Central Carolina Community Foundation

Independent Auditor's Report on Consolidated Financial Statements

as of and for the years ended 2023 and 2022

SCOTT COMPANY

Contents

Pages

Independent Auditor's Report 1-2

Consolidated Statements of Financial Position 3
Consolidated Statements of Activities 4-5
Consolidated Statements of Functional Expenses 6-7
Consolidated Statements of Cash Flows 8
Notes to Consolidated Financial Statements 9-22

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 (the "Foundation") (a nonprofit organization), its Subsidiary (Central Carolina Community Foundation Real Estate Holding, LLC), and Supporting Organization (New Morning), which comprise the consolidated statements of financial position as of June 30, 2023, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, based on our audit 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, its Subsidiary and Supporting Organization as of June 30, 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.

We did not audit the 2023 or 2022 financial statements of New Morning, a supporting organization, whose statements reflect total assets of $5,406,589 and $8,704,762 as of June 30, 2023 and 2022, respectively, and total revenues of $7,321,740 and $10,758,292 for the years then ended. 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.

Prior Period Financial Statements

The consolidated financial statements of the Foundation, its Subsidiary and Supporting Organization as of June 30, 2022 were audited by other auditors whose report dated March 6, 2024 expressed an unmodified opinion on those statements.

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 Consolidated Financial Statements section of our report. We are required to be independent of the Foundation, its Subsidiary and Supporting Organization, 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 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, its Subsidiary's and Supporting Organization'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, its Subsidiary's and Supporting Organization'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, its Subsidiary's and Supporting Organization'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.

Emphasis of Matter

As discussed in Notes 1 and 8, the Foundation adopted Accounting Standards Update 2016-02, *Leases (Topic 842)*, as of July 1, 2022. Our opinion is not modified with respect to this matter.

Scott and Company LLC

Columbia, South Carolina
October 2, 2024

Central Carolina Community Foundation
Its Subsidiary and Supporting Organization
Consolidated Statements of Financial Position
As of June 30,

	2023	2022
Assets		
Current assets:		
Cash and cash equivalents	**$ 7,953,539**	$ 14,072,283
Accounts receivable	**464,815**	113,002
Accrued interest	**1,671**	6,015
Prepaid expenses	**53,099**	7,930
Total current assets	**8,473,124**	14,199,230
Investments, at fair value	**179,482,272**	155,607,750
Office equipment, net	**513,833**	138,741
Operating lease right of use asset, net	**1,575,245**	-
Interest in real estate limited liability companies	**823,750**	1,248,524
Interest in charitable remainder unitrusts	**13,119,081**	13,513,315
Interest in life insurance policies	**132,391**	76,748
Interest in lead annuity trusts	**44,925**	179,701
Total assets	**$ 204,164,621**	$ 184,964,009
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	**$ 502,998**	$ 708,809
Deferred liabilities	**60,577**	89,359
Due to supporting organizations	**2,047,667**	2,134,236
Operating lease liabilities, current portion	**323,388**	-
Total current liabilities	**2,934,630**	2,932,404
Notes payable	**666,667**	666,667
Operating lease liabilities, less current portion	**1,295,701**	-
Funds held as agency endowments	**15,004,104**	13,183,352
Total liabilities	**19,901,102**	16,782,423
Net assets		
Without donor restrictions		
Designated fund	**26,630,983**	22,225,478
Donor-advised fund	**103,100,363**	90,909,791
Field-of-interest fund	**14,016,400**	11,599,532
Unrestricted fund	**14,835,760**	12,910,530
Board designated	**8,048,402**	7,697,872
Total without donor restrictions	**166,631,908**	145,343,203
With donor restrictions	**17,631,611**	22,838,383
Total net assets	**184,263,519**	168,181,586
Total liabilities and net assets	**$ 204,164,621**	$ 184,964,009

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

Central Carolina Community Foundation
Its Subsidiary and Supporting Organization
Consolidated Statement of Activities
for the year ended June 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
PUBLIC SUPPORT AND REVENUE			
Contributions	**$ 28,709,909**	**$ 6,122,142**	**$ 34,832,051**
Less: contributions to agency endowments	**(1,044,214)**	**-**	**(1,044,214)**
Interest and dividends	**5,780,464**	**-**	**5,780,464**
Less: interest and dividends received for agency endowments	**(602,811)**	**-**	**(602,811)**
Loss from unitrusts, annuity trusts & pooled income funds	**-**	**(529,010)**	**(529,010)**
Change in cash surrender value of life insurance	**-**	**55,643**	**55,643**
Loss on sales of securities and other property	**(414,162)**	**-**	**(414,162)**
Add: proceeds from sales of agency endowment securities	**41,535**	**-**	**41,535**
Unrealized appreciation on securities	**10,577,193**	**-**	**10,577,193**
Less: depreciation of agency endowment securities	**(1,049,320)**	**-**	**(1,049,320)**
Other income	**256,079**	**-**	**256,079**
Add: other loss for agency endowments	**152,474**	**-**	**152,474**
Net assets released from restrictions	**10,855,547**	**(10,855,547)**	**-**
Total public support and revenue	**53,262,694**	**(5,206,772)**	**48,055,922**
EXPENSES			
Program services			
Grants and related expenses	**30,792,618**	**-**	**30,792,618**
Less: grants to agency endowments	**(733,722)**	**-**	**(733,722)**
Total program services	**30,058,896**	**-**	**30,058,896**
Supporting Services			
Management and general	**1,090,477**	**-**	**1,090,477**
Fundraising and advancement	**824,616**	**-**	**824,616**
Total supporting services	**1,915,093**	**-**	**1,915,093**
TOTAL EXPENSES	**31,973,989**	**-**	**31,973,989**
CHANGE IN NET ASSETS	**21,288,705**	**(5,206,772)**	**16,081,933**
NET ASSETS, BEGINNING OF YEAR	**145,343,203**	**22,838,383**	**168,181,586**
NET ASSETS, END OF YEAR	**$ 166,631,908**	**$ 17,631,611**	**$ 184,263,519**

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

Central Carolina Community Foundation
Its Subsidiary and Supporting Organization
Consolidated Statement of Activities
for the year ended June 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
PUBLIC SUPPORT AND REVENUE			
Contributions	$ 25,427,351	$ 11,028,851	$ 36,456,202
Less: contributions to agency endowments	(1,006,813)	-	(1,006,813)
Interest and dividends	7,303,225	-	7,303,225
Less: interest and dividends received for agency endowments	(799,673)	-	(799,673)
Loss from unitrusts, annuity trusts & pooled income funds	-	(1,679,340)	(1,679,340)
Change in cash surrender value of life insurance	-	(79,842)	(79,842)
Gain on sales of securities and other property	20,109,862	-	20,109,862
Less: proceeds from sales of agency endowment securities	(2,058,292)	-	(2,058,292)
Unrealized depreciation on securities	(54,226,899)	-	(54,226,899)
Add: depreciation of agency endowment securities	6,108,355	-	6,108,355
Realized and unrealized losses	(311,842)	-	(311,842)
Other income	127,040	-	127,040
Paycheck protection forgiveness income	166,868	-	166,868
Net assets released from restrictions	10,948,894	(10,948,894)	-
Total public support and revenue	11,788,076	(1,679,225)	10,108,851
EXPENSES			
Program services			
Grants and related expenses	28,938,320	-	28,938,320
Less: grants to agency endowments	(482,404)	-	(482,404)
Total program services	28,455,916	-	28,455,916
Supporting Services			
Management and general	666,861	-	666,861
Fundraising and advancement	786,908	-	786,908
Total supporting services	1,453,769	-	1,453,769
TOTAL EXPENSES	29,909,685	-	29,909,685
CHANGE IN NET ASSETS	(18,121,609)	(1,679,225)	(19,800,834)
NET ASSETS, BEGINNING OF YEAR	163,464,812	24,517,608	187,982,420
NET ASSETS, END OF YEAR	$ 145,343,203	$ 22,838,383	$ 168,181,586

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

Central Carolina Community Foundation
Its Subsidiary and Supporting Organization
Consolidated Statement of Functional Expenses
for the year ended June 30, 2023

		Supporting Services		
	Program Services	Management and General	Fundraising and Advancement	Total
Grants and scholarships	$ 21,440,575	$ 171	$ 281	$ 21,441,027
Salaries and benefits	2,866,713	633,415	623,644	4,123,772
Professional and administrative services	3,629,013	61,627	80,892	3,771,532
Communication and marketing	1,606,834	31,216	51,377	1,689,427
Office expenses	147,566	22,958	18,163	188,687
Information technology	59,705	25,025	40,304	125,034
Rent and building expenses	143,827	277,555	550	421,932
Professional development and travel	148,116	7,034	9,405	164,555
Depreciation	16,547	31,476	-	48,023
	$ 30,058,896	$ 1,090,477	$ 824,616	$ 31,973,989

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

Central Carolina Community Foundation
Its Subsidiary and Supporting Organization
Consolidated Statement of Functional Expenses
for the year ended June 30, 2022

		Supporting Services		
	Program Services	Management and General	Fundraising and Advancement	Total
Grants and scholarships	$ 19,405,028	$ 61	$ 100	$ 19,405,189
Salaries and benefits	2,478,429	465,478	546,842	3,490,749
Professional and administrative services	3,504,816	49,429	63,707	3,617,952
Communication and marketing	2,447,187	34,096	56,116	2,537,399
Office expenses	141,229	25,999	22,302	189,530
Information technology	62,261	15,949	25,366	103,576
Rent and building expenses	189,964	39,825	64,415	294,204
Professional development and travel	206,782	11,817	8,060	226,659
Depreciation	20,220	24,207	-	44,427
	$ 28,455,916	$ 666,861	$ 786,908	$ 29,909,685

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

Central Carolina Community Foundation
Its Subsidiary and Supporting Organizations
Consolidated Statements of Cash Flows
for the years ended June 30,

	2023	2022
Operating activities:		
Change in net assets	**$ 16,081,933**	$ (19,800,834)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	**392,165**	44,427
Gain on disposal of real estate	**-**	(2,056,265)
Impairment loss on real estate	**-**	742,226
Net realized and unrealized (gains) losses on investments	**(10,163,031)**	54,099,653
Change in operating assets and liabilities:		
Accounts receivable	**(351,813)**	(56,187)
Accrued interest	**4,344**	96
Prepaid expenses	**(45,169)**	-
Charitable remainder unitrusts	**394,234**	982,772
Interest in life insurance policies	**(55,643)**	79,842
Lead annuity trust	**134,776**	755,357
Accounts payable	**(205,811)**	(50,267)
Deferred liabilities	**(28,782)**	(11,327)
Life insurance payable	**-**	(58,789)
Operating lease liabilities	**(300,298)**	-
Funds held as agency endowments	**1,820,752**	(1,976,386)
Net cash provided by operating activities	**7,677,657**	32,694,318
Investing activities:		
Purchase of investments	**(19,438,140)**	(76,319,184)
Proceeds from sales of investments	**5,726,649**	37,999,532
Proceeds from sales of real estate	**424,774**	5,099,032
Purchase of office equipment and leasehold improvements	**(423,115)**	(21,328)
Net cash used in investing activities	**(13,709,832)**	(33,241,948)
Financing activities:		
Amount contributed for supporting organizations	**(86,569)**	(916,461)
Net cash used in financing activities	**(86,569)**	(916,461)
Decrease in cash and cash equivalents	**(6,118,744)**	(1,464,091)
Cash and cash equivalents:		
Beginning of year	**14,072,283**	15,536,374
End of year	**$ 7,953,539**	$ 14,072,283
Supplemental cash flow information:		
Initial recording of operating lease right of use asset and liability per implementation of ASC Topic 842	**$ 1,919,387**	$ -

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

Note 1. Nature of Activities and 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. The supporting organization 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 these entities. 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 the Foundation 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.

Accounting principles generally accepted in the United States of America 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 instructions 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.

Note 1. Nature of Activities and Summary of Significant Accounting Policies (continued)

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.

Note 1. Nature of Activities and Summary of Significant Accounting Policies (continued)

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 statement of activities as an increase or decrease 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.

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 March 31 of the preceding year.

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 its 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.

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.

Note 1. Nature of Activities and Summary of Significant Accounting Policies (continued)

Recent Accounting Pronouncements - In February 2016, the FASB issued Accounting Standards Update ("ASU") 2016-02, *Leases (Topic 842)*, which is required to be implemented for fiscal periods beginning after December 15, 2021. The provisions of the ASU seek to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the statement of financial position and by disclosing key information about leasing arrangements. ASU 2016-02 requires that a lessee recognize assets and liabilities for all leases with lease terms of more than 12 months. The ASU requires disclosures to help investors and other financial statement users better understand the amount, timing, and uncertainty of cash flows arising from leases, including qualitative and quantitative requirements. The Foundation implemented this ASU as of July 1, 2022, using the modified retrospective approach. See additional information in Note 8.

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 $48,023 and $44,427 for the fiscal years ended June 30, 2023 and 2022, respectively.

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

Charitable lead trusts are arrangements whereby a donor establishes a trust naming the Foundation as beneficiary. Under the agreement, the Foundation receives distributions from the trust until the termination of the agreement, at which time the remaining trust assets are paid to the donor or a beneficiary named by the donor. The distributions to the Foundation may be a specific dollar amount or a fixed percentage of the trust's fair market value, determined each year. The donor may or may not restrict the use of the assets that are distributed. The Foundation's portion has been valued using present value factors that are applied to the fair market value of the trusts at June 30, 2023 and 2022.

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.

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.

Note 1. Nature of Activities and Summary of Significant Accounting Policies (continued)

Grants Payable and Commitments - Grants are recognized as expenses in the consolidated statement 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 statement 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 has $26,150 and $242,721 of conditional grants payable at June 30, 2023 and 2022, respectively.

Advertising Costs - Advertising costs are charged to expenses as incurred. Total advertising and promotional costs incurred were approximately $1,561,000 and $2,368,000 for the fiscal years ended June 30, 2023 and 2022, respectively.

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.

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.

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 2023 and 2022.

Note 2. Investments

All investments are recorded at their fair value and are summarized as follows for the years ended June 30,:

	2023		2022	
	Cost	**Fair Value**	Cost	Fair Value
Certificates of deposit	**$ 8,492,469**	**$ 8,492,469**	$ 8,711,772	$ 8,711,772
Mutual funds	**171,869,271**	**170,729,803**	159,912,084	146,735,978
Foreign bonds	**260,000**	**260,000**	160,000	160,000
Totals	**$ 180,621,740**	**$ 179,482,272**	$ 168,783,856	$ 155,607,750

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 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.

Note 3. Fair Value Measurements (continued)

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.

Note 3. Fair Value Measurement (continued)

The following table represents the Foundation's financial assets and liabilities measured at fair value on a recurring basis as of June 30, 2023:

	Level 1	Level 2	Level 3	Totals
Assets				
Certificates of deposit	**$ 8,492,469**	**$ -**	**$ -**	**$ 8,492,469**
Mutual funds	**170,729,803**	**-**	**-**	**170,729,803**
Foreign bonds	**-**	**-**	**260,000**	**260,000**
Interest in real estate LLCs	**-**	**-**	**823,750**	**823,750**
Interest in charitable remainder trust	**-**	**-**	**13,119,081**	**13,119,081**
Interest in life insurance policies	**-**	**-**	**132,391**	**132,391**
Interest in lead annuity trusts	**-**	**-**	**44,925**	**44,925**
Totals	**$ 179,222,272**	**$ -**	**$ 14,380,147**	**$ 193,602,419**
Liabilities				
Due to supporting organizations	**$ -**	**$ -**	**$ 2,047,667**	**$ 2,047,667**
Funds held as agency endowments	**-**	**-**	**15,004,104**	**15,004,104**
Totals	**$ -**	**$ -**	**$ 17,051,771**	**$ 17,051,771**

The following table represents the Foundation's financial assets and liabilities measured at fair value on a recurring basis as of June 30, 2022:

	Level 1	Level 2	Level 3	Totals
Assets				
Certificates of deposit	$ 8,711,772	$ -	$ -	$ 8,711,772
Mutual funds	146,735,978	-	-	146,735,978
Foreign bonds	-	-	160,000	160,000
Interest in real estate LLCs	-	-	1,248,524	1,248,524
Interest in charitable remainder trust	-	-	13,513,315	13,513,315
Interest in life insurance policies	-	-	76,748	76,748
Interest in lead annuity trusts	-	-	179,701	179,701
Totals	$ 155,447,750	$ -	$ 15,178,288	$ 170,626,038
Liabilities				
Due to supporting organizations	$ -	$ -	$ 2,134,236	$ 2,134,236
Funds held as agency endowments	-	-	13,183,352	13,183,352
Totals	$ -	$ -	$ 15,317,588	$ 15,317,588

Note 3. Fair Value Measurement (continued)

The following table summarizes the changes in fair values associated with Level 3 assets for the year ended June 30, 2023:

	Balance as of June 30, 2022	Change in Value Interest Agreements	Purchases/ Transfers	Realized/ Unrealized Gains/Losses	Balance as of June 30, 2023
Assets					
Foreign bonds	**$ 160,000**	**$ -**	**$ 100,000**	**$ -**	**$ 260,000**
Interest in real estate LLCs	**1,248,524**	**-**	**(424,774)**	**-**	**823,750**
Interest in charitable remainder unitrusts	**13,513,315**	**(394,234)**	**-**	**-**	**13,119,081**
Interest in life insurance policies	**76,748**	**55,643**	**-**	**-**	**132,391**
Interest in lead annuity trusts	**179,701**	**(134,776)**	**-**	**-**	**44,925**
Totals	**$ 15,178,288**	**$ (473,367)**	**$ (324,774)**	**$ -**	**$ 14,380,147**
Liabilities					
Due to supporting organizations	**$ 2,134,236**	**$ -**	**$ -**	**$ (86,569)**	**$ 2,047,667**
Funds held as agency endowments	**13,183,352**	**-**	**-**	**1,820,752**	**15,004,104**
Totals	**$ 15,317,588**	**$ -**	**$ -**	**$ 1,734,183**	**$ 17,051,771**

The following table summarizes the changes in fair values associated with Level 3 assets for the year ended June 30, 2022:

	Balance as of June 30, 2021	Change in Value Interest Agreements	Purchases/ Transfers	Realized/ Unrealized Gains/Losses	Balance as of June 30, 2022
Assets					
Foreign bonds	$ 160,940	$ -	$ (940)	$ -	$ 160,000
Interest in real estate LLCs	5,033,516	-	(5,099,032)	1,314,040	1,248,524
Interest in charitable remainder unitrusts	14,496,087	(982,772)	-	-	13,513,315
Interest in life insurance policies	156,590	(79,842)	-	-	76,748
Interest in lead annuity trusts	935,058	(755,357)	-	-	179,701
Totals	$ 20,782,191	$ (1,817,971)	$ (5,099,972)	$ 1,314,040	$ 15,178,288
Liabilities					
Due to supporting organizations	$ 2,696,078	$ -	$ -	$ (561,842)	$ 2,134,236
Funds held as agency endowments	15,159,738	-	-	(1,976,386)	13,183,352
Life insurance payable	58,789	(58,789)	-	-	-
Totals	$ 17,914,605	$ (58,789)	$ -	$ (2,538,228)	$ 15,317,588

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, 2023 and 2022.

Note 5. Net Assets with Donor Restrictions

Net assets with donor restrictions for time and passage consist of the following:

	2023	2022
Foundation's Share of Unitrusts, Pooled Income Funds, Annuity Trusts, and Life Insurance Policies	**$ 17,631,611**	$ 22,838,383

Note 6. Net Assets Released from Restrictions

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

	2023	2022
New Morning's Release of Restriction	**$ 10,855,547**	$ 10,948,894

Note 7. Deposits

The Foundation maintains its bank accounts at five financial institutions. At June 30, 2023, the bank balances of these accounts were $8,302,147 and the carrying amounts were $5,492,356. There was approximately $5,059,000 in excess of federally insured limits. At June 30, 2022, the bank balances of these accounts were $12,372,172 and the carrying amounts were $14,072,283. There was approximately $8,364,000 in excess of federally insured limits. The Foundation is consciously investing over the Federal Deposit Insurance Corporation ("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 January 2029. 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.

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 $233,721 has been recognized related to these leases during the year ended June 30, 2023.

Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows from operating leases	$ 233,721
Weighted-average remaining lease term in years for operating leases	5.92
Weighted-average discount rate for operating leases	3.81%

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,:

2024	$ 260,112
2025	267,410
2026	276,298
2027	287,084
2028	297,748
Thereafter	181,047
Total	1,569,699
Less effects of discounting	(162,584)
Total lease payments	$ 1,407,115

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 2018, New Morning entered into an operating lease for additional office space beginning on March 1, 2018 with a five (5) year term. New Morning recorded a right-of-use asset and lease liability of $88,651 during the year ended June 30, 2023. As of June 30, 2023, the right-of-use assets have been fully amortized and the lease liabilities have been paid in full.

Note 8. Leases (continued)

New Morning renewed this lease agreement, calling for payments from April 2023 through March 2025. New Morning recorded a right-of-use asset and lease liability of $204,728 during the year ended June 30, 2023. As of June 30, 2023, the right-of-use assets have been amortized to $178,874. The corresponding lease liabilities have been paid down to $180,355.

Operating lease expense of $117,236 has been recognized related to these leases during the year ended June 30, 2023.

Equipment lease – New Morning leases equipment under various operating lease agreements. 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, 2023, the right-of-use assets have been amortized to $9,023. The corresponding lease liabilities have been paid down to $8,151. Operating lease expense of $5,268 has been recognized related to this lease during the year ended June 30, 2023.

Vehicle leases – New Morning leased a vehicle under an operating lease. The lease called for payments from April 2020 through February 2023. New Morning recorded a right-of-use asset and lease liability of $4,307 during the year ended June 30, 2023. As of June 30, 2023, the right-of-use assets have been fully amortized and the lease liabilities have been paid in full.

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 $24,547 during the year ended June 30, 2023. As of June 30, 2023, the right-of-use assets have been amortized to $23,254. The corresponding lease liabilities have been paid down to $23,467.

Operating lease expense of $5,781 has been recognized related to these leases during the year ended June 30, 2023.

Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows from operating leases	$ 118,204
Weighted-average remaining lease term in years for operating leases	1.88
Weighted-average discount rate for operating leases	3.97%

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

2024	$	119,243
2025		93,069
2026		7,255
Total		219,567
Less effects of discounting		(7,593)
Total lease payments	$	211,974

Note 8. Leases (continued)

Consolidated lease-related assets and liabilities as presented in the statement of financial position consist of the following as of June 30, 2023:

	Foundation	New Morning	Consolidated
Operating lease right-of-use assets	$ 1,583,166	$ 336,221	$ 1,919,387
Less: accumulated amortization	(219,073)	(125,069)	(344,142)
Operating lease right-of-use assets, net	$ 1,364,093	$ 211,152	$ 1,575,245
Liabilities:			
Current portion of operating lease liabilities	210,123	113,265	323,388
Long-term portion of operating lease liabilities	1,196,992	98,709	1,295,701
	$ 1,407,115	$ 211,974	$ 1,619,089

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,:

2024	$ 379,355
2025	360,479
2026	283,553
2027	287,084
2028	297,748
Thereafter	181,047
Total	1,789,266
Less effects of discounting	(170,177)
Total lease payments	$ 1,619,089

Note 9. Note Payable

The Foundation received a charitable gift of land on February 18, 2020, whereby the lender is the donor in a bargain sale transaction. The Foundation is indebted to the lender in the principal amount of $1,100,000, evidenced by a promissory note dated March 15, 2020. Interest does not accrue on the loan and repayment is due in full on March 15, 2023. During the year ended June 30, 2021, $100,000 of the principal of the note was forgiven by the donor. The first of three installment payments was made for $333,333. The remaining payment of $666,667 has been delayed indefinitely by the note holder.

Note 10. Retirement Plan

For the years ended June 30, 2023 and 2022, the Foundation sponsored a 401(k) retirement plan for all eligible employees. The Foundation contributes 6%, which totaled $73,658 and $61,737 for the years ended June 30, 2023 and 2022, respectively.

New Morning (supporting organization) sponsors a 401(k) retirement plan for all eligible employees. Expenses for this plan totaled $137,368 and $119,051 for the years ended June 30, 2023 and 2022, 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 11. Liquidity and Availability

Financial assets available for general expenditure, that is, without donor restrictions limiting their use, within one year of the statement of financial position date, comprise the following as of June 30,:

	2023	2022
Financial Assets:		
Cash and cash equivalents	**$ 7,953,539**	$ 14,072,283
Investments	**193,602,419**	170,626,038
Financial assets, at June 30	**201,555,958**	184,698,321
Less: those unavailable for general expenditure within one year, due to:		
Cash and investments held with donor restrictions	**(17,631,611)**	(22,838,383)
Financial assets available to meet cash needs for general expenditures within one year	**$ 183,924,347**	$ 161,859,938

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 12. 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 supporting organization.

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

Note 13. Subsequent Events

The Foundation evaluated subsequent events through October 2, 2024, the date these consolidated financial statements were available to be issued.