

**OUTER BANKS COMMUNITY FOUNDATION**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2021 AND 2020**



**OUTER BANKS COMMUNITY FOUNDATION**

**FINANCIAL STATEMENTS  
DECEMBER 31, 2021 AND 2020**

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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 statement of assets, liabilities, and net assets - cash basis as of December 31, 2021, and the related statements of support, revenue, and expenses-cash basis, and the schedule of functional expenses-cash basis, for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and net assets of the Outer Banks Community Foundation as of December 31, 2021, and its support, revenue, and expenses for the year then ended in accordance with the cash basis of accounting as described in Note 2.

***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Outer Banks Community Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the cash basis of accounting described in Note 2, and for determining that the cash basis of accounting is an acceptable basis for the preparation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Outer Banks Community Foundation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Outer Banks Community Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Outer Banks Community Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

#### ***Report on Summarized Comparative Information***

We have previously audited the Outer Banks Community Foundation's 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 24, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

#### ***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 PLC*

Chesapeake, Virginia  
July 28, 2022

**OUTER BANKS COMMUNITY FOUNDATION**

**STATEMENT OF ASSETS, LIABILITIES, AND NET ASSETS-CASH BASIS  
DECEMBER 31, 2021 AND 2020**

ASSETS		
	2021	2020
<b>ASSETS</b>		
Cash and cash equivalents	\$ 837,475	\$ 999,989
Sales tax receivable	715	2,286
Investments	24,802,502	21,045,732
Property and equipment - net	283,675	287,552
TOTAL ASSETS	\$ 25,924,367	\$ 22,335,559
LIABILITIES AND NET ASSETS		
<b>LIABILITIES</b>		
Funds held as agency endowments	\$ 1,850,190	\$ 1,510,115
<b>NET ASSETS</b>		
Undesignated	\$ 9,894,444	\$ 8,572,237
Designated	12,188,446	10,440,808
Without donor restrictions	22,082,890	19,013,045
With donor restrictions	1,991,287	1,812,399
Total net assets	\$ 24,074,177	\$ 20,825,444
TOTAL LIABILITIES AND NET ASSETS	\$ 25,924,367	\$ 22,335,559

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

**OUTER BANKS COMMUNITY FOUNDATION**

**STATEMENT OF SUPPORT, REVENUE, AND EXPENSES-CASH BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2021  
With Summarized Financial Information for the Year Ended December 31, 2020**

	Without Donor Restrictions	With Donor Restrictions	2021 Total	Comparative 2020 Total
<b>OPERATING REVENUE AND SUPPORT</b>				
Contributions	\$ 1,067,824	\$ 11,099	\$ 1,078,923	\$ 1,113,567
Membership and undesignated gifts	179,534	-	179,534	159,502
Fundraising	33,100	-	33,100	42,500
PPP forgiveness	-	-	-	35,020
Net assets released from restrictions	56,121	(56,121)	-	-
Total operating revenue and support	<u>\$ 1,336,579</u>	<u>\$ (45,022)</u>	<u>\$ 1,291,557</u>	<u>\$ 1,350,589</u>
<b>OPERATING EXPENSES</b>				
Program services	\$ 1,010,173	\$ -	\$ 1,010,173	\$ 1,860,532
Management and general	146,837	-	146,837	107,571
Fundraising	95,929	-	95,929	101,575
Total operating expenses	<u>\$ 1,252,939</u>	<u>\$ -</u>	<u>\$ 1,252,939</u>	<u>\$ 2,069,678</u>
CHANGES IN NET ASSETS FROM OPERATING ACTIVITIES	<u>\$ 83,640</u>	<u>\$ (45,022)</u>	<u>\$ 38,618</u>	<u>\$ (719,089)</u>
<b>NONOPERATING ACTIVITIES</b>				
Interest, dividends and capital gains	\$ 692,467	\$ 54,613	\$ 747,080	\$ 312,907
Unrealized gain on investments	2,293,738	169,297	2,463,035	964,312
Realized gain on investments	-	-	-	975,469
Interest expense	-	-	-	(215)
CHANGES IN NET ASSETS FROM NONOPERATING ACTIVITIES	<u>\$ 2,986,205</u>	<u>\$ 223,910</u>	<u>\$ 3,210,115</u>	<u>\$ 2,252,473</u>
CHANGES IN NET ASSETS	<u>\$ 3,069,845</u>	<u>\$ 178,888</u>	<u>\$ 3,248,733</u>	<u>\$ 1,533,384</u>
NET ASSETS, BEGINNING OF YEAR	<u>19,013,045</u>	<u>1,812,399</u>	<u>20,825,444</u>	<u>19,292,060</u>
NET ASSETS, END OF YEAR	<u><u>\$ 22,082,890</u></u>	<u><u>\$ 1,991,287</u></u>	<u><u>\$ 24,074,177</u></u>	<u><u>\$ 20,825,444</u></u>

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

**OUTER BANKS COMMUNITY FOUNDATION**

**SCHEDULE OF FUNCTIONAL EXPENSES-CASH BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

**With Summarized Financial Information for the Year Ended December 31, 2020**

	SUPPORTING ACTIVITIES				2021 Total	Comparative 2020 Total
	Program Services	Management and General	Fund Raising	Support Total		
Salaries	\$ 87,636	\$ 88,534	\$ 51,604	\$ 140,138	\$ 227,774	\$ 206,665
Employee benefits	13,153	7,827	11,189	19,016	32,169	28,481
Payroll taxes	6,921	7,436	3,381	10,817	17,738	14,648
Mileage	641	647	377	1,024	1,665	1,735
<b>Total salaries and related expenses</b>	<b>\$ 108,351</b>	<b>\$ 104,444</b>	<b>\$ 66,551</b>	<b>\$ 170,995</b>	<b>\$ 279,346</b>	<b>\$ 251,529</b>
Community grants	709,676	-	-	-	709,676	1,569,863
Scholarships awarded	164,728	-	-	-	164,728	166,543
Office operations	15,980	33,303	14,276	47,579	63,559	41,973
Professional fees	2,500	2,500	2,500	5,000	7,500	7,586
Membership development	-	-	7,431	7,431	7,431	7,484
Nonprofit workshops and events	1,212	1,043	662	1,705	2,917	7,198
Conference expenses	1,248	1,074	682	1,756	3,004	6,746
Depreciation	1,611	1,386	880	2,266	3,877	3,877
Dues	3,452	943	600	1,543	4,995	2,895
Publications	880	-	2,054	2,054	2,934	1,893
Insurance	-	1,683	-	1,683	1,683	1,683
Board expenses	535	461	293	754	1,289	408
<b>Total expenses</b>	<b>\$ 1,010,173</b>	<b>\$ 146,837</b>	<b>\$ 95,929</b>	<b>\$ 242,766</b>	<b>\$ 1,252,939</b>	<b>\$ 2,069,678</b>

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

**OUTER BANKS COMMUNITY FOUNDATION**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2021 AND 2020**

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**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 received 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, 2021 AND 2020**

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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

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 2021 and 2020 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, 2021 AND 2020

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, 2021 and 2020.

The Foundation's Form 990, Return of Organization Exempt from Income Tax, for the years ending 2021, 2020, 2019, and 2018 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, 2020, from which the summarized information was derived.

## OUTER BANKS COMMUNITY FOUNDATION

### NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2021 AND 2020

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#### 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, 2021.

*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, 2021 AND 2020**

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, 2021.

Assets at Fair Value as of December 31, 2021:

	Level 1	Level 2	Level 3	Total
Equity Mutual Funds	\$ 18,859,704	\$ -	\$ -	\$ 18,859,704
Fixed Income Mutual Funds	4,417,719	-	-	4,417,719
Money Market Mutual Funds	1,525,079	-	-	1,525,079
 Total assets at fair value	 \$ 24,802,502	 \$ -	 \$ -	 \$ 24,802,502
Less Agency Funds	(1,850,190)	-	-	(1,850,190)
	 \$ 22,952,312	\$ -	\$ -	\$ 22,952,312

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
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

NOTE 4 - PROPERTY AND EQUIPMENT:

Property and equipment at December 31, 2021 and 2020 consisted of the following:

	2021	2020
Office land	\$ 216,000	\$ 216,000
Office building	122,114	122,114
Total	\$ 338,114	\$ 338,114
Less accumulated depreciation	54,439	50,562
Property and equipment, net	\$ 283,675	\$ 287,552

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

**OUTER BANKS COMMUNITY FOUNDATION**

**NOTES TO THE FINANCIAL STATEMENTS  
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**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, 2021 and 2020.

	2021	2020
<u>Designated:</u>		
Scholarship:	\$ 4,056,328	\$ 3,372,798
Field of Interest:	1,906,391	1,738,091
Non-Profit and Other Designated Funds:	6,225,727	5,329,919
	\$ 12,188,446	\$ 10,440,808
<u>Undesignated:</u>		
	9,894,444	8,572,237
	\$ 22,082,890	\$ 19,013,045

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.

	2021	2020
Funds held as agency funds:		
Agency Funds	\$ 1,210,078	\$ 980,731
Hybrid Agency Funds	640,112	529,384
	\$ 1,850,190	\$ 1,510,115

**NOTE 6 - RESTRICTIONS ON NET ASSETS:**

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

	2021	2020
Donor Advised Funds	\$ 1,653,173	\$ 1,474,285
Office Land	216,000	216,000
Office Building	122,114	122,114
	\$ 1,991,287	\$ 1,812,399

**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, 2021 and 2020, the Foundation had cash in excess of FDIC insured limits of \$364,043 and \$602,627, 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  
DECEMBER 31, 2021 AND 2020**

**NOTE 8 - LIQUIDITY AND AVAILABILITY:**

The following represents Outer Bank's Community Foundation financial assets at December 31, 2021:

Financial assets at year end:	
Cash and cash equivalents	\$ 837,475
Sales tax receivable	715
Investments	24,802,502
Total financial assets	<u>\$ 25,640,692</u>
Less amounts not available to be used within one year:	
Funds held as agency endowments	1,850,190
Net assets with donor restrictions	1,991,287
Donor designated	12,188,446
Financial assets not available to be used within one year	<u>\$ 16,029,923</u>
Financial assets available to meet general expenditures within one year	<u>\$ 9,610,769</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 - COVID-19:**

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 future effects of these issues are unknown.

**NOTE 11 - SUBSEQUENT EVENTS:**

Subsequent events were evaluated through July 28, 2022, which is the date the financial statements were available to be issued. No events have occurred subsequent to the balance sheet date and through July 28, 2022 that would require adjustment to, or disclosure in, the financial statements.

See independent auditor's report.