

# **The Luzerne Foundation**

Financial Statements

December 31, 2019 and 2018

# The Luzerne Foundation

---

Table of Contents

December 31, 2019 and 2018

	<u>Page</u>
<b>Independent Auditors' Report</b>	1
<b>Financial Statements</b>	
Statements of Financial Position	2
Statements of Activities	3
Statements of Cash Flows	4
Notes to Financial Statements	5

## Independent Auditors' Report

To the Board of Directors of  
The Luzerne Foundation

We have audited the accompanying financial statements of The Luzerne Foundation (the Foundation), which comprise the statements of financial position as of December 31, 2019 and 2018, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

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

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

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

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Luzerne Foundation as of December 31, 2019 and 2018 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.



Baker Tilly US, LLP (formerly known as Baker Tilly Virchow Krause, LLP)  
Wilkes-Barre, Pennsylvania  
August 17, 2020

# The Luzerne Foundation

Statements of Financial Position  
December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
<b>Assets</b>		
<b>Cash and Cash Equivalents</b>	\$ 2,711,622	\$ 1,923,032
<b>Investments</b>	38,121,667	30,247,994
<b>Pledges Receivable, Net</b>	-	33,699
<b>Contribution Receivable From Remainder Trusts</b>	1,748,148	1,470,886
<b>Contribution Receivable From Annuity</b>	88,840	105,662
<b>Property and Equipment, Net</b>	<u>688,803</u>	<u>681,613</u>
Total assets	<u>\$ 43,359,080</u>	<u>\$ 34,462,886</u>
<b>Liabilities and Net Assets</b>		
<b>Funds Held as Agency Endowment</b>	\$ 8,161,936	\$ 5,013,040
<b>Liability Under Unitrusts</b>	<u>709,177</u>	<u>636,198</u>
Total liabilities	<u>8,871,113</u>	<u>5,649,238</u>
<b>Net Assets</b>		
Without donor restrictions	33,448,996	27,978,960
With donor restrictions	<u>1,038,971</u>	<u>834,688</u>
Total net assets	<u>34,487,967</u>	<u>28,813,648</u>
Total liabilities and net assets	<u>\$ 43,359,080</u>	<u>\$ 34,462,886</u>

See notes to financial statements

# The Luzerne Foundation

## Statements of Activities

Years Ended December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
<b>Changes in Net Assets Without Donor Restrictions</b>		
Unrestricted revenues and other support:		
Contributions	\$ 16,798,876	\$ 17,089,488
Net investment income (loss)	5,383,377	(1,350,987)
Other revenue	10,988	-
Total revenues and other support	<u>22,193,241</u>	<u>15,738,501</u>
Expenses:		
Program services:		
Grants	15,685,862	17,916,937
Salaries and benefits	130,336	190,476
Total program services	<u>15,816,198</u>	<u>18,107,413</u>
Management and general:		
Salaries and benefits	170,934	141,065
Professional fees	62,635	33,014
Bad debt	33,699	-
Property expense	29,399	42,378
Payroll taxes	27,156	25,575
Miscellaneous	23,314	42,490
Depreciation expense	18,574	5,708
Auto expense	10,020	9,785
Insurance	7,688	15,971
Conferences, conventions and meetings	6,629	8,217
Dues and subscriptions	6,361	4,741
Telephone	5,926	8,412
Advertising	5,509	16,976
Technological advances	5,180	10,926
Rent expense	-	16,150
Interest	-	1,817
Total management and general	<u>413,024</u>	<u>383,225</u>
Fund raising:		
Special events	402,018	453,857
Salaries and benefits	91,965	45,890
Total fund raising	<u>493,983</u>	<u>499,747</u>
Total expenses	<u>16,723,205</u>	<u>18,990,385</u>
Increase (decrease) in net assets without donor restrictions	<u>5,470,036</u>	<u>(3,251,884)</u>
<b>Changes in Net Assets With Donor Restrictions</b>		
Change in value of remainder trusts	<u>204,283</u>	<u>(50,864)</u>
Increase (decrease) in net assets	5,674,319	(3,302,748)
<b>Net Assets, Beginning</b>	<u>28,813,648</u>	<u>32,116,396</u>
<b>Net Assets, Ending</b>	<u>\$ 34,487,967</u>	<u>\$ 28,813,648</u>

See notes to financial statements

## The Luzerne Foundation

### Statements of Cash Flows

Years Ended December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
<b>Cash Flows From Operating Activities</b>		
Increase (decrease) in net assets	\$ 5,674,319	\$ (3,302,748)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used in) operating activities:		
Depreciation	18,575	5,708
Unrealized and realized (gains) losses, net	(4,783,940)	1,894,968
Change in value of remainder trusts and annuity	(260,440)	165,957
Changes in assets and liabilities:		
Funds held as agency endowment	3,148,896	(119,444)
Liability under unitrusts	72,979	(93,193)
Net cash provided by (used in) operating activities	<u>3,904,088</u>	<u>(1,448,752)</u>
<b>Cash Flows From Investing Activities</b>		
Purchase of investments	(10,571,075)	(4,509,695)
Purchase of property and equipment	(25,765)	(338,805)
Proceeds from sale of investments	7,481,342	4,147,520
Proceeds from sale of property	-	539,139
Net cash used in investing activities	<u>(3,115,498)</u>	<u>(161,841)</u>
<b>Cash Flows From Financing Activities</b>		
Repayment of note payable	-	(330,000)
Net increase (decrease) in cash and cash equivalents	788,590	(1,940,593)
<b>Cash and Cash Equivalents, Beginning</b>	<u>1,923,032</u>	<u>3,863,625</u>
<b>Cash and Cash Equivalents, Ending</b>	<u>\$ 2,711,622</u>	<u>\$ 1,923,032</u>
<b>Supplemental Cash Flow Disclosure</b>		
Interest paid	<u>\$ -</u>	<u>\$ 1,817</u>

See notes to financial statements

# The Luzerne Foundation

---

Notes to Financial Statements  
December 31, 2019 and 2018

## 1. Nature of Operations and Summary of Significant Accounting Policies

### Nature of Operations

The Luzerne Foundation (the Foundation), a community foundation, is a nonstock, not-for-profit corporation located in Luzerne County, Pennsylvania. The Foundation was formed to serve the interests and needs of Luzerne County, Pennsylvania and the surrounding areas and thereby enhance the quality of life for residents of those communities. This objective will be achieved by receiving, managing and disbursing funds for charitable and educational purposes as well as engaging in activities and functions for the benefit of those communities. Support is derived through direct solicitation of individuals, businesses and the community at large.

### Revenue and Revenue Recognition

Contributions received are recorded as increases in net assets without donor restrictions and net assets with donor restrictions, depending on the existence and nature of any donor restrictions. When a donor restriction is accomplished, net assets with donor restrictions are reclassified as net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

The Foundation recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been met.

### Net Assets

The Foundation reports information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions. Net assets without donor restrictions are defined as assets that are free of donor-imposed restrictions, and include all investment income and appreciation not subject to donor-imposed restrictions, as discussed below. Net assets with donor restrictions are net assets whose use has been limited by donor-imposed time or purpose restrictions or those that are defined as net assets required by the donor restrictions or law to be maintained by the Foundation in perpetuity. The Foundation reflects restricted contributions whose restrictions are met in the same reporting period as unrestricted support.

Pursuant to donor restrictions, the Foundation classified each of its component funds into the following types: unrestricted funds, field of interest funds, donor-advised funds, scholarship funds, designated funds and organizational endowment funds. While it is the intent of the Foundation to hold these assets as endowment funds, its board of directors may, by majority vote, modify any restriction or condition on the distribution of funds from its component trusts if, in their judgment, such restriction becomes unnecessary, incapable of fulfillment or inconsistent with the charitable needs of the community (i.e., variance power). Authoritative guidance on accounting for contributions received and contributions made provides that if the governing body has variance power, contributions should be classified as net assets without donor restrictions. Accordingly, all net assets and related activity over which the management of the Foundation exercises direct control are classified as without donor restrictions in the accompanying financial statements. The board of directors of the Foundation ratified a recommendation limiting the current year grant distribution from individual endowment funds to 4.25 percent of the average market value, using a sixteen quarter trailing average of the principal fair value of each fund. For funds less than four years old, the fair value will be the average of all quarterly fair values to date. The funds noted above are classified as investments in the accompanying statements of financial position.

# The Luzerne Foundation

---

Notes to Financial Statements

December 31, 2019 and 2018

The Board has that ability (i.e. variance power); however, it would only exercise this authority if circumstances rendered the donor's requests unnecessary, undesirable, impracticable, impossible or incapable of fulfillment. Accordingly, the Foundation's financial statements classify substantially all amounts as net assets without donor restrictions.

## **Pledges Receivable**

Pledges receivable are reported at net realizable value. Receivables are written off when they are determined to be uncollectible based upon management's assessment of individual accounts. The allowance for uncollectible pledges is estimated based upon a periodic review of individual accounts. This allowance was \$9,015 at December 31, 2018.

## **Investments and Investment Risk**

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the statement of financial position. Investment income or loss (including realized and unrealized gains and losses on investments, interest and dividends), is included in net assets without donor restrictions unless the income or loss is restricted by donor or law.

The cost of investments received as gifts is fair value as determined upon receipt. The cost of investments sold is determined by use of the specific identification method.

The Foundation's investments are comprised of a variety of financial instruments and are managed by investment advisors. The fair values reported in the statements of financial position are subject to various risks including changes in the equity markets, the interest rate environment and general economic conditions. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the fair value of investment securities, it is reasonably possible that the amounts reported in the accompanying financial statements could change materially in the near term.

## **Property and Equipment**

Property and equipment are recorded at cost, or fair value at the date of contribution in the case of gifts. Depreciation is computed using the straight-line method over the estimated useful lives of the assets.

## **Income Taxes**

The Foundation is a not-for-profit corporation organized under the laws of the Commonwealth of Pennsylvania and is exempt from federal income taxes on its exempt income under Section 501(a) of the Internal Revenue Code.

The Foundation accounts for uncertainty in income taxes by prescribing a recognition threshold of more-likely-than-not to be sustained upon examination by the appropriate taxing authority. Measurement of the tax uncertainty occurs if the recognition threshold has been met. Management determined that there were no tax uncertainties that met the recognition threshold in 2019 and 2018.



# The Luzerne Foundation

---

Notes to Financial Statements  
December 31, 2019 and 2018

## Use of Estimates

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

## Cash and Cash Equivalents

For purposes of the statement of cash flows, the Foundation considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents, except the portion of its investment portfolio which are being invested in cash and other instruments with maturities of less than three months.

## Functional Expenses

The costs of operating the Foundation have been summarized on the Statements of Activities. Employee salaries and benefits have been allocated based upon the estimated time and effort of Foundation employees.

## Donated Services

Donated services are recognized as contributions in accordance with authoritative guidance, 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 the Foundation. Volunteer-provided services are not recognized as contributions in the financial statements since the criteria as prescribed in the authoritative guidance are not met.

## New Accounting Pronouncements

During August 2018, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2018-13, *Disclosure Framework - Changes to the Disclosure Requirements for Fair Value Measurement*. ASU No. 2018-13 modifies the disclosure requirements for fair value measurements in *Topic 820, Fair Value Measurement*. The amendments are based on the concepts in the FASB Concepts Statement, *Conceptual Framework for Financial Reporting—Chapter 8: Notes to Financial Statements*, which FASB finalized on August 28, 2018. ASU No. 2018-13 is effective for fiscal years beginning after December 15, 2019. The Foundation is currently assessing the effect that ASU No. 2018-13 will have on its disclosures.

## New Accounting Standards Adopted

Effective January 1, 2019, the Foundation adopted the FASB's ASU No. 2014-09, *Revenue From Contracts With Customers (Topic 606)*, and all related amendments using the modified retrospective transition method. Under the modified retrospective transition method, the Foundation's 2018 financial statements continue to be accounted for under the FASB's *Topic 605* and have not been adjusted. Revenues related to contributions and investment return were determined to be out of scope as they are covered by other accounting guidance. The adoption of ASU No. 2014-09, *Revenue From Contracts With Customers (Topic 606)* has not had a material impact on the Foundation.

# The Luzerne Foundation

---

Notes to Financial Statements

December 31, 2019 and 2018

Effective January 1, 2019, the Foundation adopted the FASB's ASU No. 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The new guidance is intended to clarify and improve accounting guidance for contributions received and contributions made. The adoption of ASU No. 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* has not had a material impact on the Foundation.

## 2. Investments and Fair Value Measurement

The Foundation measures its investments and contribution receivable from remainder trusts and annuity trusts at fair value on a recurring basis in accordance with accounting principles generally accepted in the United States of America.

Fair value is defined as the price that would be received to sell an asset or the price that would be paid to dispose of a liability in an orderly transaction between market participants at the measurement date. The framework that the authoritative guidance establishes for measuring fair value includes a hierarchy used to classify the inputs used in measuring fair value. The hierarchy prioritizes the inputs used in determining valuations into three levels. The level in the fair value hierarchy within which the fair value measurement falls is determined based on the lowest level input that is significant to the fair value measurement.

The levels of the fair value hierarchy are as follows:

Level 1 - Fair value is based on unadjusted quoted prices in active markets that are accessible to the Foundation for identical assets. These generally provide the most reliable evidence and are used to measure fair value whenever available.

Level 2 - Fair value is based on significant inputs, other than Level 1 inputs, that are observable either directly or indirectly for substantially the full term of the asset through corroboration with observable market data. Level 2 inputs include quoted market prices in active markets for similar assets, quoted market prices in markets that are not active for identical or similar assets, and other observable inputs.

Level 3 - Fair value would be based on significant unobservable inputs. Examples of valuation methodologies that would result in Level 3 classification include option pricing models, discounted cash flows and other similar techniques.

## The Luzerne Foundation

Notes to Financial Statements  
December 31, 2019 and 2018

The fair values of the Foundation's investments and contribution receivable from remainder trusts and annuity trusts were measured with the following inputs at December 31, 2019 and 2018:

	<b>2019</b>		
	<b>Total</b>	<b>Quoted Prices In Active Markets (Level 1)</b>	<b>Significant Unobservable (Level 3)</b>
Investments:			
Cash and cash equivalents	\$ 2,821,313	\$ 2,821,313	\$ -
U.S. government and agency bonds	5,255,167	5,255,167	-
Corporate bonds	419,146	419,146	-
Municipal bonds	169,996	169,996	-
Equity securities:			
Consumer discretionary	2,094,069	2,094,069	-
Consumer staples	1,566,933	1,566,933	-
Information technology	4,718,728	4,718,728	-
Healthcare	3,912,225	3,912,225	-
Industrials	2,245,286	2,245,286	-
Financial	3,551,811	3,551,811	-
Energy	848,798	848,798	-
Other various sectors	3,635,115	3,635,115	-
Mutual funds:			
Equity	3,422,895	3,422,895	-
Fixed income	3,011,936	3,011,936	-
Other	448,249	448,249	-
<b>Total investments</b>	<b>38,121,667</b>	<b>38,121,667</b>	<b>-</b>
Contribution receivable from remainder trusts	1,748,148	-	1,748,148
Contribution receivable from annuity, net	88,840	-	88,840
<b>Total</b>	<b>\$ 39,958,655</b>	<b>\$ 38,121,667</b>	<b>\$ 1,836,988</b>

## The Luzerne Foundation

Notes to Financial Statements  
December 31, 2019 and 2018

	<b>2018</b>		
	<b>Total</b>	<b>Quoted Prices In Active Markets (Level 1)</b>	<b>Significant Unobservable (Level 3)</b>
Investments:			
Cash and cash equivalents	\$ 2,213,374	\$ 2,213,374	\$ -
U.S. government and agency bonds	3,480,374	3,480,374	-
Corporate bonds	793,396	793,396	-
Equity securities:			
Consumer discretionary	1,910,002	1,910,002	-
Consumer staples	1,585,154	1,585,154	-
Information technology	3,933,401	3,933,401	-
Healthcare	3,281,524	3,281,524	-
Industrials	1,872,695	1,872,695	-
Financial	2,717,083	2,717,083	-
Energy	930,772	930,772	-
Other various sectors	2,206,044	2,206,044	-
Mutual funds:			
Equity	2,142,061	2,142,061	-
Fixed income	3,142,745	3,142,745	-
Other	39,369	39,369	-
<b>Total investments</b>	<b>30,247,994</b>	<b>30,247,994</b>	<b>-</b>
Contribution receivable from remainder trusts	1,470,886	-	1,470,886
Contribution receivable from annuity, net	105,662	-	105,662
<b>Total</b>	<b>\$ 31,824,542</b>	<b>\$ 30,247,994</b>	<b>\$ 1,576,548</b>

The following is a reconciliation of the beginning and ending balances of the fair value measurements of the Foundation's contribution receivable from remainder trusts and annuity:

	<b>Remainder Trusts</b>	<b>Annuity</b>
Balance at December 31, 2017	\$ 1,614,943	\$ 127,562
Valuation loss	(132,669)	-
Investment income	36,317	-
Annuity payments received	-	4,192
Distribution	(47,705)	(26,092)
Balance at December 31, 2018	1,470,886	105,662
Valuation gain	311,113	-
Investment income	34,400	-
Annuity payments received	-	4,192
Distribution	(68,252)	(21,014)
Balance at December 31, 2019	<b>\$ 1,748,147</b>	<b>\$ 88,840</b>

# The Luzerne Foundation

Notes to Financial Statements

December 31, 2019 and 2018

The Foundation had no instruments measured at fair value using Level 2 inputs at December 31, 2019 or 2018.

Investments are valued at fair value based on quoted market prices in active markets for cash and cash equivalents, U.S. government and fixed income securities, equity securities and mutual funds. The contribution receivable from remainder trust is valued at the present value of the estimated future payments to be distributed upon the donor's death.

The composition of investment return is as follows:

	<u>2019</u>	<u>2018</u>
Interest and dividend income	\$ 686,207	\$ 628,967
Investment fees	(86,771)	(84,986)
Unrealized and realized gains (losses), net	<u>4,783,941</u>	<u>(1,894,968)</u>
Net investment income (loss)	<u>\$ 5,383,377</u>	<u>\$ (1,350,987)</u>

The Foundation charges an annualized fee on endowment assets which combines both investment management (moneys paid out to investment managers) and administration of the Foundation. The total fees from both sources for an endowment fund at The Luzerne Foundation ranges from 1.25 percent to 2.00 percent annualized based on the type of fund and the level of administrative duties required. All fees are annualized and accepted quarterly based on the prior three month average fund balance.

### 3. Contribution Receivable From Remainder Trusts

Contributions receivable from remainder trusts represent funds expected to remain under charitable remainder unitrusts established for the benefit of the Foundation. The trustee is required to distribute a calculated amount to the donor during the donor's life. Upon the donor's death, the remaining assets in the unitrusts are to be distributed to the Foundation. The assets are recorded at the present value of the estimated future payment to be distributed upon the donor's death using a discount rate of 2.0 percent in 2019 and 3.6 percent in 2018 and are classified as net assets with donor restrictions. Where the Foundation serves as trustee, the obligation to make payments to the trust beneficiaries is reported as a liability under unitrusts. When trusts are established, the assets transferred to the Foundation are recognized at their fair value, and a liability is established for the present value of the estimated future payments to be made to the beneficiaries. The difference between those two amounts is recognized as a restricted contribution. Annually, the obligation is adjusted for changes in the value of the trust assets and actuarial changes in the estimates of future benefits. The annual adjustment is reported in the statements of activities as the change in value of remainder trusts.

### 4. Contribution Receivable From Annuity

Contribution receivable from annuity represents the present value of the future cash flows to the Foundation. The Foundation used a discount rate of 2.25 percent in 2019 and 2018.

### 5. Funds Held as Agency Endowment

Funds held as agency endowment represent funds received from donors for the express purpose of providing permanent on-going support to the donor agency. The Foundation has variance power over the use of these assets. These funds are included in investments in the accompanying statements of financial position. Carbon County had funds totaling \$650,619 and \$432,013 as of December 31, 2019 and 2018, respectively.

# The Luzerne Foundation

Notes to Financial Statements

December 31, 2019 and 2018

## 6. Related-Party Transactions

The Foundation received contributions from members of the Foundation's management and governing board. Contributions from related parties were approximately \$263,667 in 2019 and \$338,825 in 2018.

The Foundation has various depositor relationships with banks and investment managers that have officers that are also members of the Board. The relationships include traditional checking accounts and investment accounts.

## 7. Significant Concentrations and Credit Risk

During 2019, the Foundation received more than 3,116 contributions from 2,143 different individuals and businesses; however, approximately 85 percent and 90 percent of the Foundation's contribution revenue received in 2019 and 2018, respectively, was received from 4 donors.

The Foundation maintains cash accounts, which, at times, may exceed federally insured limits. The Foundation has not experienced any losses from maintaining cash accounts in excess of federally insured limits. Management believes that it is not subject to any significant credit risk on its cash accounts.

## 8. Liquidity and Availability of Resources

The following table reflects the Foundation's financial assets available for general expenditure within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year. Unavailable financial assets consist of: (a) assets whose use is limited by board designations, donor restrictions, regulatory bodies and loan and other agreements; and (b) assets held for others.

	<u>2019</u>	<u>2018</u>
Financial assets:		
Cash and cash equivalents	\$ 2,711,622	\$ 1,923,032
Contributions receivable from remainder trusts	1,748,148	1,470,886
Contribution receivable from annuity	88,840	105,662
Investments	38,121,667	30,247,994
Pledges receivable, net	-	33,699
	<u>42,670,277</u>	<u>33,781,273</u>
Less those unavailable for general expenditures within one year:		
Contributions collectible beyond one year	1,836,988	1,576,548
Funds held as agency endowment	8,161,936	5,013,040
Donor designated	1,038,971	834,688
	<u>10,037,905</u>	<u>7,424,276</u>
Total	<u>\$ 31,632,382</u>	<u>\$ 26,356,997</u>

## The Luzerne Foundation

---

Notes to Financial Statements  
December 31, 2019 and 2018

### 9. Subsequent Event

The Foundation evaluated subsequent events for recognition or disclosure through August 17, 2020 the date the financial statements were available to be issued.

In the first several months of 2020, the coronavirus and resulting disease, COVID-19, spread to the United States, including Pennsylvania where the Foundation principally operates.

As part of the Coronavirus Aid, Relief and Economic Security (CARES) Act, the Foundation received a \$74,035 loan on May 7, 2020, pursuant to the Paycheck Protection Program (PPP), administered by the U.S. Small Business Administration. There are no collateral or guarantee requirements under this program and payments are deferred for six months to November 7, 2020. The loan will bear interest at 1 percent per annum, and will mature on May 7, 2022. Subject to certain eligibility and certification requirements under the PPP, some or all of the loan amount may be forgiven; however, the amount and timing of any forgiveness is uncertain.