

OUTER BANKS COMMUNITY FOUNDATION

FINANCIAL STATEMENTS

DECEMBER 31, 2019 AND 2018



OUTER BANKS COMMUNITY FOUNDATION

**FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Outer Banks Community Foundation
Southern Shores, North Carolina

We have audited the accompanying financial statements of Outer Banks Community Foundation "(the Foundation)", (a nonprofit organization), which comprise the statements of assets, liabilities, and net assets - cash basis as of December 31, 2019 and 2018, and the related statements of support, revenue, and expenses-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 the cash basis of accounting as described in Note 2; this includes determining the cash basis of accounting is an acceptable basis for the preparation of financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the 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 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 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 Foundation'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 Foundation'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 assets, liabilities, and net assets of Outer Banks Community Foundation as of December 31, 2019 and 2018, and its support, revenue, and expenses for the years then ended in accordance with the cash basis of accounting as described in Note 2.

Basis of Accounting

We draw attention to the Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Barnes, Brock, Cornwell & Painter PLLC

Chesapeake, Virginia
September 30, 2020

OUTER BANKS COMMUNITY FOUNDATION

**STATEMENTS OF ASSETS, LIABILITIES, AND NET ASSETS-CASH BASIS
DECEMBER 31, 2019 AND 2018**

ASSETS		
	2019	2018
ASSETS		
Cash and cash equivalents	\$ 1,172,262	\$ 197,740
Sales tax receivable	890	372
Investments	19,170,946	15,767,782
Property and equipment - net	291,429	295,305
TOTAL ASSETS	\$ 20,635,527	\$ 16,261,199
LIABILITIES AND NET ASSETS		
LIABILITIES		
Other payables	\$ 1,015	\$ -
Funds held as agency endowments	1,342,452	1,028,867
Total liabilities	\$ 1,343,467	\$ 1,028,867
NET ASSETS		
Undesignated	\$ 7,350,402	\$ 6,106,903
Designated	10,178,730	7,801,280
Without donor restrictions	17,529,132	13,908,183
With donor restrictions	1,762,928	1,324,149
Total net assets	\$ 19,292,060	\$ 15,232,332
TOTAL LIABILITIES AND NET ASSETS	\$ 20,635,527	\$ 16,261,199

See independent auditor's report and accompanying notes to the financial statements.

OUTER BANKS COMMUNITY FOUNDATION

**STATEMENTS OF SUPPORT, REVENUE, AND EXPENSES-CASH BASIS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

	Without Donor Restrictions	With Donor Restrictions	2019 Total	Comparative 2018 Total
OPERATING REVENUE AND SUPPORT				
Contributions	\$ 2,181,341	\$ 267,813	\$ 2,449,154	\$ 705,651
Membership and Undesignated Gifts	108,962	-	108,962	57,725
Fundraising	39,900	-	39,900	-
Net assets released from restrictions	32,246	(32,246)	-	-
Total operating revenue and support	<u>\$ 2,362,449</u>	<u>\$ 235,567</u>	<u>\$ 2,598,016</u>	<u>\$ 763,376</u>
OPERATING EXPENSES				
Program services	\$ 1,361,784	\$ -	\$ 1,361,784	\$ 662,690
Management and general	53,369	-	53,369	86,042
Fundraising	69,300	-	69,300	80,806
Total operating expenses	<u>\$ 1,484,453</u>	<u>\$ -</u>	<u>\$ 1,484,453</u>	<u>\$ 829,538</u>
CHANGES IN NET ASSETS FROM OPERATING ACTIVITIES	<u>\$ 877,996</u>	<u>\$ 235,567</u>	<u>\$ 1,113,563</u>	<u>\$ (66,162)</u>
NONOPERATING ACTIVITIES				
Interest, dividends and capital gains	\$ 481,310	\$ 39,053	\$ 520,363	\$ 637,829
Realized gain (loss) on investments	94,274	7,447	101,721	(8,952)
Unrealized gain (loss) on investments	2,167,369	156,712	2,324,081	(2,030,267)
CHANGES IN NET ASSETS FROM NONOPERATING ACTIVITIES	<u>\$ 2,742,953</u>	<u>\$ 203,212</u>	<u>\$ 2,946,165</u>	<u>\$ (1,401,390)</u>
CHANGES IN NET ASSETS	\$ 3,620,949	\$ 438,779	\$ 4,059,728	\$ (1,467,552)
NET ASSETS, BEGINNING OF YEAR	13,908,183	1,324,149	15,232,332	16,759,540
PRIOR PERIOD ADJUSTMENT	-	-	-	(59,656)
NET ASSETS, END OF YEAR	<u>\$ 17,529,132</u>	<u>\$ 1,762,928</u>	<u>\$ 19,292,060</u>	<u>\$ 15,232,332</u>

See independent auditor's report and accompanying notes to the financial statements.

OUTER BANKS COMMUNITY FOUNDATION

**SCHEDULES OF FUNCTIONAL EXPENSES-CASH BASIS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

	<u>PROGRAM</u>		<u>SUPPORTING ACTIVITIES</u>		Comparative 2018 Total
	<u>ACTIVITIES</u>	<u>ACTIVITIES</u>	<u>ACTIVITIES</u>	<u>ACTIVITIES</u>	
	Program Services	Management and General	Fund Raising	2019 Total	
Salaries	\$ 81,699	\$ 34,786	\$ 39,318	\$ 155,803	\$ 149,922
Employee benefits	7,253	2,570	2,141	11,964	21,157
Payroll taxes	6,121	2,632	2,951	11,704	11,167
Mileage	1,555	662	748	2,965	2,244
Total salaries and related expenses	\$ 96,628	\$ 40,650	\$ 45,158	\$ 182,436	\$ 184,490
Community grants	1,056,580	-	-	1,056,580	431,049
Scholarships awarded	164,718	-	-	164,718	148,024
Office operations	28,940	5,037	7,487	41,464	32,207
Membership development	-	-	7,806	7,806	3,317
Professional Fees	2,500	2,500	2,500	7,500	7,200
Nonprofit workshops and events	4,746	1,100	1,196	7,042	6,012
Dues	2,812	651	707	4,170	4,105
Depreciation	1,970	914	993	3,877	3,877
Publications	1,091	-	2,546	3,637	4,224
Conference expenses	1,607	745	810	3,162	1,308
Insurance	-	1,683	-	1,683	1,683
Board expenses	192	89	97	378	2,042
Total expenses	\$ 1,361,784	\$ 53,369	\$ 69,300	\$ 1,484,453	\$ 829,538

See independent auditor's report and accompanying notes to the financial statements.

OUTER BANKS COMMUNITY FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2019 AND 2018

NOTE 1 - ORGANIZATION AND 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' most pressing needs and promising opportunities.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Basis of Presentation

The accompanying financial statements have been prepared 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.

The financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958 dated August 2016, and the provisions of the American Institute of Certified Public Accountants (AICPA) "Audit and Accounting Guide for Not-for-Profit Organizations" (the "Guide"). (ASC) 958-205 was effective January 1, 2018.

Under the provisions of the Guide, net assets and revenues, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Foundation and changes therein are classified as follows:

- Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Foundation. The Foundation's board may designate assets without restrictions for specific operational purposes from time to time.
- Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Foundation or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Measure of Operations

The cash basis statements of support, revenues, and expenses reports all changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities consist of those items attributable to the Foundation's ongoing activities. Non-operating activities are limited to resources that generate return from investments, financing costs, and other activities considered to be of a more unusual or nonrecurring nature.

Contributions

Unconditional contributions are recognized when pledged and recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Gifts of cash and other assets are reported with donor restricted support if they are received with donor stipulations that limit the use of the donated assets.

When a restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as net assets without donor restriction support. Donations of property and equipment are recorded as support at their estimated fair value at the date of donation.

OUTER BANKS COMMUNITY FOUNDATION

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

The Foundation solicits a variety of contributions to fund its grants including donor advised funds. Donor advised funds allow for the donor to recommend distributions to Foundation beneficiaries or other charitable organizations approved by the Foundation. Although the Foundation generally fulfills the donor's recommendation, use of donor advised funds are subject to approval by the Foundation's management and are therefore classified as net assets without 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 time or purpose restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires, 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.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Foundation considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Property and equipment

Purchased items are stated at cost and donated items are stated at fair market value at the date of the gift. Donations are reported as support without restrictions unless the donor has restricted the asset to a specific purpose. Property and equipment with a life over five years and a value over \$5,000 is depreciated over the estimated useful life of the asset using the straight-line method. Estimated useful lives of equipment are as follows:

Property	31.5 years
Furniture and equipment	5 years

Depreciation expense for 2019 and 2018 amounted to \$3,877.

Investments

The Foundation records investments at fair market value based on quoted prices in active markets (all Level 1 measurements) and are classified by management as available-for-sale. Accordingly, realized gains and losses, if any, are determined on the basis of the actual cost of the securities sold. Unrealized gains and losses are presented as a single amount in the statements of activities.

New Accounting Pronouncement

On August 18, 2016, FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Foundation has adjusted the presentation of these statements accordingly.

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.

OUTER BANKS COMMUNITY FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Functional Allocation of Expenses

The cost of providing the Foundation's various programs and services have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

The cost of providing the Foundation's various programs and supporting services have been summarized on a functional basis in the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Such allocations are determined by management on an equitable basis.

The expenses that are allocated include the following:

<u>Expense:</u>	<u>Method of Allocation</u>
Salaries, payroll taxes, and benefits	Time and effort
Mileage	Time and effort
Office operations	Reasonable basis consistently applied
Accounting	Reasonable basis consistently applied
Nonprofit workshops and events	Reasonable basis consistently applied
Publications	Reasonable basis consistently applied
Dues	Reasonable basis consistently applied
Depreciation	Reasonable basis consistently applied
Membership development	Reasonable basis consistently applied
Board expenses	Reasonable basis consistently applied
Insurance	Reasonable basis consistently applied
Conference expenses	Reasonable basis consistently applied

Income Taxes

The Foundation is a not-for-profit organization that is exempt from income taxes under Section 501(c) (3) of the Internal Revenue Code, and as a public charity under 509 (a) of the code.

The Foundation adopted the recognition requirements for uncertain income tax positions as required by generally accepted accounting principles, with no cumulative effect adjustment required. Income tax benefits are recognized for income tax positions taken or expected to be taken in a return, only when it is determined that the income tax position will more-likely-than-not be sustained upon examination by taxing authorities. The Foundation has analyzed the tax positions taken in its filings with the Internal Revenue Service. The Foundation believes that its income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse affect on the Foundation's financial condition, results of operations or cash flows. Accordingly, the Foundation has not recorded any reserves, or related accruals for interest and penalties for uncertain income tax positions at December 31, 2019 and 2018.

The Foundation's Forms 990, Return of Organization Exempt from Income Tax, for the years ending 2019, 2018, 2017, and 2016 are subject to examination by the IRS, generally for three years after they were filed.

OUTER BANKS COMMUNITY FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Summarized Comparative Information

The financial statements include certain prior-year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Foundation's financial statements for the year ended December 31, 2018, from which the summarized information was derived.

NOTE 3 - FAIR VALUE MEASUREMENTS:

The Foundation adopted the provisions of FASB Statement No. 157, Fair Value Measurements, for its financial assets and liabilities that are re-measured and reported at fair value each reporting period. The adoption of this standard did not have any impact on the statements of activities or balance sheet, but does require additional disclosures.

FASB Statement No. 157, Fair Value Measurements, establishes a framework for measuring fair value. That framework provides 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 prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described as follows:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access.

Level 2 Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2019.

Common stocks, corporate bonds and U.S. government securities: Valued at the closing price reported on the active market on which the individual securities are traded.

Mutual funds: Valued at the net asset value (NAV) of shares held by the Foundation at year end.

Guaranteed investment contract: Valued at fair value by discounting the related cash flows based on current yields of similar instruments with comparable durations considering the credit-worthiness of the issuer.

OUTER BANKS COMMUNITY FOUNDATION

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

NOTE 3 - FAIR VALUE MEASUREMENTS (Continued):

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the plan 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 sets forth by level, within the fair value hierarchy, the Foundation's assets at fair value as of December 31, 2019.

Assets at Fair Value as of December 31, 2019:

	Level 1	Level 2	Level 3	Total
Equity Mutual Funds	\$ 14,282,782	\$ -	\$ -	\$ 14,282,782
Equity Common Stocks	480	-	-	480
Fixed Income Mutual Funds	4,011,017	-	-	4,011,017
Money Market Mutual Funds	876,667	-	-	876,667
Total assets at fair value	\$ 19,170,946	\$ -	\$ -	\$ 19,170,946
Less Agency Funds	(1,342,452)	-	-	(1,342,452)
	<u>\$ 17,828,494</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,828,494</u>

The following table sets forth by level, within the fair value hierarchy, the Foundation's assets at fair value as of December 31, 2018.

Assets at Fair Value as of December 31, 2018:

	Level 1	Level 2	Level 3	Total
Equity Mutual Funds	\$ 11,038,393	\$ -	\$ -	\$ 11,038,393
Equity Common Stocks	480	-	-	480
Fixed Income Mutual Funds	3,962,877	-	-	3,962,877
Money Market Mutual Funds	766,032	-	-	766,032
Total assets at fair value	\$ 15,767,782	\$ -	\$ -	\$ 15,767,782
Less Agency Funds	(1,028,867)	-	-	(1,028,867)
	<u>\$ 14,738,915</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,738,915</u>

OUTER BANKS COMMUNITY FOUNDATION

**NOTES TO THE FINANCIAL STATEMENTS
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NOTE 4 - NET ASSETS WITHOUT RESTRICTIONS:

The Foundation has designated and undesignated unrestricted net assets. The following is a breakdown of the unrestricted net assets as of December 31, 2019 and 2018.

	2019	2018
<u>Designated:</u>		
<u>Scholarship:</u>		
Billy G. Roughton Memorial Scholarship for Medical Professionals	\$ 26,207	\$ -
Billy G. Roughton Memorial Scholarship for Tourism and Hospitality	26,207	-
Catherine Carrington Clawson Scholarship Fund	47,735	40,523
Charles H. and Dorothy S. Luedemann Art Scholarship Fund	289,129	255,723
College of The Albemarle Foundation Scholarship Fund	26,719	23,698
Courtney M. Burgess Memorial Scholarship Fund	63,227	56,279
Curtis Creech Memorial Scholarship Fund	36,833	32,646
Douglas Remaley Fire Officers Scholarship	81,003	70,006
Dare County Outer Banks Jaycees Scholarship Fund	13,579	12,029
Dare Math/Science Scholarship Fund	37,012	32,713
Dorothy Scott Townsend Fletcher Memorial Scholarship Fund	-	-
Duck Woods Ladies Tennis Association Scholarship Fund	24,903	22,162
ECB Land of Beginnings Living Legend Scholarship Fund	7,771	6,892
Elizabeth and Wayne Evans Scholarship Fund	111,902	45,510
First Flight Society Scholarship	15,857	14,050
Founders Scholarship (Duck Woods Ladies Golf Association)	51,298	44,945
Frank M. Cahoon Memorial Fund	33,878	30,149
George W. Neighbors Memorial Fund	28,637	24,261
Glenn and Pat Eure Endowment Fund for Arts Education	32,440	28,390
Greg and Eden Honeycutt Scholarship Fund	40,440	35,905
Inez Daniels Austin Scholarship Fund	73,644	64,878
Jeannette U. McOwen Memorial Scholarship Fund	22,687	19,123
Jerry and Arlene Davis Scholarship Fund	-	-
Joe Riddick Trade and Technical Scholarship Fund	25,241	17,657
John T. Daniels, Lois Pearce Smith, and J. Bryan Smith Scholarship Fund	44,302	38,847
Josephine A. Oden Scholarship Fund	102,107	91,020
Karen Phillips Memorial Scholarship Fund	16,414	-
Kellogg Cuthrell Manteo Rotary Scholarship Fund	27,859	24,693
Kiwanis Leo Sheetz Memorial Scholarship Fund	58,419	51,314
Lacy J. McNeill First Flight Rotary Fund	20,856	18,664
Lillian W. Riddick Scholarship Fund for Nurses	51,759	26,932
Linda Porter's Shear Genius Scholarship Fund	5,894	4,789
Lucian Griffin Scholarship Fund	18,318	16,188
Mabel O. Cooper Scholarship Fund	9,000	9,000
Manteo Rotary Club Percy W. and Elizabeth G. Meekins Scholarship Fund	56,652	50,065
Manteo Rotary Club Scholarship Fund	8,165	6,798
Milton A. Jewell Scholarship Fund	690,068	613,852
NCPC Bettye Neff Merit Award in Communications Fund	14,338	12,690
North Banks Rotary Scholarship Fund	22,635	20,990
OBX Scholars Fund	2,507	646
Ocracoke Island Realty and Village Realty Scholarship Fund	5,013	4,529

See independent auditor's report. Notes continued on next page.

OUTER BANKS COMMUNITY FOUNDATION

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

NOTE 4 - NET ASSETS WITHOUT RESTRICTIONS (Continued):

	2019	2018
<u>Scholarship (Continued):</u>		
Osborne Scholarship Fund	\$ 26,321	\$ 21,071
Outer Banks Association of Realtors Scholarship Fund	260,676	218,128
Peggy O'Brien Scholarship Fund	28,557	24,071
R. Stewart Couch Hatteras Island Scholarship Fund	176,696	157,384
Ralph & Ida Lee Saunders Scholarship Fund	20,180	17,958
Rex Sample Fund for Courage and Determination	11,500	9,519
Robert E. Rollason, Jr. Memorial Scholarship Fund	24,719	21,663
Sawyer Scholarship Endowment Fund	16,017	13,761
Scholarship Pass-through Fund	-	-
Scott Day Family Scholarship Fund	15,371	10,577
Sgt. Earl Murray Memorial Scholarship Fund	8,094	7,186
Shearouse Scholarship Fund	106,838	95,035
Tom O'Brien Scholarship Fund	25,751	22,842
Vocational Opportunity Fund for Northeastern North Carolina	5,590	-
Wallace H. McCown Scholarship Fund	53,659	47,721
Wayne Fulcher Art Scholarship Fund	15,807	13,788
 <u>Field of Interest:</u>		
Adams/Brown Fund for Animals	16,296	9,339
All God's Creatures Fund	20,652	13,492
Annual Advice 5K Turkey Trot Fund	65,248	44,731
Aviation Education Fund of America	7,504	6,646
Banxblock Beach Fund	11,103	9,359
Benevolent Fund	236,137	212,063
Charles H. & Dorothy S. Luedemann Arts Fund	267,285	228,992
Children & Youth Fund	10,439	9,237
Cowell Gratitude Grant-Making Fund	16,228	-
David Aycock Loy Memorial Fund	22,803	18,067
Disaster Response Endowment Fund	56,427	47,427
Environment Fund	7,506	6,327
Franklin Y. Hundley Education Fund	6,946	6,126
Hatteras Fund	17,800	16,459
Ocracoke Fund	33,283	28,046
Outer Banks Realtors Disaster Relief Fund	91,397	76,204
Pauline Wright Endowment for Dare County Individuals with Special Needs	154,845	134,145
Pauline Wright Endowment for Educational and Developmental Needs in Currituck	156,946	137,184
Ruth Pitt Performing Arts Fund	40,897	36,319
Schiffman Fund for Animals	7,686	5,757
Thomas & Annie Baum Memorial Fund	294,295	252,247
 <u>Non-Profit and Other Designated Funds:</u>		
2-1-1 Fund	10,228	9,004
Beach Food Pantry Endowment Fund - Hybrid Amount	10,526	6,441
Chicamacomico Historical Association Endowment Fund - Hybrid Amount	6,063	4,626
Children & Youth Partnership Endowment Fund - Hybrid Amount	2,799	2,330
Community Care Clinic Endowment Fund - Hybrid Amount	3,158	2,570

See independent auditor's report. Notes continued on next page.

OUTER BANKS COMMUNITY FOUNDATION

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

NOTE 4 - NET ASSETS WITHOUT RESTRICTIONS (Continued):

	2019	2018
<u>Non-Profit and Other Designated Funds (Continued):</u>		
Dare Community Crime Line Fund - Hybrid Amount	\$ 4,528	\$ 3,906
Dare County Arts Council Endowment Fund - Hybrid Amount	21,949	18,989
Dare County Boat Builders Access Fund - Hybrid Amount	-	-
Dare County Boat Builders Endowment Fund- Hybrid Amount	2,662	2,503
Dare County Library Fund- Hybrid Amount	10,308	8,675
Dare Education Foundation Endowment Fund- Hybrid Amount	1,849	1,573
Disaster Relief Fund	202,110	4,467
Elizabethan Gardens Endowment Fund - Hybrid Amount	7,641	7,268
Endowment Fund for the Don & Catharine Bryan Cultural Series	1,850,692	1,622,910
F.C. Minton Fund	8,925	7,523
First Flight Society Fund- Hybrid Amount	9,277	8,416
Flat Top Preservation	60,766	50,898
Food For Thought Fund- Hybrid Amount	20,468	17,051
Frank Stick Memorial Fund	272,251	238,385
Frank Tate Memorial Fund for the Manteo High School Band	21,620	18,224
Fred Murray Memorial Fund	41,453	35,474
Frisco Native American Museum and Natural History Center Fund - Hybrid Amount	7,221	4,770
Hatteras Island Cancer Foundation Endowment Fund- Hybrid Amount	3,034	2,511
Hatteras Village Endowment Fund- Hybrid Amount	7,111	5,110
Helen Britt Van Cleef Petty Fund	447,755	397,006
Interfaith Community Outreach Endowment Fund- Hybrid Amount	3,557	2,738
Jim Wood Endowment for Children's Arts- Hybrid Amount	5,312	5,156
Liberty Christian Fellowship Endowment Fund- Hybrid Amount	9,291	7,827
Love in Action Fund	157,690	109,601
Martin Smith Endowment Fund- Hybrid Amount	10,853	8,596
Milton A. Jewell Internship Fund	-	-
Misc Pass Through Fund	-	-
Moncie L. Daniels & Belva Midgett Daniels Memorial Fund B - Designated	-	-
Moncie L. Daniels & Belva Midgett Daniels Memorial Fund for Bethany Methodist Church	60,918	53,819
Moncie L. Daniels & Belva Midgett Daniels Memorial Fund for Gideons International	60,891	53,777
Moncie L. Daniels & Belva Midgett Daniels Memorial Fund for Mount Olivet Methodist Church	60,904	53,781
Moncie L. Daniels & Belva Midgett Daniels Memorial Fund for Town of Manteo	69,672	58,728
Moncie L. Daniels Jr. and Muriel Green Daniels Memorial Fund	-	-
Moncie L. Daniels Jr. and Muriel Green Daniels Memorial Fund for Bethany Methodist Church	48,735	43,055
Moncie L. Daniels Jr. and Muriel Green Daniels Memorial Fund for First Assembly of God	55,738	46,982
Moncie L. Daniels Jr. and Muriel Green Daniels Memorial Fund for Manteo Baptist Church	48,809	43,001
Moncie L. Daniels Jr. and Muriel Green Daniels Memorial Fund for Mount Olivet Methodist Church	48,723	43,025

See independent auditor's report. Notes continued on next page.

OUTER BANKS COMMUNITY FOUNDATION

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

NOTE 4 - NET ASSETS WITHOUT RESTRICTIONS (Continued):

	2019	2018
<u>Non-Profit and Other Designated Funds (Continued):</u>		
Moncie L. Daniels Jr. and Muriel Green Daniels Memorial Fund for Wanchese Assembly of God	\$ 55,738	\$ 46,982
Monument to a Century of Flight Fund	685,755	581,321
NC Lions Visually Impaired Persons Fishing Tournament Endowment Fund - Hybrid Amount	3,304	2,452
Ocracoke Child Care Endowment Fund- Hybrid Amount	1,745	1,472
Ocracoke Community Park Endowment Fund- Hybrid Amount	18,548	15,635
Ocracoke Community Radio Endowment Fund- Hybrid Amount	5,415	4,564
Ocracoke Disaster Relief Fund	756,426	-
Ocracoke Fire Protection Association Fund- Hybrid Amount	17,591	12,505
Ocracoke Friends of the Library Fund	22,969	19,361
Ocracoke Preservation Society Fund- Hybrid Amount	2,824	2,450
Outer Banks Family YMCA Fund- Hybrid Amount	1,490	1,340
Outer Banks Hotline Endowment Fund- Hybrid Amount	3,444	2,674
Outer Banks SPCA Fund- Hybrid Amount	7,420	6,316
Outer Banks Sporting Events Endowment Fund- Hybrid Amount	2,707	2,281
Pauline Wright Endowment for the Currituck Animal Shelter	60,170	50,718
Pauline Wright Endowment for the Currituck Public Libraries	54,421	45,872
Pauline Wright Endowment for the Dare County Arts Council	98,957	87,550
Sergeant Joshua Rimer Memorial Fund for Veterans	75,328	49,901
Southern Shores Cemetery Perpetual Care Fund- Hybrid Amount	441	372
St. Andrews By-The-Sea Episcopal Church Whedbee Fund	-	-
Unitarian Universalist Congregation of the Outer Banks Fund	-	-
Warren Cameron Judge III Endowment Fund for the Outer Banks Relief Foundation - Hybrid Amount	10,396	9,371
William Walter Reams Memorial Fund	10,000	-
	<u>\$ 10,178,730</u>	<u>\$ 7,801,280</u>
<u>Undesignated:</u>	7,350,402	6,106,903
	<u>\$ 17,529,132</u>	<u>\$ 13,908,183</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 in the Foundation's net assets. Below is a summary of agency fund endowments that are not reflected in the Foundation's net assets.

	2019	2018
Funds held as agency funds:		
Agency Funds:		
Dare County Boat Builders Access Fund	\$ 543,563	\$ 385,338
St. Andrews-Whedbee	312,353	258,735

OUTER BANKS COMMUNITY FOUNDATION

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

NOTE 4 - NET ASSETS WITHOUT RESTRICTIONS (Continued):

	2019	2018
Funds held as agency funds (Continued):		
Unitarian Church	\$ 19,816	\$ 16,703
Hybrid Agency Funds:		
Beach Food Pantry Endowment Fund	8,784	7,539
Chicamacomico Historical Assoc. Endowment	21,080	18,208
Children & Youth Partnership Endowment Fund	3,095	2,284
Community Care Clinic Endowment Fund	2,820	2,385
Dare Community Crimeline	29,566	26,203
Dare County Arts Council	16,753	14,905
Dare County Boat Builders Endowment Fund	19,288	2,503
Dare County Library	25,333	22,295
Dare Education Foundation	67,733	54,480
Elizabethan Gardens Endowment	19,994	17,266
First Flight Society	59,099	52,664
Food for Thought	44,107	37,034
Frisco Museum & Center	4,971	3,915
Hatteras Island Cancer Foundation Endowment Fund	3,573	3,016
Hatteras Village Endowment Fund	2,661	2,282
Interfaith Community Outreach Endowment Fund	9,148	7,749
Jim Wood Endowment for Children's Art	1,155	1,115
Liberty Christian Fellowship Endowment	5,990	5,054
Martin Smith Endowment Fd (Dare CASA)	14,522	12,521
NC Lions Visually Impaired Persons Fishing Tournament Endowment Fund	2,893	2,452
Ocracoke Child Care Endowment	10,419	8,781
Ocracoke Community Park Endowment Fund	-	-
Ocracoke Community Radio Endowment Fund	-	-
Ocracoke Fire Protection Association Fund	58	50
Ocracoke Preservation Society	8,182	6,826
Outer Banks Hotline Endowment Fund	2,810	2,385
Outer Banks Sporting Events Endowment Fund	2,707	2,281
Outer Banks YMCA	4,973	4,381
Southern Shores Cemetery	9,808	8,267
SPCA	15,167	13,523
Warren Cameron Judge III Endowment Fund for OBRF	50,031	25,727
	\$ 1,342,452	\$ 1,028,867

NOTE 5 - CONCENTRATION OF CREDIT RISK:

The Foundation places its cash and cash equivalents on deposit with financial institutions in the United States. Accounts at each financial institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 for each deposit insurance ownership category. As of December 31, 2019 and 2018, the Foundation had cash in excess of FDIC insured limits of \$1,526,470 and \$526,032, respectively.

The Foundation's investments are covered under the Trust Services Liability for up to a \$7 million liability and the Financial Institutions Bond for up to a \$5 million liability. In addition, the Broker's custodian bank maintains \$10,000,000 in insurance.

OUTER BANKS COMMUNITY FOUNDATION

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

NOTE 6 - PROPERTY AND EQUIPMENT:

Property and equipment at December 31, 2019 and 2018 consisted of the following:

	2019	2018
Office land	\$ 216,000	\$ 216,000
Office building	122,114	122,114
Total	\$ 338,114	\$ 338,114
Less accumulated depreciation	46,685	42,809
Property and equipment, net	\$ 291,429	\$ 295,305

The property listed above was donated to the Foundation in July 2007.

NOTE 7 - LIQUIDITY AND AVAILABILITY:

The following represents Outer Bank's Community Foundation financial assets at December 31, 2019:

Financial assets at year end:		2019
Cash and cash equivalents	\$	1,172,262
Sales tax receivable		890
Investments		19,170,946
Total financial assets	\$	20,344,098
Less amounts not available to be used within one year:		
Funds held as agency endowments		1,342,452
Net assets with donor restrictions		1,424,814
Donor designated		10,178,730
Financial assets not available to be used within one year	\$	12,945,996
Financial assets available to meet general expenditures within one year		\$ 7,398,102

The Foundation receives significant contributions and promises to give restricted by donors, and considers contributions restricted for programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. The Foundation manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged.

NOTE 8 - RESTRICTIONS ON NET ASSETS

The following net assets are restricted by the donor for the following purposes or constraints.

	2019	2018
Donor Advised Funds	\$ 1,424,814	\$ 986,035
Office Land	216,000	216,000
Office Building	122,114	122,114
	\$ 1,762,928	\$ 1,324,149

OUTER BANKS COMMUNITY FOUNDATION

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

NOTE 10 - SUBSEQUENT EVENTS:

Subsequent events were evaluated through September 30, 2020. No events have occurred subsequent to the balance sheet date and through September 30, 2020 that would require adjustment to, or disclosure in, the financial statements.

Subsequent to December 31, 2019, the COVID-19 pandemic has caused disruption for businesses worldwide, including mandated and voluntary closing of non-essential businesses. While the disruption is expected to be temporary, there is considerable uncertainty around the duration and economic impact of the closings. While the Foundation expects this matter will negatively impact its operating and investment results for the year ended December 31, 2020, the related financial impact and duration cannot be reasonably estimated at this time.