

THE OUTER BANKS  
COMMUNITY FOUNDATION, INC.  
SOUTHERN SHORES, NORTH CAROLINA

FINANCIAL STATEMENTS

December 31, 2017 and 2016

THE OUTER BANKS COMMUNITY FOUNDATION, INC.  
SOUTHERN SHORES, NORTH CAROLINA

December 31, 2017 and 2016

OFFICERS

President  
Vice-President  
Secretary  
Treasurer

Teresa Osborne  
Chris Seawell  
Loretta Michael  
Scott Brown

BOARD OF DIRECTORS

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Scott Brown  
Nancy Caviness  
Greg Honeycutt  
Scott Leggat  
Loretta Michael

Teresa Osborne  
Chris Seawell  
Nancy Sugg  
Clark Twiddy  
Jane Webster  
Ray White

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Sharon Elliott  
Dawn E. Enochs  
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Cashar W. Evans, Jr.  
M. Keith Fearing  
Helen E. Ford  
Paul Ford  
John Graham  
Jack Gray  
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Andy Griffith  
Charles Hardy  
Bobby Harrell  
Deloris Harrell  
James P. Harrell  
Avery Harrison  
Diane Henderson  
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Greg Honeycutt  
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Martin Kellogg, Jr  
Michael W. Kelly  
Jonathan Kenton  
Daniel D. Khoury  
Myra Ladd-Bone  
J. Randall Latta  
Kenneth L. Mann  
Wallace H. McCown  
Teresa Merritt  
Stockton Midgett  
Glen Miller  
Bob Muller  
Brant Murray  
Bob Oakes  
Josephine Oden  
Edward Olsen  
Robbie Parker  
Geneva Perry  
Jim Perry  
Michael C. Reeves  
Lila Schiffman  
Norman Shearin, Jr.  
Sterling Webster, III  
Robert E. Wells  
Stan White  
W. Ray White  
Jo Whitehead  
Suzanne S. Woolard

FOUNDER

David Stick

Board of Directors  
Outer Banks Community Foundation, Inc.  
Southern Shores, North Carolina

## INDEPENDENT AUDITORS' REPORT

We have audited the accompanying statements of assets, liabilities and net assets-cash basis of the Outer Banks Community Foundation, Inc. (a non-profit organization), as of December 31, 2017 and 2016, and the related statements of revenues, other support, expenses and changes in net assets-cash basis 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.

### *Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Outer Banks Community Foundation, Inc. as of December 31, 2017 and 2016, and the results of its activities for the years then ended on the basis of accounting described in Note 1B.

MEMBERS OF AICPA AND NCACPA

***Other Matters***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses schedules 1 and 2 are presented for purposes of additional analysis and are 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 audit 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.

JOHNSON, MIZELLE, STRAUB, & MURPHY, LLP  
Certified Public Accountants

*Johnson, Mizelle, Straub, & Murphy, LLP*

Kitty Hawk, North Carolina  
June 8, 2018

THE OUTER BANKS COMMUNITY FOUNDATION, INC.  
STATEMENTS OF ASSETS, LIABILITIES AND NET ASSETS - CASH BASIS  
December 31, 2017 and 2016

<u>ASSETS:</u>	<u>2017</u>	<u>2016</u>
Cash and cash equivalents	\$ 209,978	\$ 65,339
Sales tax receivable	425	230
Other receivables	-	336
Investments	17,127,151	13,799,029
Charitable remainder unitrusts	-	69,691
Property and equipment, net of depreciation	299,182	303,059
<u>Total Assets</u>	<u>\$ 17,636,736</u>	<u>\$ 14,237,684</u>
 <u>LIABILITIES:</u>		
Other payables	\$ 131	\$ -
Funds held as agency endowments	877,065	548,155
<u>Total Liabilities</u>	<u>877,196</u>	<u>548,155</u>
 <u>NET ASSETS:</u>		
Undesignated	8,280,684	6,548,339
Designated	8,478,856	7,071,499
Temporarily restricted	-	69,691
	<u>16,759,540</u>	<u>13,689,529</u>
 <u>Total Net Assets</u>		
 <u>TOTAL LIABILITIES AND NET ASSETS</u>	<u>\$ 17,636,736</u>	<u>\$ 14,237,684</u>

See accompanying notes to financial statements.

THE OUTER BANKS COMMUNITY FOUNDATION, INC.  
STATEMENTS OF REVENUES, OTHER SUPPORT, EXPENSES AND  
CHANGES IN NET ASSETS - CASH BASIS  
For the years ended December 31, 2017 and 2016

	2017		
	Temporarily		
	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>
<u>REVENUES AND OTHER SUPPORT:</u>			
Contributions	\$ 1,712,433	\$ -	\$ 1,712,433
Membership and Undesignated Gifts	70,971	-	70,971
Income (loss) on investments	2,214,657	-	2,214,657
Other income	8,441	-	8,441
Net assets released from restrictions:			
Satisfaction of restrictions	69,691	(69,691)	-
<u>Total Revenues and Other Support</u>	<u>4,076,193</u>	<u>(69,691)</u>	<u>4,006,502</u>
 <u>EXPENSES:</u>			
Community Programs	775,667	-	775,667
Management and general	79,299	-	79,299
Fundraising	81,525	-	81,525
<u>Total Expenses</u>	<u>936,491</u>	<u>-</u>	<u>936,491</u>
 <u>CHANGE IN NET ASSETS</u>	<u>3,139,702</u>	<u>(69,691)</u>	<u>3,070,011</u>
 <u>NET ASSETS AT BEGINNING OF YEAR</u>	<u>13,619,838</u>	<u>69,691</u>	<u>13,689,529</u>
 <u>NET ASSETS AT END OF YEAR</u>	<u>\$ 16,759,540</u>	<u>\$ -</u>	<u>\$ 16,759,540</u>

See accompanying notes to financial statements.

THE OUTER BANKS COMMUNITY FOUNDATION, INC.  
STATEMENTS OF REVENUES, OTHER SUPPORT, EXPENSES AND  
CHANGES IN NET ASSETS - CASH BASIS  
For the years ended December 31, 2017 and 2016

	2016		
	Temporarily		
	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>
<u>REVENUES AND OTHER SUPPORT:</u>			
Contributions	\$ 1,015,501	\$ -	\$ 1,015,501
Membership and Undesignated Gifts	52,830	-	52,830
Income (loss) on investments	1,129,953	-	1,129,953
Other income	8,949	-	8,949
Net assets released from restrictions:			
Satisfaction of restrictions	31,559	(31,559)	-
<u>Total Revenues and Other Support</u>	<u>2,238,792</u>	<u>(31,559)</u>	<u>2,207,233</u>
 <u>EXPENSES:</u>			
Community Programs	645,741	-	645,741
Management and general	76,662	-	76,662
Fundraising	82,020	-	82,020
<u>Total Expenses</u>	<u>804,423</u>	<u>-</u>	<u>804,423</u>
 <u>CHANGE IN NET ASSETS</u>	<u>1,434,369</u>	<u>(31,559)</u>	<u>1,402,810</u>
 <u>NET ASSETS AT BEGINNING OF YEAR</u>	<u>12,185,469</u>	<u>101,250</u>	<u>12,286,719</u>
 <u>NET ASSETS AT END OF YEAR</u>	<u>\$ 13,619,838</u>	<u>\$ 69,691</u>	<u>\$ 13,689,529</u>

See accompanying notes to financial statements.

THE OUTER BANKS COMMUNITY FOUNDATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2017 and 2016

1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES:

- A. NATURE OF ACTIVITIES - The Outer Banks Community Foundation, Inc. (the Foundation) is a North Carolina non-profit organization. Its purpose is to help meet local needs across Dare County and the entire Outer Banks. The Foundation encourages contributions for those needs as well as manages charitable funds for individuals and agencies, and targets grants and scholarships toward the Outer Banks's most pressing needs and promising opportunities.
- B. BASIS OF ACCOUNTING - The Foundation prepares its financial statements on the cash basis of accounting. Under this basis, revenues are recognized when collected rather than when pledged, and expenditures are recognized when paid rather than when incurred, a provision for depreciation of property and equipment has been included. This basis is a comprehensive basis of accounting other than generally accepted accounting principles.
- C. INVESTMENTS - Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statements of revenues, other support and expenses and changes in net assets. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.
- D. RECOGNITION OF DONOR RESTRICTIONS - Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.
- E. PROPERTY AND EQUIPMENT - Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Foundation reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Foundation reclassifies temporarily restricted net assets to unrestricted net assets at that time. Property and equipment with a life over five years and a value over \$5,000 are depreciated using the straight-line method.
- F. ESTIMATES - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.



THE OUTER BANKS COMMUNITY FOUNDATION, INC.  
NOTES TO FINANCIAL STATEMENTS - Continued  
December 31, 2017 and 2016

1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES - (Cont.):

- G. FUNCTIONAL EXPENSES - Expenses are charged directly to program, management or fund-raising in general categories based on specific identification. Indirect expenses have been allocated based on employee time records.
- H. INCOME TAXES - The Foundation is exempt from federal and state income taxes as an organization other than a private foundation under code section 501(c)(3). The Foundation's forms 990, Return of Organization Exempt from Income Tax, for the years ending 2015, 2016 and 2017 are subject to examination by the IRS, generally for three years after they were filed.

2. RESTRICTIONS ON ASSETS - The restrictions on assets at the end of 2017 and 2016 consist of funds contributed to the Foundation that are restricted as future interests (life income gifts).

	<u>Temporarily Restricted</u>	
	<u>2017</u>	<u>2016</u>
Future interests	<u>\$ -0-</u>	<u>\$ 69 691</u>
	<u>\$ -0-</u>	<u>\$ 69 691</u>

The fair market value of these future interests at December 31, 2017 and 2016, respectively, was \$-0- and \$92,937 of which the Foundation was 75% recipient. As described below, the Foundation received the funds in 2017 and the restrictions were released.

The Foundation has been the recipient of one charitable remainder unitrust for which the Foundation is the trustee. During 2016, the beneficiary of the income of the trust died and the trust dissolved bequeathing the principal to the Foundation. The investments in the charitable remainder unitrust were sold in December, 2016. The Foundation received the settlement from the trust in January 2017 in the amount of \$69,691. Temporary restricted net assets at December 31, 2016 reflect the actual amount received in January 2017.

The Foundation has been notified by third party trustees in 2008 that they are the recipients of an additional charitable remainder unitrust. The fair market value of the principal donation of the unitrust at December 31, 2008 was \$74,374, which is not included in these financial statements.

THE OUTER BANKS COMMUNITY FOUNDATION, INC.  
NOTES TO FINANCIAL STATEMENTS - Continued  
December 31, 2017 and 2016

3. INVESTMENTS - Investments are stated at fair value and are summarized as follows:

	<u>2017</u>	
	<u>Cost</u>	<u>Fair Value</u>
		<u>Unrealized Gains (Losses)</u>
Equity Mutual Funds	\$ 8 140 538	\$11 853 088
Equity Common Stock	480	480
Fixed Income Mutual Funds	4 616 457	4 619 854
Money Market Mutual Funds	653 729	653 729
Cash	-	-
	<u>13 411 204</u>	<u>17 127 151</u>
Less Agency Funds	( 844 702)	( 877 064)
	<u>\$ 12 566 502</u>	<u>\$ 16 250 087</u>

BY INVESTMENT INSTITUTIONS:

The Trust Company of the South	<u>\$ 12 566 502</u>	<u>\$ 16 250 087</u>	<u>\$ 3 683 585</u>
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The following schedule summarizes investment return for the year ended December 31, 2017.

Interest and dividends	\$ 509 926
Long term capital gains (losses)	8 480
Unrealized gains (losses)	<u>1 696 251</u>
	<u>\$ 2 214 657</u>

	<u>2016</u>	
	<u>Cost</u>	<u>Fair Value</u>
		<u>Unrealized Gains (Losses)</u>
Equity Mutual Funds	\$ 7 368 350	\$ 9 338 650
Equity Common Stock	480	480
Fixed Income Mutual Funds	3 520 556	3 492 831
Money Market Mutual Funds	267 068	267 068
Cash	<u>700 000</u>	<u>700 000</u>
	<u>11 856 454</u>	<u>13 799 029</u>
Less Agency Funds	( 515 496)	( 548 155)
	<u>\$ 11 340 958</u>	<u>\$ 13 250 874</u>

BY INVESTMENT INSTITUTIONS:

The Trust Company of the South	<u>\$ 11 340 958</u>	<u>\$ 13 250 874</u>	<u>\$ 1 909 916</u>
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The following schedule summarizes investment return for the year ended December 31, 2016.

Interest and dividends	\$ 369 852
Long term capital gains (losses)	245 595
Unrealized gains (losses)	<u>514 506</u>
	<u>\$ 1 129 953</u>

THE OUTER BANKS COMMUNITY FOUNDATION, INC.  
NOTES TO FINANCIAL STATEMENTS - Continued  
December 31, 2017 and 2016

3. INVESTMENTS - (Cont.)

These funds represent board and donor designated amounts set aside to provide an income stream for community grants and scholarships.

4. PROPERTY AND EQUIPMENT - Property and equipment consist of the following:

	<u>2017</u>	<u>2016</u>
Office land	\$ 216 000	\$ 216 000
Office building	122 114	122 114
Furniture and equipment	4 150	4 150
Less: Accumulated depreciation	( 43 082)	( 39 205)
	<u>\$ 299 182</u>	<u>\$ 303 059</u>

5. UNRESTRICTED NET ASSETS - The foundation has designated and undesignated unrestricted net assets. The following is a breakdown of the unrestricted net assets as of December 31, 2017 and 2016.

	<u>2017</u>	<u>2016</u>
<u>Designated:</u>		
<u>Scholarship:</u>		
Catherine Carrington Clawson Scholarship	\$ 43 812	\$ 32 543
Charles H. & Dorothy S. Luedemann Art Scholarship	296 989	272 498
College of the Albemarle Foundation Scholarship	27 594	25 073
Courtney M. Burgess Memorial Scholarship	65 106	59 291
Curtis Creech Memorial Scholarship	38 020	34 696
Dare County Outer Banks Jaycees Scholarship	13 950	12 740
Dare Math & Science Scholarship	37 384	33 853
Dorothy Scott Townsend Fletcher Memorial Scholarship	-	-
Douglas Remaley Fire Officers Scholarship	81 769	74 642
Duck Woods Ladies Tennis Association Scholarship	26 502	22 957
ECB Land of Beginnings Living Legend Scholarship	8 010	7 279
First Flight Society Scholarship	16 314	14 620
Founders Scholarship (Duck Woods Ladies Golf Association)	50 324	43 657
Frank M. Cahoon Memorial	35 142	32 271
George W. Neighbors Memorial	28 241	24 712
Glenn & Pat Eure Endowment for Arts Education	23 922	21 881
Greg & Eden Honeycutt Scholarship	40 904	34 818
Inez Daniels Austin Scholarship	74 715	52 984
Jeannette U. McOwen Memorial Scholarship Fund	11 643	-
Jerry and Arlene Davis Scholarship	-	-
Joe Riddick Trade and Technical Scholarship Fund	15 963	10 010
John T. Daniels Scholarship	43 738	38 589
Kellogg Cuthrell Manteo Rotary Scholarship	28 334	25 632
Kiwanis Leo Sheetz Memorial Scholarship	48 539	44 374
Lacy J. McNeill First Flight Rotary	22 331	18 836
Lillian W. Riddick Scholarship Fund for Nurses	15 626	-
Linda Porter's Shear Genius Scholarship Fund	5 325	4 889
Lucian Griffin Scholarship	18 512	16 673

THE OUTER BANKS COMMUNITY FOUNDATION, INC.  
NOTES TO FINANCIAL STATEMENTS - Continued  
December 31, 2017 and 2016

5. UNRESTRICTED NET ASSETS - (Continued)

Scholarship - (Cont.):

	<u>2017</u>	<u>2016</u>
Mabel O Cooper Scholarship	\$ 9 000	\$ 9 000
Manteo Rotary Club Percy W. and Elizabeth G. Meekins Scholarship Fund	57 930	52 844
Manteo Rotary Club Scholarship Fund	5 509	1 001
Milton A Jewell Scholarship	716 359	660 310
NCPC Bettye Neff Merit Award in Communications	14 717	12 878
North Banks Rotary Scholarship	22 978	19 225
OBX Scholars Fund	1 236	-
Ocracoke Island Realty and Village Realty Scholarship	5 410	5 117
Osborne Scholarship Fund	18 512	5 005
Outer Banks Association of Realtors Scholarship	239 867	209 631
Peggy O'Brien Scholarship	28 034	25 500
R. Stewart Couch Hatteras Island Scholarship	183 499	168 409
Ralph and Ida Lee Saunders Scholarship	20 331	17 831
Robert E. Rollason, Jr. Memorial Scholarship	25 609	21 426
Sawyer Scholarship	2 500	5 000
Sawyer Scholarship Endowment Fund	15 123	-
Scholarship Pass Through Fund	-	325
Scott Day Family Scholarship	10 633	8 620
Sgt. Earl Murray Memorial Scholarship	8 386	7 218
Tom O'Brien Scholarship	26 619	24 224
Wallace H. McCown Scholarship	55 542	48 632
Wayne Fulcher Art Scholarship Fund	12 973	12 246

Field of Interest:

Adams Family Fund for Animals	5 291	-
All God's Creatures Fund	10 076	-
Annual Advice 5k Turkey Trot Fund	54 975	37 267
Aviation Education Fund of America	7 351	6 722
Banxblock Beach Fund	11 382	9 910
Benevolent	247 122	242 336
Charles H. & Dorothy S. Luedemann Arts	265 990	245 560
Children & Youth	10 218	9 350
David Aycock Loy Memorial Fund	20 322	16 925
Environment Fund	7 693	7 007
Franklin Y. Hundley Education Fund	6 776	5 900
Hatteras	18 418	13 869
Ocracoke Fund	32 471	28 250
Outer Banks Realtors Disaster Relief	80 197	60 328
Pauline Wright Endowment for Currituck County	158 006	145 393
Pauline Wright Endowment for Dare County	158 122	138 161
Ruth Pitt Performing Arts	42 237	40 668
Schiffman Fund For Animals	5 589	5 005
Thomas & Annie Baum Memorial	295 490	270 868

THE OUTER BANKS COMMUNITY FOUNDATION, INC.  
NOTES TO FINANCIAL STATEMENTS-Continued  
December 31, 2017 and 2016

5. UNRESTRICTED NET ASSETS - (Continued)

	<u>2017</u>	<u>2016</u>
<u>Non-Profit and Other Designated Funds:</u>		
2-1-1 Fund	\$ 10 558	\$ 9 273
Beach Food Pantry - Hybrid Amount	4 402	613
Chicamacomico Historical Association		
Endowment-Hybrid amount	5 157	1 843
Children & Youth Partnership Endowment Fund –		
Hybrid Amount	2 524	-
Community Care Clinic Endowment Fund –		
Hybrid Amount	2 739	-
Dare Community Crime Line	33 195	29 915
Dare County Arts Council Agency Fund-Hybrid Amount	21 921	15 419
Dare County Boat Builders Endowment Fund –		
Hybrid Amount	2 769	-
Dare County Library-Hybrid amount	10 315	9 249
Dare Education Foundation Endowment-Hybrid amount	1 742	1 514
Disaster Relief Fund	5 241	60 494
Endowment Fund for the Donald & Catharine Bryan		
Cultural Series	1 832 293	1 185 327
Elizabethan Gardens Endowment Fund-Hybrid amount	7 800	7 644
F.C. Minton	8 712	7 945
First Flight Society-Hybrid amount	9 716	8 624
Flat Top Preservation	58 249	52 605
Food For Thought-Hybrid amount	18 621	13 695
Frank Tate Memorial Fund for the Manteo High		
School Band	21 097	18 664
Frank Stick Memorial Fund (OBHC)	275 931	247 712
Fred Murray Memorial Fund	29 986	19 378
Frisco Native American Museum and Natural		
History Center-Hybrid amount	5 270	4 287
George Alden “Buck” Thornton III Memorial	6 387	6 452
Hatteras Island Cancer Foundation Endowment Fund –		
Hybrid Amount	2 524	-
Hatteras Village Endowment Fund – Hybrid Amount	5 554	-
Helen Britt Van Cleef Petty	460 681	421 671
Interfaith Community Outreach Endowment Fund –		
Hybrid Amount	2 837	-
Jim Wood Endowment for Children’s		
Arts- Hybrid amount	5 928	5 439
Liberty Christian Fellowship Endowment Fund -		
Hybrid Amount	6 803	4 072
Love in Action Fund	97 297	71 551
Martin Smith Endowment (Dare CASA)-Hybrid amount	9 121	7 436
Miscellaneous Pass Through Fund	-	-
Moncie L. Daniels & Belva Midgett Daniels		
Memorial Fund B - Designated	-	226 213

THE OUTER BANKS COMMUNITY FOUNDATION, INC.  
NOTES TO FINANCIAL STATEMENTS - Continued  
December 31, 2017 and 2016

5. UNRESTRICTED NET ASSETS - (Continued)

	<u>2017</u>	<u>2016</u>
<u>Non-Profit and Other Designated Funds - (Cont.):</u>		
Moncie L. Daniels & Belva Midgett Daniels		
Memorial Fund for Bethany Methodist Church	\$ 62 213	\$ -
Moncie L. Daniels & Belva Midgett Daniels		
Memorial Fund for Gideons International	62 167	-
Moncie L. Daniels & Belva Midgett Daniels		
Memorial Fund for Mount Olivet Methodist Church	62 152	-
Moncie L. Daniels & Belva Midgett Daniels		
Memorial Fund for Town of Manteo	64 962	-
Moncie L. Daniels Jr. and Muriel Green Daniels		
Memorial Fund	-	226 213
Moncie L. Daniels Jr. and Muriel Green Daniels		
Memorial Fund for Bethany Methodist Church	49 770	-
Moncie L. Daniels Jr. and Muriel Green Daniels		
Memorial Fund for First Assembly of God	51 970	-
Moncie L. Daniels Jr. and Muriel Green Daniels		
Memorial Fund for Manteo Baptist Church	49 967	-
Moncie L. Daniels Jr. and Muriel Green Daniels		
Memorial Fund for Mount Olivet Methodist Church	49 722	-
Moncie L. Daniels Jr. and Muriel Green Daniels		
Memorial Fund for Wanchese Assembly of God	51 970	-
Monument to a Century of Flight	647 543	589 725
NC Lions Visually Impaired Persons Fishing		
Tournament Endowment Fund – Hybrid Amount	2 713	-
Ocracoke Child Care Endowment-Hybrid amount	1 627	1 418
Ocracoke Community Park Endowment Fund -		
Hybrid Amount	17 213	14 988
Ocracoke Community Radio Endowment Fund –		
Hybrid Amount	5 049	-
Ocracoke Fire Protection Association Fund –		
Hybrid Amount	8 181	-
Ocracoke Friends of the Library	21 416	18 648
Ocracoke Preservation Society-Hybrid amount	2 664	2 378
Outer Banks Family YMCA-Hybrid amount	1 525	1 412
Outer Banks Hotline Endowment Fund –		
Hybrid Amount	2 750	-
Outer Banks S.P.C.A.-Hybrid amount	7 009	5 805
Outer Banks Sporting Events Endowment Fund –		
Hybrid Amount	2 524	-
Pauline Wright Endowment for the Currituck		
Animal Shelter	56 102	50 919
Pauline Wright Endowment for the Currituck		
Public Libraries	50 742	46 328
Pauline Wright Endowment for the Dare County		
Arts Council	102 011	92 893
Southern Shores Cemetery Perpetual		
Care-Hybrid Amount	426	371
Warren Cameron Judge III	<u>41 896</u>	<u>25 886</u>

THE OUTER BANKS COMMUNITY FOUNDATION, INC.  
NOTES TO FINANCIAL STATEMENTS - Continued  
December 31, 2017 and 2016

5. UNRESTRICTED NET ASSETS - (Continued)

	<u>2017</u>	<u>2016</u>
	\$ 8 478 856	\$ 7 071 499
<u>Undesignated:</u>	<u>8 280 684</u>	<u>6 548 339</u>
	<u>\$ 16 759 540</u>	<u>\$ 13 619 838</u>

The Foundation has adopted investment and spending policies for both designated and undesignated endowments that attempt to subject the funds to low investment risk through diversification of assets between equities and fixed income mutual funds.

The Foundation manages several agency funds. These funds are established by not for profit organizations for their own benefit. Agency funds that contain donations solely from the not for profit are shown as funds held as agency funds on the Statement of Net Assets. Agency funds that contain both donations from the not for profit organization and unrelated third party donations are considered to be hybrid funds.

The amounts shown above represent the portion of the hybrid agency funds reflected on the Foundation's net assets. Below is a summary of agency funds endowments that are not reflected on the Foundation's net assets.

	<u>2017</u>	<u>2016</u>
Funds held as agency funds:		
Agency Funds:		
Dare County Boat Builders Access Fund	\$ 221 491	\$ -
Saint Andrews-Whedbee	286 203	259 050
Unitarian Church	18 476	16 904
Hybrid Agency Funds:		
Beach Food Pantry	8 277	5 112
Chicamacomico Historical Association		
Endowment	19 844	15 528
Children & Youth Partnership	2 524	-
Community Care Clinic	2 634	-
Dare County Arts Council	16 874	13 132
Dare County Boat Builders Endowment	2 769	-
Dare County Library	25 599	23 453
Dare Education Foundation	60 262	52 474
Elizabethan Gardens Endowment	21 057	19 008
First Flight Society	60 258	50 210
Food For Thought	38 214	26 184
Frisco Museum & Center	4 235	3 808
Hatteras Island Cancer Foundation	3 332	-
Hatteras Village Endowment	2 524	-
Interfaith Community Outreach	8 549	5 367
Jim Wood Endowment for Children's Art	-	-
Liberty Christian Fellowship Endowment	5 678	4 934
Martin Smith Endowment Fund (Dare CASA)	13 667	11 995
NC Lions Visually Impaired Persons Fishing		
Tournament	2 713	-

THE OUTER BANKS COMMUNITY FOUNDATION, INC.  
NOTES TO FINANCIAL STATEMENTS - Continued  
December 31, 2017 and 2016

5. UNRESTRICTED NET ASSETS - (Continued)

Funds held as agency funds (Cont.):

Hybrid Agency Funds (Cont.):

Ocracoke Child Care Endowment	\$ 9 714	\$ 8 457
Ocracoke Community Park Endowment	-	-
Ocracoke Community Radio	-	-
Ocracoke Fire Protection	54	-
Ocracoke Preservation Society	7 599	6 558
Outer Banks Hotline	2 639	-
Outer Banks Sporting Events	2 525	-
Outer Banks YMCA	5 113	4 664
SPCA	14 779	13 078
Southern Shores Cemetery Perpetual Care	9 462	8 239
	<u>\$ 877 065</u>	<u>\$ 548 155</u>

6. DONATED SERVICES - The value of donated services is not reflected in the accompanying financial statements since there is no objective basis available by which to measure the value of such services.

7. FAIR VALUE MEASUREMENTS - The Foundation applies generally accepted accounting principles (GAAP) for fair value measurements of financial assets that are recognized or disclosed at fair value in the financial statements on a recurring basis. GAAP defines fair value as 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. GAAP also establishes a framework for measuring fair value and expands disclosures about fair value measurements.

The Foundation applies GAAP for fair value measurements of financial assets that are recognized or disclosed at fair value in the financial statements on a recurring basis. GAAP establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted market prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity has the ability to access at the measurement date.
- Level 2 inputs are other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

The level in the fair value hierarchy, within which a fair measurement in its entirety falls, is based on the lowest level input that is significant to the fair value measurement in its entirety.



THE OUTER BANKS COMMUNITY FOUNDATION, INC.  
NOTES TO FINANCIAL STATEMENTS - Continued  
December 31, 2017 and 2016

7. FAIR VALUE MEASUREMENTS - (Continued)

The following table presents assets that are measured at fair value on a recurring basis at December 31, 2017:

	December 31, 2017	<u>Fair Value Measurements at Reporting Date Using:</u>		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments at Market:				
Mutual funds	<u>\$17 127 151</u>	<u>\$17 127 151</u>	<u>\$ -</u>	<u>\$ -</u>
Total Investments at Market	<u>\$17 127 151</u>	<u>\$17 127 151</u>	<u>\$ -</u>	<u>\$ -</u>

The following table presents assets that are measured at fair value on a recurring basis at December 31, 2016:

	December 31, 2016	<u>Fair Value Measurements at Reporting Date Using:</u>		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments at Market:				
Mutual funds	<u>\$ 13 799 029</u>	<u>\$ 13 799 029</u>	<u>\$ -</u>	<u>\$ -</u>
Total Investments At Market	<u>\$13 799 029</u>	<u>\$13 799 029</u>	<u>\$ -</u>	<u>\$ -</u>

8. SUBSEQUENT EVENTS -

Management has evaluated subsequent events through June 8, 2018 the date these financial statements were available to be issued.

THE OUTER BANKS COMMUNITY FOUNDATION, INC.  
SCHEDULES OF FUNCTIONAL EXPENSES - CASH BASIS  
For the Years Ended December 31, 2017 and 2016

	2017			
	Community <u>Programs</u>	Management and <u>General</u>	<u>Fundraising</u>	<u>Total</u>
Compensation and related expenses:				
Salaries	\$ 42,445	\$ 51,955	\$ 46,751	\$ 141,151
Employee benefits	6,684	7,348	6,824	20,856
Payroll taxes	3,134	3,855	3,464	10,453
Mileage	813	954	843	2,610
	<u>53,076</u>	<u>64,112</u>	<u>57,882</u>	<u>175,070</u>
Investment fees	70,620	-	-	70,620
Community grants	484,549	-	-	484,549
Scholarships awarded	143,010	-	-	143,010
Nonprofit workshops and events	4,962	1,129	1,011	7,102
Accounting	2,557	2,557	2,557	7,671
Board expenses	207	243	218	668
Conference expenses	381	759	451	1,591
Membership development	-	-	3,780	3,780
Office operations	10,044	6,414	8,096	24,554
Insurance	-	1,218	-	1,218
Dues	2,576	1,456	1,303	5,335
Publications	2,482	-	4,964	7,446
Depreciation	1,203	1,411	1,263	3,877
	<u>\$ 775,667</u>	<u>\$ 79,299</u>	<u>\$ 81,525</u>	<u>\$ 936,491</u>

See accompanying notes to financial statements.

THE OUTER BANKS COMMUNITY FOUNDATION, INC.  
SCHEDULES OF FUNCTIONAL EXPENSES - CASH BASIS  
For the Years Ended December 31, 2017 and 2016

	2016			
	Community <u>Programs</u>	Management and <u>General</u>	<u>Fundraising</u>	<u>Total</u>
Compensation and related expenses:				
Salaries	\$ 43,923	\$ 53,197	\$ 48,191	\$ 145,311
Employee benefits	3,824	4,113	3,899	11,836
Payroll taxes	3,360	4,070	3,687	11,117
Mileage	677	805	705	2,187
	<u>51,784</u>	<u>62,185</u>	<u>56,482</u>	<u>170,451</u>
Investment fees	61,887	-	-	61,887
Community grants	360,246	-	-	360,246
Scholarships awarded	149,899	-	-	149,899
Nonprofit workshops and events	4,761	1,560	1,489	7,810
Accounting	2,327	2,327	2,327	6,981
Attorney fees	72	84	79	235
Board expenses	92	106	101	299
Conference expenses	492	1,544	1,568	3,604
Membership development	-	-	3,290	3,290
Office operations	9,070	5,259	8,736	23,065
Insurance	-	1,218	-	1,218
Dues	2,127	976	932	4,035
Publications	1,759	-	5,678	7,437
Depreciation	1,225	1,403	1,338	3,966
	<u>\$ 645,741</u>	<u>\$ 76,662</u>	<u>\$ 82,020</u>	<u>\$ 804,423</u>

See accompanying notes to financial statements.