Central Carolina Community Foundation

Consolidated Financial Statements and
Independent Auditor's Report

June 30, 2025 and 2024

SCOTT COMPANY

= not your average accounting firm

Central Carolina Community Foundation

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SCOTT COMPANY

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Central Carolina Community Foundation
Columbia, South Carolina

Opinion

We have audited the accompanying consolidated financial statements of Central Carolina Community Foundation (a nonprofit organization), its Subsidiary (CCCF Real Estate Holding, LLC), and Supporting Organization (New Morning) (collectively, the "Foundation"), which comprise the consolidated statements of financial position as of June 30, 2025 and 2024, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, based on our audits and the report of the other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of June 30, 2025 and 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of New Morning, a supporting organization, whose statements reflect total assets of $4,429,498 and $4,569,515 as of June 30, 2025 and 2024, respectively, and total revenues of $6,782,626 and $7,210,230 for the years then ended, respectively. Those statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for New Morning, is based solely on the report of the other auditors.

Basis for Opinion

We conducted our audits 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 Consolidated Financial Statements section of our report. We are required to be independent of the Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 consolidated 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 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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the 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.

Scott and Company LLC

Columbia, South Carolina
July 13, 2026

Central Carolina Community Foundation
Consolidated Statements of Financial Position
as of June 30,

	2025	2024
Assets		
Current assets:		
Cash and cash equivalents	$ 3,691,691	$ 7,152,712
Accounts receivable	809,137	1,072,106
Prepaid expenses	45,783	36,964
Total current assets	4,546,611	8,261,782
Investments, at fair value	243,184,210	208,477,428
Office equipment and leasehold improvements, net	364,516	448,647
Operating lease right of use assets, net	2,180,107	2,282,623
Finance lease right of use assets, net	2,986	-
Interest in real estate limited liability companies	480,000	673,750
Interest in charitable remainder unitrusts	15,503,667	13,977,441
Interest in life insurance policies	167,488	152,977
Total assets	$ 266,429,585	$ 234,274,648
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	$ 1,508,682	$ 1,229,020
Deferred liabilities	-	21,288
Due to supporting organizations	2,243,092	1,776,681
Operating lease liabilities, current portion	320,752	287,647
Finance lease liabilities, current portion	2,992	-
Note payable	-	666,667
Total current liabilities	4,075,518	3,981,303
Operating lease liabilities, less current portion	2,032,859	2,086,881
Funds held as agency endowments	18,003,344	17,553,686
Total liabilities	24,111,721	23,621,870
Net assets		
Without donor restrictions		
Designated fund	32,734,160	29,039,144
Donor-advised fund	140,667,010	120,825,683
Field-of-interest fund	17,812,561	16,774,325
Unrestricted fund	26,265,866	19,955,282
Board designated	9,167,112	8,546,331
Total without donor restrictions	226,646,709	195,140,765
With donor restrictions	15,671,155	15,512,013
Total net assets	242,317,864	210,652,778
Total liabilities and net assets	$ 266,429,585	$ 234,274,648

The accompanying notes are an integral part of these consolidated financial statements.

Central Carolina Community Foundation
Consolidated Statement of Activities
for the year ended June 30, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
PUBLIC SUPPORT AND REVENUE			
Contributions	$ 40,929,638	$ 3,678,000	$ 44,607,638
Less: contributions to agency endowments	(830,015)	-	(830,015)
Interest and dividends	5,777,409	-	5,777,409
Less: interest and dividends received for agency endowments	(567,965)	-	(567,965)
Revenues from unitrusts, annuity trusts & pooled income funds	-	1,526,226	1,526,226
Change in cash surrender value of life insurance	-	14,511	14,511
Gain on sales of securities and other property	3,018,335	-	3,018,335
Less: gain on sales of agency endowment securities	(378,987)	-	(378,987)
Unrealized appreciation on securities	14,873,552	-	14,873,552
Less: appreciation of agency endowment securities	(1,355,365)	-	(1,355,365)
Other income	333,728	-	333,728
Add: other loss from agency endowments	170,343	-	170,343
Net assets released from restrictions	5,059,595	(5,059,595)	-
Total public support and revenue	67,030,268	159,142	67,189,410
EXPENSES			
Program services			
Grants and related expenses	36,034,003	-	36,034,003
Less: grants to agency endowments	(2,518,852)	-	(2,518,852)
Total program services	33,515,151	-	33,515,151
Support Services			
Management and general	947,185	-	947,185
Fundraising	1,061,988	-	1,061,988
Total support services	2,009,173	-	2,009,173
Total Expenses	35,524,324	-	35,524,324
CHANGE IN NET ASSETS	31,505,944	159,142	31,665,086
NET ASSETS, BEGINNING OF YEAR	195,140,765	15,512,013	210,652,778
NET ASSETS, END OF YEAR	$ 226,646,709	$ 15,671,155	$ 242,317,864

The accompanying notes are an integral part of these consolidated financial statements.

Central Carolina Community Foundation
Consolidated Statement of Activities
for the year ended June 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
PUBLIC SUPPORT AND REVENUE			
Contributions	$ 36,298,056	$ 5,607,295	$ 41,905,351
Less: contributions to agency endowments	(1,826,013)	-	(1,826,013)
Interest and dividends	5,225,087	-	5,225,087
Less: interest and dividends received for agency endowments	(537,079)	-	(537,079)
Gain from unitrusts, annuity trusts & pooled income funds	-	813,435	813,435
Change in cash surrender value of life insurance	-	20,586	20,586
Gain on sales of securities and other property	1,090,617	-	1,090,617
Less: gain on sales of agency endowment securities	(156,031)	-	(156,031)
Unrealized appreciation on securities	14,024,904	-	14,024,904
Less: appreciation of agency endowment securities	(1,273,936)	-	(1,273,936)
Other income	279,662	-	279,662
Add: other loss from agency endowments	164,287	-	164,287
Net assets released from restrictions	8,560,914	(8,560,914)	-
Total public support and revenue	61,850,468	(2,119,598)	59,730,870
EXPENSES			
Program services			
Grants and related expenses	32,795,826	-	32,795,826
Less: grants to agency endowments	(1,378,849)	-	(1,378,849)
Total program services	31,416,977	-	31,416,977
Support Services			
Management and general	925,114	-	925,114
Fundraising	999,520	-	999,520
Total support services	1,924,634	-	1,924,634
Total Expenses	33,341,611	-	33,341,611
CHANGE IN NET ASSETS	28,508,857	(2,119,598)	26,389,259
NET ASSETS, BEGINNING OF YEAR	166,631,908	17,631,611	184,263,519
NET ASSETS, END OF YEAR	$ 195,140,765	$ 15,512,013	$ 210,652,778

The accompanying notes are an integral part of these consolidated financial statements.

Central Carolina Community Foundation

Consolidated Statement of Functional Expenses

for the year ended June 30, 2025

		Supporting Services		
		Management and		
	Program Services	General	Fundraising	Total
Grants and scholarships	$ 25,961,278	$ 160	$ 263	$ 25,961,701
Salaries and benefits	2,480,732	613,350	668,841	3,762,923
Professional and administrative services	3,778,587	93,491	127,529	3,999,607
Communication and marketing	741,488	14,232	23,423	779,143
Office expenses	170,744	55,897	66,816	293,457
Information technology	61,449	26,042	42,861	130,352
Rent and building expenses	237,928	65,779	107,342	411,049
Professional development and travel	73,981	21,765	24,913	120,659
Depreciation	8,964	56,469	-	65,433
	$ 33,515,151	$ 947,185	$ 1,061,988	$ 35,524,324

The accompanying notes are an integral part of these consolidated financial statements.

Central Carolina Community Foundation

Consolidated Statement of Functional Expenses

for the year ended June 30, 2024

		Supporting Services		
		Management and		
	Program Services	General	Fundraising	Total
Grants and scholarships	$ 23,599,695	$ 31	$ 51	$ 23,599,777
Salaries and benefits	2,640,496	617,433	641,763	3,899,692
Professional and administrative services	3,382,280	96,053	135,313	3,613,646
Communication and marketing	1,194,621	34,970	57,555	1,287,146
Office expenses	141,807	24,865	18,154	184,826
Information technology	81,467	27,594	45,416	154,477
Rent and building expenses	244,769	50,055	81,403	376,227
Professional development and travel	119,273	16,509	19,865	155,647
Depreciation	12,569	57,604	-	70,173
	$ 31,416,977	$ 925,114	$ 999,520	$ 33,341,611

The accompanying notes are an integral part of these consolidated financial statements.

Central Carolina Community Foundation
Consolidated Statements of Cash Flows
for the years ended June 30,

	2025	2024
Operating activities:	$ 31,665,086	$ 26,389,259
Change in net assets		
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	441,476	302,013
Interest expense on finance lease liabilities	10	-
Net realized and unrealized gains and losses on investments	(15,067,302)	(15,115,521)
Change in assets and liabilities:		
Accounts receivable	262,969	(607,291)
Accrued interest	-	1,671
Prepaid expenses	(8,819)	16,135
Interest in real estate limited liability companies	193,750	-
Charitable remainder unitrusts	(1,526,226)	(858,360)
Interest in life insurance policies	(14,511)	(20,586)
Lead annuity trust	-	44,925
Accounts payable	279,662	726,022
Deferred liabilities	(21,288)	(39,289)
Operating lease liabilities	(294,172)	(183,779)
Funds held as agency endowments	449,658	2,549,582
Net cash provided by operating activities	16,360,293	13,204,781
Investing activities:		
Purchase of investments	(31,538,499)	(50,301,349)
Proceeds from sales of investments	11,899,019	36,421,714
Proceeds from sales of real estate	-	150,000
Proceeds from the sale of office equipment and leasehold improvements	18,698	(4,987)
Net cash used in investing activities	(19,620,782)	(13,734,622)
Financing activities:		
Amount contributed for supporting organizations	466,411	(270,986)
Principal payments on finance lease liability	(276)	-
Payments on notes payable	(666,667)	-
Net cash used in financing activities	(200,532)	(270,986)
Net decrease in cash and cash equivalents	(3,461,021)	(800,827)
Cash and cash equivalents:		
Beginning of year	7,152,712	7,953,539
End of year	$ 3,691,691	$ 7,152,712
Supplemental cash flow information:		
Initial recording of operating lease right of use asset and liability	$ 273,255	$ 939,218
Initial recording of finance lease right of use asset and liability	3,258	-

The accompanying notes are an integral part of these consolidated financial statements.

Note 1. Summary of Significant Accounting Policies:

Organization and General Information - Central Carolina Community Foundation (the "Foundation") was established in 1984 as a nonprofit corporation. The Foundation receives and administers gifts, grants, and bequests for charitable purposes generally in the areas of humanities, arts, education, the environment, health and social services. The Foundation's support is primarily in, and for the benefit of, the central area communities of South Carolina.

Basis of Consolidation - The consolidated financial statements include the accounts of New Morning. New Morning is a supporting organization of the Foundation, and is consolidated with the financial statements of the Foundation in accordance with the Financial Accounting Standards Board ("FASB")'s not for profit presentation and disclosure guidance, since the Foundation has control of, and economic interest in this entity. The Foundation has a wholly owned subsidiary, Central Carolina Community Foundation Real Estate Holding, LLC, that was formed for the purpose of holding real estate gifts until they are sold. It is the policy of Central Carolina Community Foundation Real Estate Holding, LLC to transfer all related cash received as a sale back to the Foundation. All material inter-organization transactions and balances have been eliminated in preparing these consolidated financial statements.

Financial Statement Presentation - The accompanying consolidated financial statements have been prepared on the accrual basis of accounting and are presented in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP"). The Foundation is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

U.S. GAAP and the Not-for-Profit Entities Topic of the FASB Accounting Standards Codification ("ASC") provide that if the governing body of an organization has the unilateral power to redirect the use of a donor's contribution to another beneficiary, such contributions must be classified as net assets without donor restrictions. The Board of Trustees (the "Board") of the Foundation has the ability known as variance power; however, the Board would generally intend to exercise this authority only if the stated purpose of a contribution becomes no longer applicable and incapable of fulfillment. Accordingly, the Foundation's consolidated financial statements classify the majority of funds, including the corpus of certain donor advised funds, as net assets without donor restrictions, but segregate for internal management and record keeping the portion that is held as donor advised from the funds that are currently available for grants administration.

Interpretation of Relevant Law - The Board has determined that the Foundation is not subject to the net asset classification of funds requirements of ASC 958-205 because: (1) the Board retains complete variance power pursuant to its governing instruments and fund agreements over the spending purpose and amount (including principal) for substantially all assets owned by the Foundation, and (2) the Board has never earmarked or otherwise designated any portion of the Foundation's assets as a donor restricted endowment that is not subject to expenditure if circumstances warrant.

Classification of Net Assets - The Foundation generally does not accept contributions that are not wholly expendable by the Foundation on a current basis. The Foundation's governing documents and fund agreements give the Board variance power to modify donor restrictions that are incapable of fulfillment or inconsistent with the charitable needs of the community. As a result of variance power, most contributions are classified as net assets without donor restrictions for financial statement purposes.

The Foundation's net assets with donor restrictions are comprised primarily of irrevocable charitable remainder trusts, charitable gift annuities, pooled income funds, and life insurance funds. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates those resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. Expenditures that relate to the fulfillment of the temporary restriction are shown as a reduction in revenue with donor restrictions as net assets released from restrictions.

The Board and the board of New Morning have not taken action to declare any portion of the Foundation's assets as restricted endowment funds that are not subject to expenditure if circumstances warrant.

Unrealized and realized gains and losses, and dividends and interest from investing activities may be included in either of these net asset classifications depending on donor-imposed restrictions and the Foundation's interpretation of relevant state law.

Consistent with the National Standards for U.S. Community Foundations, the Foundation classifies its net assets without donor restrictions (noting that all are subject to the variance power) as follows:

Designated - Funds in which the beneficiaries are specified by the grantors.

Donor advised - Funds that have at least three characteristics: (1) a donor or person appointed or designated by the donor has, or reasonably expects to have, advisory privileges with respect to the fund's distributions, (2) the fund is separately identified by reference to contributions of the donor(s), and (3) the fund is owned and controlled by the Foundation. A fund possessing these characteristics may be exempt from the donor advised fund classification if it grants to one single public charity or government unit or if the fund meets certain requirements applicable to scholarship funds.

Field-of-interest - Funds that are used for a specific charitable purpose.

Unrestricted - Funds in which the donor does not provide a restriction of use.

Board designated - Administrative, and other funds available for the Foundation's unrestricted use at the direction of the Board.

Cash and Cash Equivalents - For purposes of reporting in the statement of cash flows, the Foundation considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents. Cash and cash equivalents consist of cash held in checking and overnight investment accounts.

All cash and highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, are considered to be cash and cash equivalents. Cash and highly liquid financial instruments restricted to projects, endowments that are perpetual in nature, or other long-term purposes are excluded from this definition.

Accounts Receivable - The accounts receivable balance is primarily attributed to New Morning. The Foundation maintains an allowance for credit losses to provide for the estimated lifetime expected losses on accounts receivable. The allowance is based on historical loss rates, adjusted for current conditions and reasonable and supportable future economic forecasts. These factors are used to develop loss rate estimates, which are then applied to the financial assets' amortized cost basis to determine the total expected credit loss. The Foundation carries its accounts receivable at cost less the allowance for expected credit losses. Management monitors collectability of its receivables throughout the year. Evaluation occurs and adjustments are made at June 30 each year. Management utilizes a loss rate method to develop expected loss estimates. This method considers the entire receivables balance, excluding related party, and applies a percentage to the entire portfolio.

As of June 30, 2025, management believes that recording an allowance for credit losses is not necessary. However, future economic conditions and market factors may impact the level of credit losses and the allowance required.

Investment Policy - The Board has the ultimate responsibility for its investment funds and related investment returns. The Foundation’s pooled funds are invested under an asset allocation policy that is expected to provide returns adequate to enable the Foundation to make grants and pay operating expenses. Under its current policy, the Foundation’s pooled funds are invested in a manner intended to produce results that exceed certain relevant market indices over a specified time horizon.

To satisfy its long-term rate of return objectives, the Foundation exercises due care to diversify pooled investment fund assets through its strategies to achieve the stated objectives for the Foundation in accordance with the asset allocation policy. Actual investment returns in any given year will fluctuate. Investment transactions are reported on a trade-date basis. Realized gains and losses of equity and debt securities are determined by specific identification. Realized gains and losses of mutual funds are determined by average cost basis of shares sold.

Investment income or loss (including gains and losses on investments, interest, and dividends) is included in the consolidated statements of activities as increases or decreases in net assets without donor restrictions unless the income or loss is restricted by donor or law. Investments are recorded at cost when purchased or at market value at date of gift. Interest in real estate limited liability companies is recorded at the lower of cost or market.

Office Equipment and Depreciation - Office equipment has been valued at cost, except the equipment which has been donated from outside sources.

This equipment is recorded at fair market value at the time of donation. It is the Foundation's policy to capitalize all fixed asset acquisitions that exceed $1,000 in value. Depreciation of office equipment is computed on the straight-line basis over estimated useful lives of five to twelve years. Depreciation expense was $65,433 and $70,173 for the fiscal years ending June 30, 2025 and 2024, respectively.

Right of Use Asset and Lease Liability - The Foundation recognized a right-of-use asset ("ROU") and a lease liability, initially measured at the present value of the lease payments for operating leases not classified as short-term leases. For operating leases, a single lease cost is calculated and allocated over the lease term on a straight-line basis. The Foundation uses the risk free rate as the discount rate as the Foundation's lease arrangements do not provide an implicit borrowing rate. Determination of the lease discount rate was calculated using the risk-free rate expedient option, based upon calculations using information obtained from current available investment rates.

Life Insurance - Life insurance consists of life insurance policies purchased by the donor where the Foundation is named as owner and beneficiary of the policy. The assets contributed under these life insurance policies are carried at fair value approximated by the cash surrender value, net of any policy loans. The life insurance policy cash surrender value is updated annually and changes in value are recorded as a change in cash surrender value of life insurance in the consolidated statements of activities.

Grants Payable and Commitments - Grants are recognized as expenses in the consolidated statements of activities at the time recipients are entitled to such grants. Generally, this occurs at the earlier of the date the Board approves a specific grant or when the grantee is notified. Each supporting organization has a similar process, in that grants are approved by their respective Board of Directors. The Foundation records a grant payable in the consolidated statements of financial position for unconditional grants that have been approved, but not processed for payment as of the end of the fiscal year. The Foundation does approve grants that contain performance requirements that must be met before the grant will be paid. These types of grants are described as conditional promises to give, which depend on the occurrence of a specified future and uncertain event to bind the promisor and shall be recognized when the conditions on which they depend are substantially met, that is, when a conditional promise becomes unconditional. The Foundation had $458,822 and $195,927 of conditional grants payable at June 30, 2025 and 2024, respectively.

Revenue and Support Recognition - Gifts, grants, and other income are recorded as revenue and support when received by the Foundation. Such revenue and support are recorded at fair value. The Foundation's policy is to include revenue and support in revenue and support without donor restrictions if the restriction is satisfied in the year the revenue and support is received. Revenue and support are available for use unless specifically restricted by the donor. Investment income is recognized when earned.

Contributed services are recorded as contributions at their fair value if such services create or enhance nonfinancial assets, would have been purchased if not provided by contribution, or require specialized skills and are provided by individuals possessing such specialized skills. In addition, the appropriate value of donated services of individuals are recorded as an expense when such services qualify for cost reimbursement from third-party providers. The Foundation had no significant contributed services recorded in 2025 and 2024.

Income Taxes - The Foundation is organized as a South Carolina nonprofit corporation and has been recognized by the Internal Revenue Service ("IRS") as exempt from federal income taxes under Internal Revenue Code ("IRC") Section 501(a) as an organization described in IRC Section 501(c)(3), qualifies for the charitable contribution deduction under IRC Section 170(b)(1)(A)(iv), and has been determined not to be a private foundation under IRC Sections 509(a)(1) and (3), respectively. The Central Carolina Community Foundation Real Estate Holding, LLC is a disregarded entity reported on the Foundation's Return of Organization Exempt from Income Tax ("Form 990") each year. New Morning is exempt from federal income taxation under Section 501(c)(3) of the IRC and a public charity under Section 509(a)(3) of the IRC.

The Foundation is annually required to file a Form 990 with the IRS. In addition, the Foundation is subject to income tax on net income that is derived from business activities that are unrelated to their exempt purpose. Management has determined that the Foundation is not subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return ("Form 990-T") with the IRS. Generally, the Foundation's tax returns remain open for three years for federal income tax examination.

Spending Policy - The Board sets an annual spending rate for certain funds included in the investment pool. These funds include the field of interest, designated, unrestricted, endowed donor advised funds, and Board designated fund classifications. The spending rate is based on a 20-quarter rolling average of applicable fund balances calculated as of December 31 of the current year.

Functional Allocation of Expenses - The cost of providing various programs and other activities has been summarized on a functional basis in the consolidated statements of activities. The consolidated statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Certain categories of expenses are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and wages, employee benefits, and payroll taxes, which are allocated based on estimates of time and effort. The expenses that are allocated also include office expenses, information technology, occupancy, insurance, and other expenses, which are allocated based on estimates of usage and headcount.

Advertising Costs - Advertising costs are charged to expenses as incurred. Total advertising and promotional costs incurred were approximately $741,000 and $1,237,000 for the fiscal years ending June 30, 2025 and 2024, respectively.

Split-interest Agreement - The Foundation is a party to a split-interest agreement. It reports separately the assets and liabilities of its split-interest agreement in its consolidated statements of financial position, and it reports separately contribution revenue from the split-interest agreement and the change in valuation of the split- interest agreement in its consolidated statements of activities.

Charitable remainder trusts are split-interest agreements in which the Foundation receives its beneficial interest in the donated assets after the donor or another beneficiary receives distributions for a specified period. The donor establishes and funds the trust and names a beneficiary to receive distributions over the life of the split-interest agreement. The distributions to the beneficiary may be for a set dollar amount or for a stated percentage of the fair market value of the trust, determined annually. At the termination of the agreement, the remaining assets in the trust pass to the Foundation for its use.

The Foundation may have general use of the assets, or the donor may place restriction on the assets.

Use of Estimates - The Foundation uses estimates and assumptions in preparing its consolidated financial statements in accordance with U.S. GAAP. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. The most significant estimates are the estimation of the fair value of financial instruments, depreciation, and the value of donated services and equipment. Actual results could vary from the estimates that were used.

Note 2. Investments:

All investments are recorded at their fair value and are summarized as follows as of June 30:

	2025		2024	
	Cost	Market Value	Cost	Market Value
Certificates of Deposit	$ 16,913,400	$ 16,913,400	$ 9,545,265	$ 9,545,265
Mutual Funds	198,068,631	226,010,810	185,823,851	198,672,163
Foreign Bonds	260,000	260,000	260,000	260,000
Totals	$215,242,031	$243,184,210	$195,629,116	$208,477,428

Investment securities are exposed to various risks, such as interest rate, market, and credit risk. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in risks in the near term would materially affect the amounts reported in the consolidated statements of financial position.

Note 3. Fair Value Measurements:

The Foundation follows FASB's fair value measurements and disclosure guidance, which provides a framework for measuring fair value under generally accepted accounting principles. This guidance applies to all financial instruments that are being measured and reported on a fair value basis.

As defined in the FASB issued guidance, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

In determining fair value, the Foundation uses various methods including market, income, and cost approaches. Based on these approaches, the Foundation often utilizes certain assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and/or the risks inherent in the inputs to the valuation technique.

These inputs can be readily observable, market corroborated, or generally unobservable inputs. The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value:

Certificates of deposit – are carried at cost plus accrued interest, which approximates fair value because of the short-term maturity of these instruments.

Mutual funds - are carried at fair value based on quoted market prices at the regular trading session closing price on the exchange or market in which such securities are principally traded on the last business day of each period presented using the market approach.

Foreign Bonds - are carried at fair value based on pricing service providers that use broker dealer quotations, reported trades or valuation estimates from their internal pricing models.

Interest in real estate limited liability companies - The fair value is based upon the underlying investments of the Foundation's portion of partners' capital.

Split-interest agreements and beneficial interest in perpetual trusts - The fair value is based upon the underlying investments of the beneficial interest which are presented at fair value.

Payables and other liabilities - The carrying amount approximates fair value because of the short- term maturity of these instruments.

The Foundation utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs.

Based on the observability of the inputs used in the valuation techniques the Foundation is required to provide the following information according to the fair value hierarchy

The fair value hierarchy ranks the quality and reliability of the information used to determine fair values. Financial assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

Level 1: Valuations for assets and liabilities traded in active markets, such as the New York Stock Exchange. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.

Level 2: Valuations for assets and liabilities traded in less active dealer or broker markets. Valuations are obtained from third party pricing services for market transactions involving identical or similar assets or liabilities. For private funds, valuations may be estimated from the Foundation's portion of partners' capital.

Level 3: Valuations for assets and liabilities that are derived from other valuation methodologies, including option pricing models, discounted cash flow models and similar techniques, and not based on market exchange, dealer, or broker-traded transactions. Valuations incorporate certain assumptions and projections in determining the fair value assigned to such assets and liabilities.

NAV: Valuations for assets and liabilities that are valued at the net asset value ("NAV") of shares on the last trading day of the fiscal year, which is the basis for transactions at that date.

If prices or quotes are not available, fair value is based upon externally developed models that use unobservable inputs due to the limited market activity of these instruments. For private funds, valuations may be estimated from the Foundation's portion of partners' capital.

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 Foundation 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 represents the Foundation's financial assets and liabilities measured at fair value on a recurring basis as of June 30, 2025:

	Level 1	Level 2	Level 3	Totals
Assets				
Certificates of deposit	$ 16,913,400	$ -	$ -	$ 16,913,400
Mutual funds	226,010,810	-	-	226,010,810
Foreign bonds	-	-	260,000	260,000
Interest in real estate LLCs	-	-	480,000	480,000
Interest in charitable remainder trust	-	-	15,503,667	15,503,667
Interest in life insurance policies	-	-	167,488	167,488
Totals	$ 242,924,210	$ -	$ 16,411,155	$259,335,365
Liabilities				
Due to supporting organizations	$ -	$ -	$ 2,243,092	$ 2,243,092
Funds held as agency endowments	-	-	18,003,344	18,003,344
Totals	$ -	$ -	$ 20,246,436	$ 20,246,436

The following table represents the Foundation's financial assets and liabilities measured at fair value on a recurring basis as of June 30, 2024:

	Level 1	Level 2	Level 3	Totals
Assets				
Certificates of deposit	$ 9,545,265	$ -	$ -	$ 9,545,265
Mutual funds	198,672,163	-	-	198,672,163
Foreign bonds	-	-	260,000	260,000
Interest in real estate LLCs	-	-	673,750	673,750
Interest in charitable remainder trust	-	-	13,977,441	13,977,441
Interest in life insurance policies	-	-	152,977	152,977
Interest in lead annuity trust	-	-	-	-
Totals	$ 208,217,428	$ -	$ 15,064,168	$223,281,596
Liabilities				
Due to supporting organizations	$ -	$ -	$ 1,776,681	$ 1,776,681
Funds held as agency endowments	-	-	17,553,686	17,553,686
Totals	$ -	$ -	$ 19,330,367	$ 19,330,367

The following table summarizes the changes in fair values associated with Level 3 assets for the year ended June 30, 2025:

	Balance as of June 30, 2024	Change in Value Interest Agreements	Sales	Realized / Unrealized Gains / Losses	Balance as of June 30, 2025
Assets					
Foreign bonds	$ 260,000	$ -	$ -	$ -	$ 260,000
Interest in real estate	673,750	(193,750)	-	-	480,000
Interest in charitable remainder trust	13,977,441	1,526,226	-	-	15,503,667
Interest in life insurance policies	152,977	14,511	-	-	167,488
Totals	$ 15,064,168	$1,346,987	$ -	$ -	$ 16,411,155
Liabilities					
Due to supporting organizations	$ 1,776,681	$ -	$ -	$ 466,411	$ 2,243,092
Funds held as agency endowments	17,553,686	-	2,303,530	(1,853,872)	18,003,344
Totals	$ 19,330,367	$ -	$2,303,530	$(1,387,461)	$ 20,246,436

The following table summarizes the changes in fair values associated with Level 3 assets for the year ended June 30, 2024:

	Balance as of June 30, 2023	Change in Value Interest Agreements	Purchases	Realized / Unrealized Gains / Losses	Balance as of June 30, 2024
Assets					
Foreign bonds	$ 260,000	$ -	$ -	$ -	$ 260,000
Interest in real estate	823,750	-	(150,000)	-	673,750
Interest in charitable remainder trust	13,119,081	858,360	-	-	13,977,441
Interest in life insurance policies	132,391	20,586	-	-	152,977
Interest in lead annuity policies	44,925	(44,925)	-	-	-
Totals	$ 14,380,147	$ 834,021	$ (150,000)	$ -	$ 15,064,168
Liabilities					
Due to supporting organizations	$ 2,047,667	$ -	$ -	$ (270,986)	$ 1,776,681
Funds held as agency endowments	15,004,104	-	2,523,238	26,344	17,553,686
Totals	$ 17,051,771	$ -	$2,523,238	$ (244,642)	$ 19,330,367

Note 4. Donated Services and In-kind Contributions:

A number of volunteers have donated an undetermined number of hours to the Foundation's program services during the year; however, the consolidated financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by U.S. GAAP. Contributed goods are recorded at fair value at the date of donation. No significant contributions of such goods or services were received during the years ended June 30, 2025 and 2024.

Note 5. Net Assets with Donor Restrictions:

Net assets with donor restrictions for time and passage consist of the following as of June 30,:

	2025	2024
Foundation's Share of Unitrusts, Pooled Income Funds, Annuity Trusts, and Life Insurance Policies	$15,671,155	$15,512,013

Note 6. Net Assets Released from Restrictions:

Net assets were released from restrictions during the years ended June 30 as follows:

	2025	2024
New Morning Foundation's Release of Restriction	$5,059,595	$8,560,914

Note 7. Deposits:

The Foundation maintains its bank accounts at five financial institutions. At June 30, 2025, the bank balances of these accounts were $4,102,360 and the carrying amounts were $3,691,691. There was approximately $2,589,000 in excess of federally insured limits. At June 30, 2024, the bank balances of these accounts were $8,534,017 and the carrying amounts were $7,152,712. There was approximately $6,939,000 in excess of federally insured limits. The Foundation is consciously investing over the FDIC limit at several institutions. In an effort to attain some return on short-term investments, the Foundation chose institutional risk over market risk, and is monitoring the financial stability of all the institutions very closely.

The Foundation offers donors the option to start a fund that is placed in cash and cash equivalents, rather than in the investment pool. The cash and cash equivalents balance will increase as additional receipts for this fund type are collected.

Note 8. Leases:

The Foundation has a sublease agreement for the use of office space to serve as its primary administrative office. The office lease began June 2018 and extends until October 2032. There have been amendments based on the addition of office space. The agreement has incremental increases over the life of the lease.

The Foundation also leases small office equipment under short-term and/or cancelable operating leases. In the normal course of business, operating leases are generally renewed or replaced by other leases.

In accordance with ASC 842, *Leases*, lease liabilities are initially and subsequently measured at the present value of the remaining lease payments. The right-of-use assets are initially recognized at the amount of the lease liabilities initially recognized less lease incentives received, plus initial direct costs and prepaid lease payments, if any. Should there be a modification, the rate may be updated with a more current incremental borrowing rate.

Lease-related assets and liabilities as presented in the consolidated statements of financial position consist of the following as of June 30,:

	2025	2024
Operating lease right of use assets	$ 2,790,518	$ 2,615,342
Less: accumulated amortization	(696,345)	(424,907)
Operating lease right-of-use assets, net	$ 2,094,173	$ 2,190,435
Liabilities:		
Current portion of operating lease liabilities	238,985	196,095
Long-term portion of operating lease liabilities	2,032,859	2,079,724
	$ 2,271,844	$ 2,275,819

The lease right-of-use asset and lease liability reflect the present value of the Foundation's estimated future minimum lease payments over the lease term, which includes options that are reasonably assured of being exercised. The Foundation elected to use the practical expedient and use the annualized risk-free rate of 3.81% for the office space and 4.13% for equipment, which is based on the U.S. Treasury yield curve rate for an equivalent term.

Operating lease expense of $294,172 and $280,871 was recognized related to these leases during the years ended June 30, 2025 and 2024, respectively. Cash of $294,172 and $280,871 was paid for amounts included in the measurement of lease liabilities during the years ended June 30, 2025 and 2024, respectively.

Weighted-average remaining lease terms and weighted-average discount rates were as follows as of June 30,:

	2025	2024
Weighted-average remaining lease term in years for operating leases	5.87	5.64
Weighted-average discount rate for operating leases	3.81%	3.82%

Future minimum rent payments under operating lease obligations, having lease terms in excess of one year are summarized as follows for the years ended June 30,:

2026	$ 321,517
2027	333,037
2028	344,360
2029	355,796
2030	366,281
Thereafter	901,125
Total	2,622,116
Less effects of discounting	(350,272)
Total lease payments	$ 2,271,844

New Morning leases office space in Columbia, South Carolina, equipment, and a vehicle.

Building lease - New Morning leases office space in Columbia, South Carolina, under an operating lease. The operating lease began on May 14, 2015, and during the year ended June 30, 2023, New Morning renewed this lease agreement, calling for payments from April 2023 through March 2025. In March 2025, New Morning entered into an agreement to amend the lease, calling for payments from April 2025 through June 2026. On April 1, 2025, New Morning recorded a right-of-use asset and lease liability of $98,079. As of June 30, 2025, the right-of-use assets have been amortized to $78,840. The corresponding lease liabilities have been paid down to $74,610. Operating lease expense of $94,082 has been recognized related to this lease during the year ended June 30, 2025.

Equipment lease - New Morning leases equipment under an operating lease agreement. New Morning recorded a right-of-use asset and lease liability of $13,988 during the year ended June 30, 2023. As of June 30, 2025, the right-of-use assets have been amortized and the corresponding lease liabilities have been paid down in full. Operating lease expense of $3,951 has been recognized related to this lease during the year ended June 30, 2025.

Vehicle leases - In the year ended June 30, 2023, New Morning entered an operating lease agreement to lease a vehicle. The lease calls for payments from May 2023 through May 2026. New Morning recorded a right-of-use asset and lease liability of $15,324 during the year ended June 30, 2024. As of June 30, 2025, the right-of-use assets have been amortized to $7,094. The corresponding lease liabilities have been paid down to $7,157. Operating lease expense of $8,631 has been recognized related to this lease during the year ended June 30, 2025.

Equipment lease - In the year ended June 30, 2025, New Morning entered a financing lease agreement to lease equipment. The lease calls for payments from June 2025 through June 2026, with a $1 purchase option at the end of the lease. The Organization recorded a right-of-use asset and lease liability of $3,258 during the year ended June 30, 2025. As of June 30, 2025, the right-of-use assets have been amortized to $2,986. The corresponding lease liabilities have been paid down to $2,992. Amortization expense of $272 and interest expense of $10 have been recognized related to this lease during the year ended June 30, 2025.

Cash of $108,377 and $119,243 was paid for amounts included in the measurement of lease liabilities during the years ended June 30, 2025 and 2024, respectively.

Weighted-average remaining lease terms and weighted-average discount rates were as follows as of June 30,:

	2025	2024
Weighted-average remaining lease term in years for operating leases	0.99	0.93
Weighted-average remaining lease term in years for finance leases	0.92	-
Weighted-average discount rate for operating leases	3.98%	3.95%
Weighted-average discount rate for finance leases	4.13%	-

Future minimum rent payments under operating lease obligations, having lease terms in excess of one year are summarized as follows for the years ended June 30,:

Year Ended June 30,	Finance	Operating	Total
2026	$ 3,043	$ 83,242	$ 86,285
Total Undiscounted Cash Flows	3,043	83,242	86,285
Less: Present Value Discount	(51)	(1,475)	(1,526)
Total Lease Liabilities	$ 2,992	$ 81,767	$ 84,759

Consolidated lease related assets and liabilities consisted of the following at June 30, 2025:

	Foundation	New Morning	Consolidated
Operating lease right of use assets	$ 2,790,518	$ 127,391	$ 2,917,909
Finance lease right of use assets	-	3,258	3,258
Less: accumulated amortization	(696,345)	(41,729)	(738,074)
Total lease assets, net	$ 2,094,173	$ 88,920	$ 2,183,093
Current portion of operating lease liabilities	238,985	81,767	320,752
Current portion of finance lease liabilities	-	2,992	2,992
Long-term portion of operating lease liabilities	2,032,859	-	2,032,859
Total lease liabilities	$ 2,271,844	$ 84,759	$ 2,356,603

Consolidated lease related assets and liabilities consisted of the following at June 30, 2024:

	Foundation	New Morning	Consolidated
Operating lease right of use assets	$ 2,615,342	$ 243,263	$ 2,858,605
Less: accumulated amortization	(424,907)	(151,075)	(575,982)
Total lease assets, net	$ 2,190,435	$ 92,188	$ 2,282,623
Current portion of operating lease liabilities	196,095	91,552	287,647
Long-term portion of operating lease liabilities	2,079,724	7,157	2,086,881
Total lease liabilities	$ 2,275,819	$ 98,709	$ 2,374,528

Consolidated future minimum rent payments under operating lease obligations, having lease terms in excess of one year are summarized as follows for the years ended June 30,:

2026	$ 407,802
2027	333,037
2028	344,360
2029	355,796
2030	366,281
Thereafter	901,125
	2,708,401
Less: effects of discounting	(351,798)
	$ 2,356,603

Note 9. Retirement Plan:

For the years ended June 30, 2025 and 2024, the Foundation sponsored a 401(k) retirement plan for all eligible employees. The Foundation contributes 6%, which totaled $84,582 and $75,985 for the years ended June 30, 2025 and 2024, respectively.

New Morning sponsors a 401(k) retirement plan for all eligible employees. Expenses for this plan totaled $143,385 and $140,175 for the years ended June 30, 2025 and 2024, respectively. All employees who have completed at least one year of service and attained age 21 or older are eligible. New Morning contributes 5% of employee gross wages to all eligible employees, and all contributions are vested immediately.

Note 10. Liquidity and Availability:

Financial assets available for general expenditure, that is, without donor restrictions limiting their use, within one year of the consolidated statements of financial position date, comprised the following at June 30,:

	2025	2024
Financial Assets:		
Cash and cash equivalents	$ 3,691,691	$ 7,152,712
Investments	243,184,210	208,477,428
Financial assets, at June 30	246,875,901	215,630,140
Less: those unavailable for general expenditure within one year, due to:		
Cash and investments held with donor restrictions	(15,671,155)	(15,512,013)
Financial assets available to meet cash needs for general expenditures within one year	$ 231,204,746	$ 200,118,127

The Foundation is primarily funded by contributions from donors that can impose restrictions. Those restrictions require that resources be used in a certain manner or in a future period. Therefore, the Foundation must maintain adequate resources to meet those responsibilities to its donors and certain financial assets may not be available for general expenditures within one year. As part of its liquidity management, the Foundation has a policy to structure its financial assets to be available as general expenditures, liabilities, and other obligations become due. In addition, the Board designated funds could be utilized in the event of an unanticipated liquidity need.

Note 11. Form 990 Reporting:

The audited consolidated financial statements of the Foundation are reported in accordance with U.S. GAAP. The differences that exist between these accounting principles and the Form 990 reporting requirements create certain reconciling items between the components of net assets and net income reported in the consolidated financial statements and the Foundation's Form 990. These reconciling items may include unrealized gains and losses included in the Foundation's revenues that are excluded from revenues for Form 990 reporting purposes and investment manager fees that are netted against revenues in the Foundation's audited consolidated financial statements and are reported separately as expenses in the Form 990. Other reconciling items reflect agency or other adjustments. The audited consolidated financial statements of the Foundation are reported on a consolidated basis which includes its subsidiary and its supporting organization.

Separate Form 990s are prepared for each of the entities that collectively make up the Foundation.

Note 12. Subsequent Events:

The Foundation evaluated subsequent events through July 13, 2026, the date these consolidated financial statements were available to be issued, and there were no material subsequent events that required disclosure in these consolidated financial statements.