during 2017 including stock contributions in the amount of \$167,839 which is included in contributions with donor restrictions for the year ended December 31, 2017.

The Foundation maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. Accounts are guaranteed by the Federal Deposit Insurance Corporation up to \$250,000. The Foundation has not experienced any losses in such accounts.

During the years ended December 31, 2018 and 2017, the Foundation did not pay any interest.

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.

The Foundation places its investments in a variety of financial instruments and, by policy, limits the amount of credit exposure through diversification and by restricting its investments to highly rated securities.

Improvements, Furniture and Equipment

Improvements, furniture and equipment are recorded at cost and are being depreciated over estimated useful lives of five to fifteen years using the straight-line depreciation method.

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

Long-Lived Assets

The Foundation reviews the carrying value of long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets might not be recoverable.

Income Tax Status

The Foundation is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Internal Revenue Service has granted the Foundation permanent Public Foundation status. Consequently, the Foundation 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 the Foundation's tax positions and concluded that the Foundation had taken no uncertain tax positions that require adjustments to the financial statements to comply with the provisions of this guidance. With few exceptions, the Foundation is no longer subject to income tax examinations by the Federal, state or local tax authorities for years before 2015.

Agency Endowments

The Foundation follows Statement of Financial Accounting Standards Board guidance for transactions in which a community foundation accepts a contribution from a donor and agrees to transfer those assets, the return on investment of those assets or both to another entity that is specified by the donor. This guidance specifically requires that if a Not-for-Profit Organization (NPO) establishes a fund at a community foundation with its own funds and specifies itself as the beneficiary of that fund, the community foundation must account for the transfer of such assets as a liability. The Foundation refers to such funds as Agency Endowments.

The Foundation maintains variance power and legal ownership of agency endowment funds and as such continues to report the funds as assets of the Foundation. However, in accordance with this guidance, a liability has been established for the fair value of the funds, which is generally equivalent to the present value of future payments expected to be made to the NPOs.

The Foundation was the owner of agency endowment funds with a combined value of \$3,214,653 at December 31, 2018 and \$3,379,621 at December 31, 2017. The following table summarizes activity in such funds during the years then ended.

	<u>2018</u>	<u>2017</u>
Agency endowment fund net assets at January 1	\$ 3,379,621	\$ 3,057,581
Contributions	23,349	12,715
Investment income	63,877	60,389
Net realized and unrealized (losses) gains on investments	(164,696)	335,041
Grants paid	<u>(87,498)</u>	<u>(86,105)</u>
Agency endowment fund net assets at December 31	<u>\$ 3,214,653</u>	<u>\$ 3,379,621</u>

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

Liquidity

The Foundation receives substantial donor restricted contributions with donor time and purpose restrictions. The income generated from donor restricted funds is donor restricted. In addition, the Foundation receives support without donor restrictions combined with investment income without donor restrictions funds the budgeted general expenditures. Investment income without donor restrictions, earnings appropriated from funds with donor restrictions, contributions without donor restrictions and contributions with donor restrictions for use in current activities and programs are considered to be available to meet cash needs for general expenditures.

General expenditures include administrative and general expenses, fundraising expenses and program grant and expenditure commitments without donor restrictions expected to be paid in the subsequent year. Annual operations are defined as activities occurring during, and included in the budget for, a fiscal year.

The Foundation's Grant Committee (the Committee) meets semi-annually to review and approve grant requests. As a result, the Foundation has a liquidity policy to maintain financial assets available to meet general expenditures at a level that represents 100% of annual expenses for administrative and general expenses, as well as fundraising expenses, plus an amount that represents the next expected payment for semi-annual grant commitments approved by the Committee, which typically represents approximately 50% of the expected annual grant cash needs. To achieve this, the Foundation forecasts its future cash flows and monitors its liquidity quarterly.

The table below represents financial assets available for general expenditures within one year of December 31, 2018:

Financial assets at year end:

Cash	\$ 301,509
Accrued interest and dividends	18,566
Investments	<u>34,170,909</u>
Total financial assets	<u>34,490,984</u>
Less amounts not available to be used within one year:	
Investments with donor restrictions	(19,630,284)
Board designated funds	<u>(783,942)</u>
Financial assets not available to be used within one year	<u>(20,414,226)</u>
Financial assets available to meet general expenditures within one year	<u>\$ 14,076,758</u>

Reclassifications

Certain items on the prior year's financial statements have been reclassified to conform to the current year's format.

Subsequent Events

The Foundation has evaluated subsequent events through August 7, 2019, the date that these financial statements were available to be issued, and concluded no events or transactions occurred during that period requiring recognition or disclosure.

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

Recent Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2014-09, *Revenue from Contracts with Customers*. This new accounting guidance outlines a single comprehensive model for entities to use in accounting for revenue from contracts with customers. ASU No. 2014-09 is effective for the Foundation for the year end 2020. Early application is permitted for fiscal years beginning after December 15, 2016. The Foundation is assessing the impact this new standard will have on its financial statements.

In August 2016, the FASB issued ASU 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, with the intent of reducing diversity in reporting practice, reduce complexity, and enhance understandability of not-for-profit (NFP) financial statements. This ASU contains the following key aspects: (A) reduces the number of net asset classes presented from three to two: with donor restrictions and without donor restrictions; (B) requires all NFPs to present expenses by their functional and their natural classifications in one location in the financial statements; (C) requires NFPs to provide quantitative and qualitative information about management of liquid resources and availability of financial assets to meet cash needs within one year of the balance sheet date; and (D) retains the options to present operating cash flows in the statement of cash flows using either the direct or indirect method. The Foundation implemented ASU 2016-14 as of January 1, 2018. The impact of the adoption resulted in enhanced disclosures about the classification of expenses and management of liquid resources. As a result of adoption, temporarily restricted net assets in the amount of \$18,977,244 were identified as net assets with donor restrictions as stated on the statements of financial position as of December 31, 2017.

In June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. ASU 2018-08 clarifies the guidance for evaluating whether a transaction is reciprocal (i.e., an exchange transaction) or nonreciprocal (i.e., a contribution) and for distinguishing between conditional and unconditional contributions. The ASU also clarifies the guidance used by entities other than not-for-profits to identify and account for contributions made. The ASU has different effective dates for resource recipients and resource providers. Where the Organization is the resource recipient, the ASU is applicable to contributions received for annual periods beginning after December 15, 2018, and interim periods within annual periods beginning after December 15, 2019. Where the Organization is a resource provider, the ASU is effective for annual periods beginning after December 15, 2019 and interim periods within annual periods beginning after December 15, 2020. Early adoption is permitted. The Foundation is assessing the impact this standard will have on its financial statements.

Note 2 - Investments

Investments, as of December 31, 2018 and 2017, are summarized as follows:

	2018		2017	
	Cost	Fair Value	Cost	Fair Value
Without Donor Restrictions				
U.S. Government Securities	\$ 352,330	\$ 341,891	\$ 249,067	\$ 245,967
U.S. Agency Bonds	717,759	707,582	812,831	811,190
Corporate Bonds and Notes	1,645,204	1,630,351	1,717,054	1,746,936
Stocks	6,779,470	8,263,700	6,648,210	9,524,240
Liquid Asset Funds	312,103	312,103	437,862	437,862
Mutual Funds	3,034,596	3,284,998	2,979,429	3,546,409
	<u>12,841,462</u>	<u>14,540,625</u>	<u>12,844,453</u>	<u>16,312,604</u>
With Donor Restrictions				
U.S. Government Securities	\$ 506,347	\$ 490,592	\$ 379,152	\$ 374,647
U.S. Agency Bonds	982,932	966,284	1,062,408	1,056,791
Corporate Bonds and Notes	2,751,664	2,726,579	2,742,333	2,786,054
Stocks	8,529,602	10,939,635	8,226,538	12,246,151
Liquid Asset Funds	362,680	362,680	497,504	497,504
Mutual Funds	3,803,502	4,144,514	3,612,618	4,338,991
	<u>16,936,727</u>	<u>19,630,284</u>	<u>16,520,553</u>	<u>21,300,138</u>
Total investments	<u>\$ 29,778,189</u>	<u>\$ 34,170,909</u>	<u>\$ 29,365,006</u>	<u>\$ 37,612,742</u>

Investment income, for the year ended December 31, 2018 and 2017, consisted of the following:

	2018	2017
Net assets without donor restrictions		
Interest and dividends	\$ 333,971	\$ 308,271
Investment fees	<u>(89,131)</u>	<u>(82,785)</u>
	<u>244,840</u>	<u>225,486</u>
Net assets with donor restrictions		
Interest and dividends	369,423	349,509
Administrative fees	(226,779)	(145,540)
Investment fees	<u>(95,013)</u>	<u>(101,157)</u>
	<u>47,631</u>	<u>102,812</u>
Investment income, net	<u>\$ 292,471</u>	<u>\$ 328,298</u>

Note 2 - Investments - (Continued)

Net realized and unrealized gains (losses), for the years ended December 31, 2018 and 2017, are summarized as follows:

	<u>2018</u>	<u>2017</u>
Net assets without donor restrictions		
Net realized gains	\$ 587,572	\$ 603,062
Net unrealized (losses) gains	(1,740,953)	1,668,886
	<u>(1,153,381)</u>	<u>2,271,948</u>
Net assets with donor restrictions		
Net realized gains	643,793	657,817
Net unrealized (losses) gains	(1,918,843)	1,899,058
	<u>(1,275,050)</u>	<u>2,556,875</u>
Total net realized and unrealized (losses) gains	<u>\$ (2,428,431)</u>	<u>\$ 4,828,823</u>

Note 3 - 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, the Foundation uses various methods including market, income and cost approaches. Based on these approaches, the Foundation 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. The Foundation 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, the Foundation 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, Stocks, Corporate bonds, U.S. Government and Agencies obligations, Certificates of Deposit and Money Markets: Valued at the closing price reported on the active market on which the individual securities are traded.

Note 3 - Fair Value of Financial Instruments - (Continued)

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 the Foundation 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, 2018			Total
	Level I	Level II	Level III	
Assets:				
U.S. Government Securities				
AAA US Treasury Bonds	\$ -	\$ 832,483	\$ -	\$ 832,483
U.S. Agency Bonds				
AAA	-	1,673,866	-	1,673,866
Corporate Bonds and Notes				
AAA	-	156,173	-	156,173
AA1	-	630,361	-	630,361
AA2	-	369,721	-	369,721
AA3	-	261,075	-	261,075
A1	-	721,182	-	721,182
A2	-	1,450,985	-	1,450,985
A3	-	222,534	-	222,534
BAA1	-	352,169	-	352,169
BAA2	-	144,063	-	144,063
BA1	-	24,657	-	24,657
BA2	-	24,010	-	24,010
Total Corporate Bonds and Notes	-	4,356,930	-	4,356,930
Stocks				
Consumer Discretionary	2,436,366	-	-	2,436,366
Consumer Staples	1,028,471	-	-	1,028,471
Energy	947,534	-	-	947,534
Financial	2,792,757	-	-	2,792,757
Healthcare	2,530,987	-	-	2,530,987
Industrials	1,762,342	-	-	1,762,342
Information Technology	4,211,792	-	-	4,211,792
Materials	680,173	-	-	680,173
Real Estate	368,308	-	-	368,308
Services	281,357	-	-	281,357
Telecommunication	1,456,284	-	-	1,456,284
Utilities	706,964	-	-	706,964
Total Stocks	19,203,335	-	-	19,203,335
Mutual Funds				
Equities	-	7,409,806	-	7,409,806
Fixed	-	19,706	-	19,706
Total Mutual Funds	-	7,429,512	-	7,429,512
Liquid Asset Funds	674,783	-	-	674,783
	\$ 19,878,118	\$ 14,292,791	\$ -	\$ 34,170,909

Note 3 - Fair Value of Financial Instruments - (Continued)

	December 31, 2017			
	Level I	Level II	Level III	Total
Assets:				
U.S. Government Securities				
AAA US Treasury Bonds	\$ -	\$ 620,614	\$ -	\$ 620,614
U.S. Agency Bonds				
AAA	-	1,867,981	-	1,867,981
Corporate Bonds and Notes				
AAA	-	158,037	-	158,037
AA1	-	684,779	-	684,779
AA2	-	367,994	-	367,994
AA3	-	93,549	-	93,549
A1	-	884,960	-	884,960
A2	-	1,030,222	-	1,030,222
A3	-	641,528	-	641,528
BAA1	-	387,307	-	387,307
BAA2	-	86,620	-	86,620
BA1	-	25,211	-	25,211
BA2	-	172,783	-	172,783
Total Corporate Bonds and Notes	-	4,532,990	-	4,532,990
Stocks				
Consumer Discretionary	2,829,073	-	-	2,829,073
Consumer Staples	1,394,490	-	-	1,394,490
Energy	1,143,470	-	-	1,143,470
Financial	3,703,284	-	-	3,703,284
Healthcare	2,421,889	-	-	2,421,889
Industrials	2,263,199	-	-	2,263,199
Information Technology	5,173,650	-	-	5,173,650
Materials	880,536	-	-	880,536
Real Estate	418,366	-	-	418,366
Services	283,909	-	-	283,909
Telecommunication	523,096	-	-	523,096
Utilities	735,429	-	-	735,429
Total Stocks	21,770,391	-	-	21,770,391
Mutual Funds				
Equities	-	7,864,898	-	7,864,898
Fixed	-	20,502	-	20,502
Total Mutual Funds	-	7,885,400	-	7,885,400
Liquid Asset Funds	935,366	-	-	935,366
	\$ 22,705,757	\$ 14,906,985	\$ -	\$ 37,612,742

Note 4 - Improvements, Furniture and Equipment

Improvements, furniture and equipment, as of December 31, 2018 and 2017, is summarized as follows:

	2018	2017
Improvements, furniture and equipment	\$ 165,820	\$ 164,860
Less: Accumulated depreciation	117,480	109,112
Total furniture and equipment, at cost	<u>\$ 48,340</u>	<u>\$ 55,748</u>

Depreciation expense amounted to \$8,368 and \$9,098 for the years ended December 31, 2018 and 2017, respectively.

Note 5 - Net Assets With Donor Restrictions

Net assets with donor restrictions, as of December 31, 2018 and 2017, are available for the following purposes:

Donor-advised funds are funds whereby the donor may recommend to the Foundation, grants to be made from the fund. Upon the death or dissolution of the donors, the disposition of the fund will be at the discretion of the Foundation. These funds are as follows:

	2018	2017
Anna E. Durkin Memorial Fund	\$ 99,017	\$ 109,529
Koppelman/Dinner Fund	194,720	218,649
Jodi S. Crimmel Fund	14,705	16,573
One Point Fund	60,281	66,711
Jeanne Anderson Bovard Fund	80,097	69,828
George A. Pann Memorial Fund	30,550	33,675
Ann and Leo Moskowitz Celebration of Life Fund	47,942	51,202
Anastasia Fund	51,072	54,325
Dr. Stephen I. and Sara Rosenthal Fund	90,396	96,826
Sgt. Jan-Michael Argonish Memorial Fund	68,384	75,129
Fleese-Ludders Fund	50,234	54,442
The Humor Therapy Fund	13,387	13,796
Brian J. Sheridan, Jr. Memorial Fund	69,201	74,124
Ralph Keisling Memorial Fund	7,348	7,910
The Broderick Family Fund	36,565	33,897
The Molly Fund	262,541	279,811
Max Grochowski Fund	55,366	59,663
Junior League of Scranton Endowment Fund	15,139	17,059
Women Matters Fund	1,134	1,134
AJ Giombetti Memorial Fund	11,415	11,415
Laura Ducceschi Fund for Animal Welfare	315	920
Harold M. Thorpe Memorial Fund	3,054	2,324
Sarah Marie Heard Fund	53,703	57,523
The Gelb Foundation Fund	219,016	276,865
Hope for Hunter Fund	9,388	8,026
Extraordinary Cancer Care Fund	41,201	41,049
The Matt McGloin Fund	38,001	15,903
The USS Scranton Commanders' Commemoration Fund	2,858	2,858
Izzy's Sweets Bake Sale Fund	439	439

Note 5 - Net Assets With Donor Restrictions - (Continued)

	2018	2017
William G. McGowan Charitable Fund	202,195	214,442
NEPAGirls21 Fund	1,355	1,806
The Ann Pacifico Memorial Fund	24,875	25,879
Bender Family Foundation Fund	6,532	10,244
Stephen and Maria Hudacek Family Foundation Fund	11,903	4,006
Christopher Phillip Lewis Memorial Foundation Fund	2,575	3,075
The Lois Kearney Art Fund	196,484	107,444
The Kearney Family Fund	(541)	51,744
Transportation Fund	393,786	-
Sharon and Stephen Hudacek Family Fund	7,066	-
South Renaissance Fund	37,050	-
City of Scranton Recreation Fund	856	-
Paciotti Insurance Agency Fund	1,425	-
Greater Carbondale Area Ministerium Fund	93	-
Friends of Crowley Park	3,269	-
Lackawanna County Fair & Recreation Authority Fund	95	-
Saint David's Society Fund	93	-
The Broderick Family Fund to Support the ARC of NEPA	29,068	-
The Greater Scranton Martin Luther King Commission Fund	9,500	-
The Garden of Cedar Capital Fund	14,250	-
The Garden of Cedar Operating Fund	4,750	-
Minooka Subaru Foundation Fund	6,000	-
Matthew's Hope 4 Miracles Fund	3,875	-
Patrick J. Mellody Memorial Fund	26,929	30,268
David S. Mattei Mission Fund	12,913	12,946
Pastoral Care Fund	7,610	7,610
Volunteer Fund	3,255	3,255
Cody Jude Barrase Memorial Fund	31,168	16,250
Total donor-advised funds	2,665,898	2,240,574

Donor-designated funds are funds whereby the donor specifically designates a recipient organization or a specific purpose for which the fund has been created. These funds are as follows:

Margaretta Belin Chamberlin Fund	61,185	68,218
Thomas G. Gallagher, Jr. United Way Operational Endowment Fund	744,571	831,020
Philip Salsburg Memorial Fund	71,308	80,682
Wallace E. Gordon Memorial Fund	29,853	33,639
Karen O'Connell Welles Music Fund	80,760	89,646
Margaretta Belin Chamberlin Award Fund	132,157	142,629
Roseann Smith Alperin Memorial/Junior League of Scranton Fund	47,638	50,223
The Wilderness Fund	485,788	536,081
Marion M. (Scranton) Isaacs Fund for the Scranton Public Library Children's Division	12,660	14,234

Note 5 - Net Assets With Donor Restrictions - (Continued)

	2018	2017
Paul and Ann Marie Kelly Fund	32,592	36,375
Lloyd T. Capwell YMCA Youth Activities Fund	12,956	14,590
United Nations Association – USA of Northeast Pennsylvania David J. Wenzel Peace Fund	25,854	26,822
Zak's Helping Hands Fund	1,032	1,163
Rubin and Helen Rabinowitz Endowment Fund	93,278	101,090
Patti Lynett Fund for the Everhart Museum	13,760	14,633
Catherine A. Foley, Esquire, Memorial Fund for the Lackawanna Pro Bono, Inc.	37,960	41,393
John F. Finetti Memorial Fund John's Camping Fund	39,811	43,061
The Lackawanna Pro Bono Fund	48,475	54,624
Joseph C. Kreder Fund for the Lackawanna Pro Bono, Inc	66,571	75,016
Janet Rothenberg Memorial Fund for the Lackawanna Pro Bono, Inc.	29,082	32,474
Ginny John Camp Archbald Fund	52,986	59,745
Morey M. Myers Fund for the Lackawanna Pro Bono, Inc.	41,543	46,814
James Scanlon Fund for Lackawanna Pro Bono, Inc.	27,588	31,087
The Carlene R. Gallo, Esq., Robert T. Gownley, Jr., Esq., Jill H. Miller, Esq. Fund for Lackawanna Pro Bono, Inc.	33,942	37,946
Griffin Fund for the Music Department at Marywood University	8,155	9,169
Robert & Bernadine Munley Fund for the Lackawanna Pro Bono, Inc.	63,979	72,095
Msgr. Joseph G. Quinn Fund for the Lackawanna Pro Bono, Inc.	28,533	32,152
The Northeastern Pennsylvania Philharmonic Orchestra William R. and Natalie Henkelman Fund	128,504	137,645
Karen O'Connell Welles Leadership Lackawanna Fund	19,697	21,616
Margaret Briggs Leadership Lackawanna Fund	28,022	31,538
William P. Rinaldi Leadership Lackawanna Fund	10,513	11,769
Rocco Valvano Veterans Fund	20,374	22,908
Ned & Mary Ann Abrahamsen, George & Patti Lynett, Scranton Area Foundation Fund for Lackawanna Pro Bono, Inc.	52,116	58,728
John R. & Maureen J. Pesavento Community Service Award	12,540	13,792
Steamtown Museum Association Fund	314,489	338,722
Paul J. Schmitt, Sr. & Helen Stapleton Schmitt Memorial Fund	6,313	7,113
Carlene R. Gallo, Esq., Robert T. Gownley, Jr., Esq., Morey & Sondra Myers, PNC Bank Fund for Lackawanna Pro Bono, Inc.	27,310	30,774
R. Matthew Burne Hope & Healing Fund	7,474	8,456
Government Leadership Award Fund	6,711	7,561

Note 5 - Net Assets With Donor Restrictions - (Continued)

	2018	2017
The Scranton School for the Deaf & Hard of Hearing Children Fund	6,313	7,113
Sylvia H. Hahn, Esq., Fund for Lackawanna Pro Bono, Inc.	20,794	23,432
Matthew D. Mackie, Jr. Fund	59,007	66,667
Tomorrow's Leaders Today Fund	40,445	45,555
Century Club Building Maintenance Fund	21,685	20,687
Roselle B. and Louis A Fine Memorial Fund for Lackawanna Pro Bono	16,466	15,194
Lackawanna Neighbors Joseph H. Young Award Fund	28,749	31,748
Friends of Connors Park Fund	475	475
West Scranton Parks and Programs Fund	95	95
NEPA Match Day Fund	74	74
The Thomas G. Gallagher Jr. Fund	56,688	64,100
Austin M. Bumbarger: Eyes in the Sky Memorial Fund	145	505
Outreach Building Maintenance Fund	11,325	-
H. Leigh Woehling Leadership Lackawanna Fund	2,850	-
Carol M. Breig NEPA Philharmonic Fund	3,145	-
Total donor-designated funds	3,226,336	3,542,888

Scholarship Funds are funds to further the education of students in the greater Scranton/Lackawanna Region. These funds are as follows:

	2018	2017
Dr. Bernard Shair Memorial Fund	69,558	75,975
Joseph P. McDonald Memorial Fund	41,863	45,419
Blakely Borough Scholarship Association Fund	59,275	64,755
Joseph J. Costa Memorial Scholarship Fund	95,179	107,016
Sarah Beth Beynon Memorial Scholarship Fund	44,772	50,650
Jane H. Rushmore Memorial Nursing Scholarship Fund	72,302	75,114
Richard and Sally Marquardt Education Fund	93,914	105,715
Jennifer Morgan Scholarship Fund	5,131	5,751
Russell J. O'Malley and James E. O'Brien Memorial Scholarship Fund	31,519	35,208
Jeffrey Morgan Davis Memorial Scholarship Fund	35,953	40,431
Willard M. Henkelman, Esquire Scholarship Fund	27,303	29,125
Ashley and Erin Williams Memorial Scholarship Fund	12,925	13,845
James F. Swift Scholarship Fund	8,725,547	9,616,691
Margaret Briggs Lackawanna College Scholarship Fund	91,098	102,430
Dr. E. C. LaCoe Scholarship Fund	20,663	23,146
Catherine A. Alu Memorial Scholarship Fund	18,415	20,832
Neal J. Fasula Scholarship Fund	269,080	277,277
Ann Wall Scholarship Fund	30,314	32,947
Edward C. Snyder Memorial Scholarship Fund	28,900	31,909
Chris Till Sender Scholarship Fund	14,463	16,048
Jefferson Scholarship Fund	96,176	108,305

Note 5 - Net Assets With Donor Restrictions - (Continued)

	2018	2017
Junior League of Scranton Scholarship Fund	12,745	14,067
John R. and Maureen J. Pesavento All Saints Interparochial Academy Scholarship Fund for Holy Cross High School	12,932	14,425
John R. and Maureen J. Pesavento All Saints Interparochial Academy Scholarship Fund for Scranton Preparatory School	12,928	14,515
James M. Akens North Pocono Athletic Trust Fund	46,820	51,106
Dulcey Degilio Scholarship Fund	42,079	46,554
John R. and Maureen J. Pesavento Keystone College Scholarship Fund	14,122	15,876
Sean J. Calpin Automotive Technology Scholarship Fund	36,855	40,011
John R. and Maureen J. Pesavento Lackawanna College Scholarship Fund	14,263	16,079
Donald P. Becker Wallenpaupack Scholarship Fund	48,511	54,726
John & Grace Kreig Scholarship Fund	10,133	10,517
Danielle Faramelli Scholarship Fund	25,500	28,425
Midori Yamanouchi-Rynn, Ph.D. Scholarship Fund	45,126	50,722
Joseph (Firp) and Charlie Pacino Scholarship Fund	40,865	45,177
Greg Legg NEPA Diamond Scholarship Fund	24,637	26,389
Caroline Ace, LPN/Angela Muchal, LPN Scholarship Fund	15,419	17,511
American Legion A Pierson Hurd Academic Scholarship Fund	80,594	87,281
Todd Angelo Memorial Scholarship Award Fund	52,912	59,781
#GaryInspiredMe Scholarship Fund	94,153	105,784
Scranton Central High School Alumni Scholarship Fund	43,646	47,705
The Keisling Family Scholarship Fund	7,530	8,066
Scranton Central High School Class of 1964 Memorial Scholarship Fund	10,152	11,347
Constance M. and Joseph A. Brocovich Memorial Scholarship Fund	28,660	32,353
Cinderella's Closet of NEPA Scholarship Fund	23,924	20,693
Angelina Fricchione and Michael Cupple Scholarship Fund	482,687	549,812
Pay-It-Forward Scholarship Fund	5,985	6,000
Austin M. Bumbarger: Helping Hands Memorial Fund	5	355
The Raoul Wallenberg Scholarship Fund	10,383	11,133
The Tolerance Scholarship Fund	10,383	11,133
William Nasser Jr. Scholarship Fund	4,323	-
Scranton High School Class of 1992 Scholarship Fund	312	-
Jason Evans Memorial Wrestling Scholarship Fund	17,168	-
Patrick Andrew Luptak Scholarship Fund	3,159	-
Total scholarship funds	11,164,261	12,276,132

Note 5 - Net Assets With Donor Restrictions - (Continued)

Field of interest funds are funds whereby a donor designates a special area of interest (i.e. education, arts, health, etc.) in which grants may be made from the fund. The Foundation names the grant recipient within that particular field. These funds are as follows:

	<u>2018</u>	<u>2017</u>
The Heather Fund	21,439	24,105
Benjamin Franklin Trust Fund	66,695	75,451
The Fund for Women and Girls	151,827	133,812
Women in Philanthropy Initiative Fund	333,854	515,294
Total field of interest funds	<u>573,815</u>	<u>748,662</u>

Charitable Remainder Trusts are trusts whereby the donors and named beneficiaries are to receive, during their lifetime, quarterly distributions equal to a percentage of the fair market value of the fund determined at the beginning of each year. Upon their deaths, the principal and income of the fund will be used to establish funds within the Foundation. These funds are as follows:

	<u>2018</u>	<u>2017</u>
Midori Yamanouchi Charitable Remainder Unitrust for Northeastern Pennsylvania Philharmonic	53,369	62,614
Total charitable remainder trusts	<u>53,369</u>	<u>62,614</u>

Grant Funds are funds to assist with various projects in Northeast Pennsylvania. These funds are as follows:

	<u>2018</u>	<u>2017</u>
Moses Taylor Foundation Building Capacity Amongst Lackawanna County Nonprofit Organizations Grant	132,182	106,374
Moses Taylor Foundation Equitable Transportation Coordinator Grant	10,000	-
Schwartz-Mack Foundation Capacity Building Grant	2,500	-
Total grants	<u>144,682</u>	<u>106,374</u>
Total net assets with donor restrictions	<u>\$ 17,827,361</u>	<u>\$ 18,977,244</u>

Note 5 - Net Assets With Donor Restrictions - (Continued)

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors as follows:

	2018	2017
Purpose restriction accomplished:		
Education Grants	\$ 462,687	\$ 403,165
Human Services Grants	361,420	226,005
Children and Youth Grants	79,816	37,536
Arts and Culture Grants	35,257	35,309
Community Development Grants	100,497	73,168
Environmental	2,842	885
Health	22,386	7,456
Religion	19,100	5,100
Animal Welfare	5,076	3,978
Match Day	2,689	2,999
Veterans	1,387	9,151
Women and Girls	4,952	2,775
Seniors	-	1,000
Housing	1,300	-
Miscellaneous	3,000	7,428
Total grants	1,102,409	815,955
Direct Fund Expenses	350,777	231,907
Total purpose restrictions accomplished	1,453,186	1,047,862
Time restriction accomplished:		
None	-	-
Total restrictions released	\$ 1,453,186	\$ 1,047,862

Note 6 - Charitable Remainder Unitrust

The Foundation is the Trustee of the Midori Yamanouchi Charitable Remainder Unitrust. Upon the death of the unitrust beneficiary, the remaining assets held by the Unitrust will be distributed to the Foundation, to establish the Midori Yamanouchi-Rynn Endowment Fund of the Scranton Area Foundation for Northeastern Pennsylvania Philharmonic.

The present value of the liability under the Midori Yamanouchi Charitable Remainder Unitrust is remeasured annually based on the life expectancy of the beneficiary, using the Uniform Life Expectancy tables and a discount rate of 5%. The unitrust liability amounted to \$19,345 and \$18,284 at December 31, 2018 and 2017, respectively.

Assets held under charitable remainder unitrusts are measured at fair value and are included on the Statements of Financial Position in the amount of \$72,714 and \$80,898 at December 31, 2018 and 2017, respectively.

Note 7 - Contributions

Contributions to the Foundation, for the years ended December 31, 2018 and 2017, were as follows:

<u>Net Assets Without Donor Restrictions</u>	<u>2018</u>	<u>2017</u>
Total contributions	<u>\$ 42,563</u>	<u>\$ 131,667</u>
<u>Net Assets With Donor Restrictions</u>	<u>2018</u>	<u>2017</u>
Anna E. Durkin Memorial Fund	\$ 1,725	\$ 2,550
Jeanne Anderson Bovard Fund	16,564	78
George A. Pann Memorial Fund	395	459
Ann and Leo Moskovitz Celebration of Life Fund	157	-
The Anastasia Fund	3,150	685
Sgt. Jan-Michael Argonish Memorial Fund	1,863	2,650
Fleese-Ludders Fund	368	525
The Humor Therapy Fund	535	24
The Broderick Family Fund	6,976	5,000
The Molly Fund	11,716	21,384
Max Grochowski Fund	2,611	5,093
Laura Ducceschi Fund for Animal Welfare	2,350	2,200
Harold M. Thorpe Memorial Fund	750	1,075
Hope for Hunter Fund	2,070	640
Extraordinary Cancer Care Fund	160	28,528
The Matt McGloin Fund	67,735	33,195
Izzy's Sweets Bake Sale Fund	-	643
The Ann Pacifico Memorial Fund	900	5,000
Bender Family Foundation Fund	45,780	48,503
Weston Field and Weston Park Disbursement Fund	-	102,612
Stephen and Maria Hudacek Family Foundation Fund	23,268	5,375
Christopher Phillip Lewis Memorial Foundation Fund	-	3,237
The Lois Kearney Art Fund	99,152	105,749
The Kearney Family Fund	25,084	51,744
Transportation Fund	650,000	-
Sharon and Stephen Hudacek Family Fund	11,122	-
South Renaissance Fund	39,000	-
City of Scranton Recreation Fund	92,480	-
Paciotti Insurance Agency Fund	1,500	-
Greater Carbondale Area Ministerium Fund	98	-
Friends of Crowley Park Fund	4,388	-
Lackawanna County Fair & Recreation Authority Fund	100	-
Saint David's Society Fund	98	-
The Broderick Family Fund to Support the Arc of NEPA	31,483	-
The Greater Scranton Martin Luther King Commission Fund	10,000	-
The Garden of Cedar Capital Fund	15,000	-
The Garden of Cedar Operating Fund	5,000	-
Minooka Subaru Foundation Fund	6,000	-
Matthew's Hope 4 Miracles Fund	4,045	-
David S. Mattei Mission Fund	13,078	13,304
Cody Jude Barrase Memorial Fund	27,000	17,000

Note 7 - Contributions - (Continued)

	2018	2017
Wallace E. Gordon Memorial Fund	-	20
Karen O'Connell Welles Music Fund	400	300
Roseann Smith Alperin Memorial/Junior League of Scranton Fund	809	-
The Wilderness Fund	2,055	1,976
Lloyd T. Capwell YMCA Youth Activities Fund	20	220
United Nations Association - USA of Northeast		
Pennsylvania David J. Wenzel Peace Fund	845	2,660
Patti Lynett Fund for the Everhart Museum Fund	800	520
Catherine A. Foley Esquire Memorial Fund for Lackawanna		
Pro Bono	1,330	1,250
John F. Finetti Memorial Fund John's Camping Fund	1,050	1,000
Lackawanna Pro Bono Fund	-	5,250
Janet Rothenberg Memorial Fund for the Lackawanna Pro Bono, Inc.	287	301
Ginny John Camp Archbald Fund	50	-
Morey M. Myers Fund for the Lackawanna Pro Bono, Inc.	-	5,344
James Scanlon Fund for Lackawanna Pro Bono, Inc.	-	-
The Carlene R. Gallo, Esq., Robert T. Gownley, Jr. Esq., Jill		
H. Miller, Esq., Fund for Lackawanna Pro Bono, Inc.	300	450
Msgr. Joseph G. Quinn Fund for Lackawanna Pro Bono, Inc.	-	300
Karen O'Connell Welles Leadership Lackawanna Fund	500	-
Ned & Mary Ann Abrahamsen, George & Patti Lynett, SAF Fund		
for Lackawanna Pro Bono, Inc.	-	263
John R. & Maureen J. Pesavento Community Service Award Fund	250	-
R. Matthew Burne Hope & Healing Fund	-	120
Sylvia H. Hahn, Esq., Fund for Lackawanna Pro Bono, Inc.	-	300
Century Club Building Maintenance Fund	3,762	2,446
Roselle B. and Louis A. Fine Memorial Fund for Lackawanna Pro		
Bono	3,250	2,500
NEPA Match Day Fund	2,690	2,991
Austin M. Bumbarger: Eyes in the Sky Memorial Fund	-	1,400
Outreach Building Maintenance Fund	12,000	-
H. Leigh Woehling Leadership Lackawanna Fund	3,070	-
Carol Breig NEPA Philharmonic Fund	3,530	-
Dr. Bernard Shair Memorial Fund	2,573	3,097
Joseph P. McDonald Memorial Fund	510	2,491
Jane H. Rushmore Memorial Nursing Scholarship Fund	2,373	925
Richard and Sally Marquardt Education Fund	217	6,270
Jennifer Morgan Scholarship Fund	78	-
Russell J. O'Malley and James E. O'Brien Memorial		
Scholarship Fund	433	722
Willard M. Henkelman, Esquire Scholarship Fund	120	480
Dr. E. C. LaCoe Scholarship Fund	-	120
Neal J. Fasula Scholarship Fund	20,400	20,000
Chris Till Sender Scholarship Fund	240	696
Junior League of Scranton Scholarship Fund	60	420
Dulcey Degilio Scholarship Fund	426	465
Sean J. Calpin Automotive Technology Scholarship Fund	940	-
John R. and Maureen J. Pesavento Lackawanna College		
Scholarship Fund	208	-
John & Grace Kreig Scholarship Fund	330	150

Note 7 - Contributions - (Continued)

	2018	2017
Danielle Faramelli Scholarship Fund	240	-
Joseph (Firp) and Charlie Pacino Scholarship Fund	26	-
Todd Angelo Memorial Scholarship Fund	2,287	2,571
#GaryInspiredMe Scholarship Fund	131	131
Scranton Central High School Class of 1964 Memorial Scholarship Fund	123	495
Constance M. and Joseph A. Brocavich Memorial Scholarship Fund	-	5,000
Cinderella's Closet of NEPA Scholarship Fund	5,600	4,000
Angelina Fricchione and Michael Cupple Scholarship Fund	-	250,000
Pay-It-Forward Scholarship Fund	18,900	6,300
Austin M Bumbarger: Helping Hands Memorial Fund	161	400
The Raoul Wallenberg Scholarship Fund	-	10,981
The Tolerance Scholarship Fund	-	10,981
The Melvin-Deininger Scholarship Fund	2,100	-
William Nasser, Jr. Scholarship Fund	4,545	-
Scranton High Class of 1992 Scholarship Fund	330	-
Jason Evans Memorial Wrestling Scholarship Fund	18,713	-
Patrick Andrew Luptak Scholarship Fund	3,325	-
The Fund for Women and Girls	31,379	34,466
Women in Philanthropy Initiative Fund	-	8,000
Total contributions - With Donor Restrictions	<u>\$1,377,467</u>	<u>\$ 856,025</u>

Note 8 - Leasing Arrangements

An occupancy agreement was negotiated as of September 30, 2014 at a rate of \$1,932 per month for space in the Community Service Wing of the Myer Davidow Memorial Building at 615 Jefferson Avenue, Scranton, Pennsylvania. It is month-to-month with potential annual occupancy fee increases between 0% and 2.5% and with the option to terminate with a minimum of 6 month termination notice. Rental expenses amounted to \$24,420 and \$24,059 for the years ending December 31, 2018 and 2017, respectively.

Note 9 - Pension Plan

The Foundation has a non-contributory Simplified Employees Pension Plan covering all eligible employees. Employer contributions are determined annually by the Board of Governors as a percentage of compensation. The contributions for the years ended December 31, 2018 and 2017 were \$22,403 and \$20,911, respectively.

Note 10 - Designated Net Assets

The Board of Governors of the Foundation, as of December 31, 2018 and 2017, have designated net assets to be available for the following:

	<u>2018</u>	<u>2017</u>
Matching grants to present and future endowment funds	\$ 25,000	\$ 25,000
Jeanne Bovard Administrative fund	758,942	794,867
Total Designated Net Assets	<u>\$ 783,942</u>	<u>\$ 819,867</u>

Note 11 - Cash Subject to Program Restrictions

Cash subject to program restrictions consisted of the cash held to meet the requirements of net assets with donor restrictions. See Schedule 1 for a breakout of cash by fund.

Note 12 - Agency Endowments

Funds held as Agency Endowments as of December 31, 2018 and 2017, are as follows:

	<u>2018</u>	<u>2017</u>
Organizational funds are funds whereby an Organization establishes an endowment fund with the Foundation and, in turn, it receives quarterly or annual distributions of income from the fund. These funds are as follows:		
Frank T. Dolbear Memorial Fund	\$ 148,445	\$ 162,524
Easter Seal Society of the Northeastern Counties Endowment Fund	43,727	48,794
Leadership Lackawanna Fund	77,036	83,021
United Way of Lackawanna County Endowment Fund	49,505	55,252
Voluntary Action Center Fund	24,003	26,759
Young Men's Christian Association of Scranton	49,265	55,578
Scranton Public Library Memorial Fund	83,648	93,079
Northeast Regional Cancer Institute Fund	2,528,931	2,639,014
Marworth Endowment Fund	56,361	63,517
Griffin Pond Animal Shelter Endowment Fund	39,703	44,734
The Countryside Conservancy Fund	17,770	20,026
William W. & Mary L. Scranton Leadership Lackawanna Fund	11,047	12,340
Scranton Council for Literacy Advance Fund	37,777	42,488
The Arc of NEPA Foundation	28,749	32,495
The Greater Carbondale YMCA Endowment Fund	18,686	-
Total Agency Endowments	<u>\$ 3,214,653</u>	<u>\$ 3,379,621</u>

SUPPLEMENTARY INFORMATION

PROGRAM GRANTS

YEARS ENDED DECEMBER 31, 2018 AND 2017

	2018		2017	
	%	Amount	%	Amount
<u>Net Assets Without Donor Restrictions</u>				
Human Services	11	\$ 39,800	16	\$ 46,500
Children and Youth	21	79,830	16	44,150
Health	-	-	1	2,500
Housing	4	14,000	4	10,000
Community Development	23	87,241	17	47,504
Matching grants to endowments	5	20,619	3	9,917
Arts and Culture	7	26,000	9	26,668
Environmental	5	19,500	-	-
Education	11	42,500	14	41,000
Animal Welfare	1	5,000	1	2,500
Match Day	7	25,000	9	24,000
Veterans	-	-	4	12,000
Seniors	1	5,000	4	10,000
Critical Needs	4	16,180	2	4,675
	100	380,670	100	281,414
<u>Net Assets With Donor Restrictions</u>				
Education		462,687		403,165
Human Services		361,420		226,005
Children and Youth		79,816		37,536
Arts and Culture		35,257		35,309
Community Development		100,497		73,168
Environmental		2,842		885
Health		22,386		7,456
Religion		19,100		5,100
Animal Welfare		5,076		3,978
Match Day		2,689		2,999
Veterans		1,387		9,151
Women and Girls		4,952		2,775
Seniors		-		1,000
Housing		1,300		-
Miscellaneous		3,000		7,428
		1,102,409		815,955
Total Program Grants		\$ 1,483,079		\$1,097,369

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