

OUTER BANKS COMMUNITY FOUNDATION

FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019



OUTER BANKS COMMUNITY FOUNDATION

**FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

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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, 2020 and 2019, and the related statements of support, revenue, and expenses-cash basis, and the schedules of functional 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, 2020 and 2019, 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
June 24, 2021

OUTER BANKS COMMUNITY FOUNDATION

**STATEMENTS OF ASSETS, LIABILITIES, AND NET ASSETS-CASH BASIS
DECEMBER 31, 2020 AND 2019**

ASSETS		
	2020	2019
ASSETS		
Cash and cash equivalents	\$ 999,989	\$ 1,172,262
Sales tax receivable	2,286	890
Investments	21,045,732	19,170,946
Property and equipment - net	287,552	291,429
TOTAL ASSETS	\$ 22,335,559	\$ 20,635,527
LIABILITIES AND NET ASSETS		
LIABILITIES		
Other payables	\$ -	\$ 1,015
Funds held as agency endowments	1,510,115	1,342,452
Total liabilities	\$ 1,510,115	\$ 1,343,467
NET ASSETS		
Undesignated	\$ 8,572,237	\$ 7,350,402
Designated	10,440,808	10,178,730
Without donor restrictions	19,013,045	17,529,132
With donor restrictions	1,812,399	1,762,928
Total net assets	\$ 20,825,444	\$ 19,292,060
TOTAL LIABILITIES AND NET ASSETS	\$ 22,335,559	\$ 20,635,527

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, 2020 AND 2019**

	Without Donor Restrictions	With Donor Restrictions	2020 Total	Comparative 2019 Total
OPERATING REVENUE AND SUPPORT				
Contributions	\$ 1,112,067	\$ 1,500	\$ 1,113,567	\$ 2,449,154
PPP forgiveness	-	35,020	35,020	-
Membership and undesignated gifts	159,502	-	159,502	108,962
Fundraising	42,500	-	42,500	39,900
Net assets released from restrictions	144,963	(144,963)	-	-
Total operating revenue and support	<u>\$ 1,459,032</u>	<u>\$ (108,443)</u>	<u>\$ 1,350,589</u>	<u>\$ 2,598,016</u>
OPERATING EXPENSES				
Program services	\$ 1,860,532	\$ -	\$ 1,860,532	\$ 1,361,784
Management and general	107,571	-	107,571	53,369
Fundraising	101,575	-	101,575	69,300
Total operating expenses	<u>\$ 2,069,678</u>	<u>\$ -</u>	<u>\$ 2,069,678</u>	<u>\$ 1,484,453</u>
CHANGES IN NET ASSETS FROM OPERATING ACTIVITIES	<u>\$ (610,646)</u>	<u>\$ (108,443)</u>	<u>\$ (719,089)</u>	<u>\$ 1,113,563</u>
NONOPERATING ACTIVITIES				
Interest, dividends and capital gains	\$ 288,689	\$ 24,218	\$ 312,907	\$ 520,363
Realized gain on investments	899,827	75,642	975,469	101,721
Unrealized gain on investments	906,258	58,054	964,312	2,324,081
Interest expense	(215)	-	(215)	-
CHANGES IN NET ASSETS FROM NONOPERATING ACTIVITIES	<u>\$ 2,094,559</u>	<u>\$ 157,914</u>	<u>\$ 2,252,473</u>	<u>\$ 2,946,165</u>
CHANGES IN NET ASSETS	<u>\$ 1,483,913</u>	<u>\$ 49,471</u>	<u>\$ 1,533,384</u>	<u>\$ 4,059,728</u>
NET ASSETS, BEGINNING OF YEAR	<u>17,529,132</u>	<u>1,762,928</u>	<u>19,292,060</u>	<u>15,232,332</u>
NET ASSETS, END OF YEAR	<u><u>\$ 19,013,045</u></u>	<u><u>\$ 1,812,399</u></u>	<u><u>\$ 20,825,444</u></u>	<u><u>\$ 19,292,060</u></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, 2020 AND 2019**

	<u>SUPPORTING ACTIVITIES</u>				2020 Total	Comparative 2019 Total
	Program Services	Management and General	Fund Raising	Support Total		
Salaries	\$ 77,364	\$ 75,487	\$ 53,814	\$ 129,301	\$ 206,665	\$ 155,803
Employee benefits	10,669	7,400	10,412	17,812	28,481	11,964
Payroll taxes	5,576	5,687	3,385	9,072	14,648	11,704
Mileage	650	633	452	1,085	1,735	2,965
Total salaries and related expenses	\$ 94,259	\$ 89,207	\$ 68,063	\$ 157,270	\$ 251,529	\$ 182,436
Community grants	1,569,863	-	-	-	1,569,863	1,056,580
Scholarships awarded	166,543	-	-	-	166,543	164,718
Office operations	16,937	7,726	17,310	25,036	41,973	41,464
Professional fees	2,530	2,528	2,528	5,056	7,586	7,500
Membership development	-	-	7,484	7,484	7,484	7,806
Nonprofit workshops and events	3,365	2,181	1,652	3,833	7,198	7,042
Conference expenses	2,726	2,288	1,732	4,020	6,746	3,162
Depreciation	1,566	1,316	995	2,311	3,877	3,877
Dues	2,010	504	381	885	2,895	4,170
Publications	568	-	1,325	1,325	1,893	3,637
Insurance	-	1,683	-	1,683	1,683	1,683
Board expenses	165	138	105	243	408	378
Total expenses	\$ 1,860,532	\$ 107,571	\$ 101,575	\$ 209,146	\$ 2,069,678	\$ 1,484,453

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

OUTER BANKS COMMUNITY FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2020 AND 2019

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.

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

OUTER BANKS COMMUNITY FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2020 AND 2019

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 2020 and 2019 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, 2020 AND 2019

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

Functional Allocation of Expenses

The cost of providing the Foundation's various programs and supporting services have been summarized on a functional basis in the cash basis schedule 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
Professional Fees	Reasonable basis consistently applied
Nonprofit workshops and events	Reasonable basis consistently applied
Conference expenses	Time and effort
Depreciation	Reasonable basis consistently applied
Dues	Reasonable basis consistently applied
Publications	Reasonable basis consistently applied
Board expenses	Time and effort

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, 2020 and 2019.

The Foundation's Form 990, Return of Organization Exempt from Income Tax, for the years ending 2020, 2019, 2018, and 2017 are subject to examination by the IRS, generally for three years after they were filed.

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, 2019, from which the summarized information was derived.

OUTER BANKS COMMUNITY FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2020 AND 2019

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, 2020.

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.

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.

OUTER BANKS COMMUNITY FOUNDATION

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

NOTE 3 - FAIR VALUE MEASUREMENTS (Continued):

The following table sets forth by level, within the fair value hierarchy, the Foundation's assets at fair value as of December 31, 2020.

Assets at Fair Value as of December 31, 2020:

	Level 1	Level 2	Level 3	Total
Equity Mutual Funds	\$ 15,969,619	\$ -	\$ -	\$ 15,969,619
Equity Common Stocks	-	-	-	-
Fixed Income Mutual Funds	4,575,523	-	-	4,575,523
Money Market Mutual Funds	500,590	-	-	500,590
 Total assets at fair value	 \$ 21,045,732	 \$ -	 \$ -	 \$ 21,045,732
Less Agency Funds	(1,510,115)	-	-	(1,510,115)
	 \$ 19,535,617	 \$ -	 \$ -	 \$ 19,535,617

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)
	 \$ 17,828,494	 \$ -	 \$ -	 \$ 17,828,494

NOTE 4 - PROPERTY AND EQUIPMENT:

Property and equipment at December 31, 2020 and 2019 consisted of the following:

	2020	2019
Office land	\$ 216,000	\$ 216,000
Office building	122,114	122,114
Total	\$ 338,114	\$ 338,114
Less accumulated depreciation	50,562	46,685
Property and equipment, net	\$ 287,552	\$ 291,429

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

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

OUTER BANKS COMMUNITY FOUNDATION

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

NOTE 5 - 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, 2020 and 2019.

	2020	2019
<u>Designated:</u>		
Scholarship:	\$ 3,372,798	\$ 3,066,427
Field of Interest:	1,738,091	1,541,723
Non-Profit and Other Designated Funds:	5,329,919	5,570,580
	\$ 10,440,808	\$ 10,178,730
<u>Undesignated:</u>		
	8,572,237	7,350,402
	\$ 19,013,045	\$ 17,529,132

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.

	2020	2019
Funds held as agency funds:		
Agency Funds	\$ 980,731	\$ 875,732
Hybrid Agency Funds	529,384	466,720
	\$ 1,510,115	\$ 1,342,452

NOTE 6 - RESTRICTIONS ON NET ASSETS:

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

	2020	2019
Donor Advised Funds	\$ 1,474,285	\$ 1,424,814
Office Land	216,000	216,000
Office Building	122,114	122,114
	\$ 1,812,399	\$ 1,762,928

NOTE 7 - 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, 2020 and 2019, the Foundation had cash in excess of FDIC insured limits of \$602,627 and \$974,573, 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.

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

OUTER BANKS COMMUNITY FOUNDATION

**NOTES TO THE FINANCIAL STATEMENTS
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NOTE 8 - LIQUIDITY AND AVAILABILITY:

The following represents Outer Bank's Community Foundation financial assets at December 31, 2020:

Financial assets at year end:	2020
Cash and cash equivalents	\$ 999,989
Sales tax receivable	2,286
Investments	21,045,732
Total financial assets	<u>\$ 22,048,007</u>
Less amounts not available to be used within one year:	
Funds held as agency endowments	1,510,115
Net assets with donor restrictions	1,812,399
Donor designated	10,440,808
Financial assets not available to be used within one year	<u>\$ 13,763,322</u>
Financial assets available to meet general expenditures within one year	<u>\$ 8,284,685</u>

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 9 - NOTES PAYABLE PAYCHECK PROTECTION PROGRAM:

On May 4, 2020, the Foundation was granted a loan from Southern Bank and Trust Company in the amount of \$35,020, pursuant to the Paycheck Protection Program (PPP), under the Coronavirus Aid, Relief and Economic Security (CARES) Act. The loan, which is in the form of a Note dated May 4, 2020, was set to mature on May 4, 2022 bearing interest at a rate of 1.00% per annum, payable monthly commencing July 2021. The note was unsecured and was able to be prepaid by the Foundation at any time prior to maturity with no prepayment penalties.

Loan proceeds were based on 2.5 times of the average monthly payroll expenses of the Foundation and may only be used for payroll costs, costs used to continue group health care benefits, mortgage payments, rent, utilities, and interest on debt obligations incurred before February 15, 2020. The loan proceeds and accrued interest are forgivable as long as the Foundation uses the proceeds during the covered period for the eligible purposes above and maintained its payroll levels. After the covered period, the Foundation filed an application for forgiveness. As of December 7, 2020, the loan was forgiven, and has been included in income on the cash basis statement of support, revenue, and expenses.

NOTE 10 - SUBSEQUENT EVENTS:

In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) originated in Wuhan, China and has since spread to other countries, including the United States. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. In addition, multiple jurisdictions in the United States have declared a state of emergency. It is anticipated that these impacts will continue for some time. The Foundation has modified operations which resulted in a reduction in revenue. The future effects of these issues are unknown.

Subsequent events were evaluated through June 24, 2021. No events have occurred subsequent to the balance sheet date and through June 24, 2021 that would require adjustment to, or disclosure in, the financial statements.

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