

OUTER BANKS COMMUNITY FOUNDATION, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2023

With Comparative Totals for the Year Ended December 31, 2022



OUTER BANKS COMMUNITY FOUNDATION, INC.

FINANCIAL STATEMENTS

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Barnes, Brock, Cornwell & Painter, PLC
Certified Public Accountants and Consultants

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Outer Banks Community Foundation, Inc.
Manteo, North Carolina

We have audited the accompanying financial statements of Outer Banks Community Foundation, Inc. "(the Foundation)", (a nonprofit organization), which comprise the statement of financial position as of December 31, 2023, and the related statements of activities, functional expenses, and cash flows for the year 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 financial position of Outer Banks Community Foundation, Inc. as of December 31, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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 Outer Banks Community Foundation, Inc. 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 accounting principles generally accepted in the United States of America, and 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, Inc.'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 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 Outer Banks Community Foundation, Inc.'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 Outer Banks Community Foundation, Inc.'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 Outer Banks Community Foundation, Inc.'s 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated July 24, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Barnes, Brock, Cornwell & Painter PLLC

Chesapeake, Virginia
August 15, 2024

OUTER BANKS COMMUNITY FOUNDATION, INC.**STATEMENT OF FINANCIAL POSITION****DECEMBER 31, 2023****With Comparative Totals for the Year Ended December 31, 2022**

	ASSETS	
	2023	2022
ASSETS		
Cash and cash equivalents	\$ 1,052,709	\$ 530,602
Receivables	3,046	2,143
Investments	24,026,946	21,613,711
Deposit	-	30,000
Property and equipment - net	690,629	279,799
TOTAL ASSETS	\$ 25,773,330	\$ 22,456,255
	LIABILITIES AND NET ASSETS	
LIABILITIES		
Accounts payable	\$ 15,649	\$ 215
Grants payable	338,852	208,574
Scholarships payable	14,450	11,500
Accrued liabilities	13,501	18,626
Funds held as agency endowments	2,396,797	1,976,263
Total liabilities	\$ 2,779,249	\$ 2,215,178
NET ASSETS		
Undesignated	\$ 9,631,443	\$ 8,461,066
Designated	11,437,171	10,097,706
Without donor restrictions	\$ 21,068,614	\$ 18,558,772
With donor restrictions	1,925,467	1,682,305
Total net assets	\$ 22,994,081	\$ 20,241,077
TOTAL LIABILITIES AND NET ASSETS	\$ 25,773,330	\$ 22,456,255

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

OUTER BANKS COMMUNITY FOUNDATION, INC.

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2023
With Comparative Totals for the Year Ended December 31, 2022

	Without Donor Restrictions	With Donor Restrictions	2023 Total	2022 Total
OPERATING REVENUE AND SUPPORT				
Contributions	\$ 1,059,949	\$ 43,818	\$ 1,103,767	\$ 1,023,501
Membership and undesignated gifts	932,777	-	932,777	318,026
Fundraising	46,896	-	46,896	15,214
In-kind contributions	24,634	-	24,634	-
Net assets released from restrictions	538,499	(538,499)	-	-
Total operating revenue and support	<u>\$ 2,602,755</u>	<u>\$ (494,681)</u>	<u>\$ 2,108,074</u>	<u>\$ 1,356,741</u>
OPERATING EXPENSES				
Program services	\$ 2,306,041	\$ -	\$ 2,306,041	\$ 1,592,544
Management and general	143,149	-	143,149	163,480
Fundraising	203,845	-	203,845	150,323
Total operating expenses	<u>\$ 2,653,035</u>	<u>\$ -</u>	<u>\$ 2,653,035</u>	<u>\$ 1,906,347</u>
CHANGE IN NET ASSETS FROM OPERATING ACTIVITIES				
	<u>\$ (50,280)</u>	<u>\$ (494,681)</u>	<u>\$ (544,961)</u>	<u>\$ (549,606)</u>
NON-OPERATING ACTIVITIES				
Interest, dividends and capital gains	\$ 592,267	\$ 56,642	\$ 648,909	\$ 601,812
Unrealized gain on investments, net of expenses \$57,883 and \$59,905	2,256,455	204,493	2,460,948	(4,085,725)
Realized gain on investments	(65)	-	(65)	200,419
Gain on sale of property - See Note 10	-	122,785	122,785	-
Claim for Employee Retention Credit	65,388	-	65,388	-
CHANGE IN NET ASSETS FROM NON-OPERATING ACTIVITIES				
	<u>\$ 2,914,045</u>	<u>\$ 383,920</u>	<u>\$ 3,297,965</u>	<u>\$ (3,283,494)</u>
CHANGE IN NET ASSETS				
	\$ 2,863,765	\$ (110,761)	\$ 2,753,004	\$ (3,833,100)
NET ASSETS, BEGINNING OF YEAR				
	18,558,772	1,682,305	20,241,077	24,074,177
TRANSFER OF ASSETS				
	<u>(353,923)</u>	<u>353,923</u>	<u>-</u>	<u>-</u>
NET ASSETS, END OF YEAR				
	<u>\$ 21,068,614</u>	<u>\$ 1,925,467</u>	<u>\$ 22,994,081</u>	<u>\$ 20,241,077</u>

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

OUTER BANKS COMMUNITY FOUNDATION, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2023

With Comparative Totals for the Year Ended December 31, 2022

	<u>SUPPORTING ACTIVITIES</u>				<u>2023 Total</u>	<u>2022 Total</u>
	<u>Program Services</u>	<u>Management and General</u>	<u>Fund Raising</u>	<u>Support Total</u>		
Salaries	\$ 84,588	\$ 82,848	\$ 89,757	\$ 172,605	\$ 257,193	\$ 277,986
Employee benefits	14,472	10,033	14,135	24,168	38,640	37,277
Payroll taxes	7,109	6,986	6,758	13,744	20,853	18,977
Mileage	1,368	1,340	1,451	2,791	4,159	3,720
Total salaries and related expenses	\$ 107,537	\$ 101,207	\$ 112,101	\$ 213,308	\$ 320,845	\$ 337,960
Community grants	1,938,561	-	-	-	1,938,561	1,230,864
Scholarships awarded	213,208	-	-	-	213,208	202,591
Office operations	26,031	21,637	33,040	54,677	80,708	75,150
Professional fees	11,260	11,259	11,259	22,518	33,778	11,850
Membership development	-	-	17,212	17,212	17,212	16,508
Special events	-	-	13,417	13,417	13,417	12,029
Depreciation	3,352	3,182	3,339	6,521	9,873	3,876
Nonprofit workshops and events	2,780	2,173	2,280	4,453	7,233	2,584
Dues	-	-	6,275	6,275	6,275	5,585
Conference expenses	1,966	1,865	1,958	3,823	5,789	3,072
Publications	1,214	-	2,832	2,832	4,046	2,595
Insurance	-	1,700	-	1,700	1,700	1,683
Board expenses	132	126	132	258	390	-
Total expenses	\$ 2,306,041	\$ 143,149	\$ 203,845	\$ 346,994	\$ 2,653,035	\$ 1,906,347

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

OUTER BANKS COMMUNITY FOUNDATION, INC.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2023

With Comparative Totals for the Year Ended December 31, 2022

	2023	2022
CASH FLOWS FROM OPERATING AND NON-OPERATING ACTIVITIES		
Change in net assets	\$ 2,753,004	\$ (3,833,100)
Adjustments to reconcile change in net assets to net cash used by operating and non-operating activities:		
Depreciation	9,873	3,876
Net realized and unrealized (gain) loss on investments	(2,460,883)	3,885,306
Gain on sale of property	(122,785)	-
Increase (decrease) in assets:		
Receivables	903	1,428
Deposit	(30,000)	30,000
(Increase) decrease in liabilities:		
Accounts payable	(15,434)	(215)
Grants payable	(130,278)	(208,574)
Scholarships payable	(2,950)	(11,500)
Accrued liabilities	5,125	(18,626)
Funds held as agency endowments	(420,534)	(126,073)
NET CASH USED BY OPERATING AND NON-OPERATING ACTIVITIES	\$ (413,959)	\$ (277,478)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from the sale of investments	\$ 1,822,427	\$ 1,449,032
Purchase of investments, net of investment fees	(608,445)	(1,478,427)
Proceeds from sale of property	420,000	-
Purchase of property and equipment	(697,916)	-
NET CASH PROVIDED (USED) BY OPERATING AND NON-OPERATING ACTIVITIES	\$ 936,066	\$ (29,395)
NET CHANGE IN CASH AND CASH EQUIVALENTS	\$ 522,107	\$ (306,873)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	530,602	837,475
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 1,052,709	\$ 530,602
SUPPLEMENTAL INFORMATION		
Fair value of donated securities	\$ 124,696	\$ 29,712
Fair value of donated furniture and equipment	24,634	-
	\$ 149,330	\$ 29,712

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

OUTER BANKS COMMUNITY FOUNDATION, INC.**NOTES TO THE FINANCIAL STATEMENTS****DECEMBER 31, 2023****With Comparative Totals for the Year Ended December 31, 2022**

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 accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Accrual basis of accounting recognizes income when earned and expenses when incurred.

These financial statements, presented on the accrual basis of accounting, have been prepared to focus on the Foundation as a whole and to present net assets, revenues, and expenses based on the existence or absence of donor-impaired restrictions. This has been accomplished by the classification of assets, liabilities, and net assets into two groups with donor restrictions and without donor restrictions.

These two groups are defined 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 statement of activities 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, INC.**NOTES TO THE FINANCIAL STATEMENTS****DECEMBER 31, 2023****With Comparative Totals for the Year Ended December 31, 2022**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributions (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	39 years
Furniture and Fixtures	5 -7 years
Equipment	5 years

Depreciation expense for the year ended December 31, 2023 and 2022 was \$9,873 and \$3,876, respectively.

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.

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.

Donated Assets and Services

The Foundation recognizes in-kind contributions as revenue and expense in the period in which they are received. Donated materials are valued by donor at fair market value on the date of the gift. No amounts have been reflected in the accompanying financial statements for volunteer services since they are not susceptible to objective measurement or valuation; however, a number of volunteers donated significant amounts of their time performing services that would otherwise be performed by paid employees.

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

OUTER BANKS COMMUNITY FOUNDATION, INC.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2023

With Comparative Totals for the Year Ended December 31, 2022

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 statement 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
Depreciation	Time and effort
Nonprofit workshops and events	Reasonable basis consistently applied
Conference expenses	Reasonable basis consistently applied
Publications	Reasonable basis consistently applied
Board 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, 2023.

The Foundation's Form 990, Return of Organization Exempt from Income Tax, for the years ending 2023, 2022, 2021, and 2020 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, 2022 from which the summarized information was derived.

NOTE 3 - 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, 2023 and 2022, the Foundation had cash in excess of FDIC insured limits of \$589,182 and \$248,518, respectively.

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

OUTER BANKS COMMUNITY FOUNDATION, INC.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2023

With Comparative Totals for the Year Ended December 31, 2022

NOTE 3 - CONCENTRATION OF CREDIT RISK (Continued)

The Foundation's investments are covered under the Trust Services Liability for up to a \$10 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.

NOTE 4 - ACCRUED PAID TIME OFF

The Foundation's paid time off (PTO) policy credits employees with accrued time off each pay period, to be used for vacation, personal, or sick days. Employees have a maximum number of paid time off hours that may be carried forward. If the paid time off hours exceed the maximum allowable hours, then that time will not be carried forward and as a result that time will be lost. The liability for unused accrued PTO was \$13,501 and \$18,626 at December 31, 2023 and 2022, respectively.

NOTE 5 - FAIR VALUE MEASUREMENTS

Fair value measurements are determined based on the assumptions that market participants would use in pricing an asset or liability. A hierarchy for inputs is used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Levels within the hierarchy are based on the reliability of inputs 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 has been no change in the methodologies used at December 31, 2023.

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.

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

OUTER BANKS COMMUNITY FOUNDATION, INC.

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023**

With Comparative Totals for the Year Ended December 31, 2022

NOTE 5 - 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 the following years:

Assets at Fair Value as of December 31, 2023:

	Level 1	Level 2	Level 3	Total
Equity Mutual Funds	\$ 18,204,465	\$ -	\$ -	\$ 18,204,465
Fixed Income Mutual Funds	5,096,559	-	-	5,096,559
Money Market Mutual Funds	725,922	-	-	725,922
Total assets at fair value	\$ 24,026,946	\$ -	\$ -	\$ 24,026,946
Less Agency Funds	(2,396,797)	-	-	(2,396,797)
	<u>\$ 21,630,149</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,630,149</u>

Assets at Fair Value as of December 31, 2022:

	Level 1	Level 2	Level 3	Total
Equity Mutual Funds	\$ 15,553,102	\$ -	\$ -	\$ 15,553,102
Fixed Income Mutual Funds	4,959,448	-	-	4,959,448
Money Market Mutual Funds	1,101,161	-	-	1,101,161
Total assets at fair value	\$ 21,613,711	\$ -	\$ -	\$ 21,613,711
Less Agency Funds	(1,976,263)	-	-	(1,976,263)
	<u>\$ 19,637,448</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,637,448</u>

NOTE 6 - NET ASSETS WITHOUT RESTRICTIONS

The Foundation has net assets without donor restrictions consisting of designated and undesignated net assets. The following is a breakdown of the unrestricted net assets as of December 31, 2023 and 2022.

	2023	2022
<u>Designated</u>		
Scholarship	\$ 5,078,803	\$ 4,682,175
Field of Interest	1,790,403	1,576,096
Non-Profit and Other Designated Funds	4,567,965	3,839,435
	<u>\$ 11,437,171</u>	<u>\$ 10,097,706</u>
<u>Undesignated</u>		
Total net assets without donor restrictions	<u>\$ 9,631,443</u>	<u>\$ 8,461,066</u>
	<u>\$ 21,068,614</u>	<u>\$ 18,558,772</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.

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

OUTER BANKS COMMUNITY FOUNDATION, INC.**NOTES TO THE FINANCIAL STATEMENTS****DECEMBER 31, 2023****With Comparative Totals for the Year Ended December 31, 2022****NOTE 7 - NET ASSETS WITHOUT RESTRICTIONS (Continued)**

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.

	<u>2023</u>	<u>2022</u>
Funds held as agency funds:		
Agency Funds	\$ 1,546,264	\$ 1,228,118
Hybrid Agency Funds	850,533	748,145
Total funds held as agency funds	<u>\$ 2,396,797</u>	<u>\$ 1,976,263</u>

NOTE 8 - RESTRICTIONS ON NET ASSETS

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

	<u>2023</u>	<u>2022</u>
Donor Advised Funds	\$ 1,925,467	\$ 1,344,191
Office Land	-	216,000
Office Building	-	122,114
Total net assets with donor restrictions	<u>\$ 1,925,467</u>	<u>\$ 1,682,305</u>

NOTE 9 - LIQUIDITY AND AVAILABILITY

The following presents financial assets available for general expenditures within one year for the following years:

	<u>2023</u>	<u>2022</u>
Financial assets at year end:		
Cash and cash equivalents	\$ 1,052,709	\$ 530,602
Receivables	3,046	2,143
Investments	24,026,946	21,613,711
Total financial assets	<u>\$ 25,082,701</u>	<u>\$ 22,146,456</u>
Less amounts not available to be used within one year:		
Funds held as agency endowments	\$ (2,396,797)	\$ (1,976,263)
Net assets with donor restrictions	(1,925,467)	(1,682,305)
Donor designated	(11,437,171)	(10,097,706)
Financial assets not available to be used within one year	<u>\$(15,759,435)</u>	<u>\$(13,756,274)</u>
Financial assets available to meet general expenditures within one year	<u>\$ 9,323,266</u>	<u>\$ 8,390,182</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.

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

OUTER BANKS COMMUNITY FOUNDATION, INC.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2023

With Comparative Totals for the Year Ended December 31, 2022

NOTE 10 - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following:

	2023	2022
Office land	\$ 236,100	\$ 216,000
Office building	447,733	122,114
Donated office equipment	14,084	-
Total	<u>\$ 697,917</u>	<u>\$ 338,114</u>
Less accumulated depreciation	(7,288)	(58,315)
Property and equipment, net	<u>\$ 690,629</u>	<u>\$ 279,799</u>

On May 1, 2023, the Foundation purchased a new office building for \$650,000.

The property previously donated to the Foundation in July 2007 was sold for \$420,000 to an unrelated party on September 7, 2023. The Foundation recognized a gain on the sale of the property which has been reflected in the statement of activities.

NOTE 11 - IN-KIND CONTRIBUTIONS

The Foundation records the value of donated goods and services when there is an objective basis available to measure their value. The Foundation recognizes the estimated fair value of contributed services that meet the following criteria:

- The services rendered either create or enhance nonfinancial assets.
- The services received required specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by contribution.

The Foundation received multiple donations of furniture and equipment for their new office space. The portion of the items that were above the Foundation's \$5,000 capitalization threshold were capitalized and totaled \$14,084. The remaining donated items that were below the capitalization threshold were expensed during the year ending December 31, 2023 and totaled \$10,550.

The Foundation also receives contributions of securities that are transferred directly from donors to the Foundation's broker. Securities are immediately sold by the broker and proceeds are sent to the Foundation. During the year ended December 31, 2023 and 2022 the Foundation received donated securities totaling \$124,696 and \$29,712, respectively.

NOTE 12 - TRANSFER OF ASSETS

During the year ended December 31, 2023 the Foundation had donor requests to have their funds transferred to another IRS recognized 501 (c) (3) Organization. The transfer was done in accordance with the stated guidance and will be used for charitable purposes.

NOTE 13 - SUBSEQUENT EVENTS

Subsequent events were evaluated through August 15, 2024, which is the date the financial statements were available to be issued. No events have occurred subsequent to the balance sheet date and through August 15, 2024 that would require adjustment to, or disclosure in, the financial statements.

See independent auditor's report.