

**CENTRAL CAROLINA
COMMUNITY FOUNDATION**

CONSOLIDATED FINANCIAL REPORT

JUNE 30, 2020

CENTRAL CAROLINA COMMUNITY FOUNDATION

FOR THE YEAR ENDED JUNE 30, 2020

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of **Central Carolina Community Foundation** and subsidiaries (the "Foundation") which comprise the consolidated statements of financial position as of June 30, 2020 and 2019, 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.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We did not audit the 2020 and 2019 financial statements of New Morning Foundation, a supporting organization, whose statements reflect total assets of \$11,468,466 and \$10,926,378 and total revenues of \$16,304,260 and \$16,395,022 for the years ended June 30, 2020 and 2019. 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 Foundation as of June 30, 2020 and 2019, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Central Carolina Community Foundation and subsidiaries as of June 30, 2020 and 2019, 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.

Mauldin & Jenkins, LLC

Columbia, South Carolina

May 27, 2021

**CENTRAL CAROLINA COMMUNITY FOUNDATION
AND SUPPORTING ORGANIZATION
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2020 AND 2019**

	2020	2019
ASSETS		
Cash and cash equivalents	\$ 10,905,603	\$ 6,212,598
Accrued interest	5,148	-
Investments	141,442,536	132,059,386
Other assets	58,903	132,059,386
Office equipment, net of accumulated depreciation of \$357,335 (2020) and \$316,503 (2019)	178,638	210,118
Interest in real estate limited liability companies	6,248,750	2,520,750
Interest in charitable remainder unitrusts	12,292,562	12,663,583
Interest in life insurance policies	149,733	141,723
Interest in lead annuity trusts	1,560,358	2,196,289
Total assets	172,842,231	288,063,833
 LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	711,983	605,731
Deferred liabilities	108,382	128,690
Life insurance payable to other charities	58,789	58,784
Notes payable	1,100,000	-
Due to supporting organizations	2,364,987	2,427,662
Funds held as agency endowments	10,834,996	10,423,577
Total liabilities	15,179,137	13,644,444
Net Assets		
Without donor restriction		
Designated fund	18,207,190	17,055,429
Donor-advised fund	82,868,104	72,275,512
Field-of-interest fund	9,759,925	9,780,564
Unrestricted fund	13,784,023	9,990,378
Board designated	7,764,363	7,945,177
Total without donor restrictions	132,383,605	117,047,060
With donor restrictions	25,279,489	25,378,566
Total net assets	157,663,094	142,425,626
 Total liabilities and net assets	 \$ 172,842,231	 \$ 156,070,070

See notes to consolidated financial statements.

**CENTRAL CAROLINA COMMUNITY FOUNDATION
AND SUPPORTING ORGANIZATION
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2020**

	Without Donor Restrictions	With Donor Restrictions	Total
Public Support and Revenue			
Contributions	\$ 37,173,554	\$ 15,999,000	\$ 53,172,554
Less: contributions to agency endowments	(425,425)	-	(425,425)
Interest and dividends	4,858,750	(87,656)	4,771,094
Less: interest and dividends received for agency endowments	(387,341)	-	(387,341)
Revenues from unitrusts, annuity trusts & pooled income funds	614,150	(1,006,957)	(392,807)
Change in cash surrender value of life insurance	-	8,010	8,010
Sales of securities and other property	1,260,932	(32,282)	1,228,650
Less: proceeds from sales of agency endowments securities	(141,916)	-	(141,916)
Unrealized appreciation (depreciation) on securities	(3,104,573)	50,481	(3,054,092)
Less: depreciation of agency endowment securities	205,855	-	205,855
Realized and unrealized gains	69,278	-	69,278
Fundraising	62,792	-	62,792
Other income	253,757	-	253,757
Net assets released from restrictions	15,029,673	(15,029,673)	-
Total public support and revenue	<u>55,469,486</u>	<u>(99,077)</u>	<u>55,370,409</u>
Expenses			
Program Services			
Grants and related expenses	39,054,338	-	39,054,338
Less: grants to agency endowments	(226,174)	-	(226,174)
Total program services	<u>38,828,164</u>	<u>-</u>	<u>38,828,164</u>
Support Services			
Management and general	538,299	-	538,299
Investment management	69,233	-	69,233
Fundraising	703,284	-	703,284
Less: management and administration of agency endowments	(6,039)	-	(6,039)
Total support services	<u>1,304,777</u>	<u>-</u>	<u>1,304,777</u>
Total expenses	<u>40,132,941</u>	<u>-</u>	<u>40,132,941</u>
Increase (decrease) in net assets	15,336,545	(99,077)	15,237,468
Net Assets			
Beginning of year	117,047,060	25,378,566	142,425,626
End of year	<u>\$ 132,383,605</u>	<u>\$ 25,279,489</u>	<u>\$ 157,663,094</u>

See notes to consolidated financial statements.

**CENTRAL CAROLINA COMMUNITY FOUNDATION
AND SUPPORTING ORGANIZATION
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2019**

	Without Donor Restrictions	With Donor Restrictions	Total
Public Support and Revenue			
Contributions	\$ 27,876,030	\$ 15,500,000	\$ 43,376,030
Less: contributions to agency endowments	(1,626,843)	-	(1,626,843)
Interest and dividends	4,490,923	-	4,490,923
Less: interest and dividends received for agency endowments	(351,348)	-	(351,348)
Revenues from unitrusts, annuity trusts & pooled income funds	(993,335)	(837,595)	(1,830,930)
Change in cash surrender value of life insurance	-	5,539	5,539
Sales of securities and other property	2,132,848	-	2,132,848
Less: proceeds from sales of agency endowments securities	(184,024)	-	(184,024)
Unrealized appreciation on securities	829,032	-	829,032
Less: (appreciation) of agency endowment securities	(80,187)	-	(80,187)
Realized and unrealized (losses)	(119,683)	-	(119,683)
Fundraising	57,047	-	57,047
Other income	233,739	-	233,739
Net assets released from restrictions	15,678,428	(15,678,428)	-
Total public support and revenue	<u>47,942,627</u>	<u>(1,010,484)</u>	<u>46,932,143</u>
Expenses			
Program Services			
Grants and related expenses	39,826,458	-	39,826,458
Less: grants to agency endowments	(705,172)	-	(705,172)
Total program services	<u>39,121,286</u>	<u>-</u>	<u>39,121,286</u>
Support Services			
Management and general	1,037,921	-	1,037,921
Investment management	66,965	-	66,965
Fundraising	667,464	-	667,464
Less: management and administration of agency endowments	(5,582)	-	(5,582)
Total support services	<u>1,766,768</u>	<u>-</u>	<u>1,766,768</u>
Total expenses	<u>40,888,054</u>	<u>-</u>	<u>40,888,054</u>
Increase (decrease) in net assets	7,054,573	(1,010,484)	6,044,089
Net Assets			
Beginning of year	<u>109,992,487</u>	<u>26,389,050</u>	<u>136,381,537</u>
End of year	<u>\$ 117,047,060</u>	<u>\$ 25,378,566</u>	<u>\$ 142,425,626</u>

See notes to consolidated financial statements.

**CENTRAL CAROLINA COMMUNITY FOUNDATION
AND SUPPORTING ORGANIZATION
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2020**

	Program Services	Management and General	Fundraising and Advancement	Total
Grants and scholarships	\$ 29,746,548	\$ 83	\$ 136	\$ 29,746,767
Salaries and benefits	2,509,813	291,745	480,201	3,281,759
Professional and administrative services	2,718,364	116,605	53,213	2,888,182
Communications and marketing	3,206,801	38,305	63,043	3,308,149
Office expenses	132,337	24,395	18,808	175,540
Information technology	50,519	9,967	16,403	76,889
Rent and building expenses	191,986	37,825	59,606	289,417
Professional development and travel	245,583	64,749	11,874	322,206
Depreciation	26,213	17,819	-	44,032
Total expenses by function	\$ 38,828,164	\$ 601,493	\$ 703,284	\$ 40,132,941

See notes to consolidated financial statements.

**CENTRAL CAROLINA COMMUNITY FOUNDATION
AND SUPPORTING ORGANIZATION
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2019**

	Program Services	Management and General	Fundraising and Advancement	Total
Grants and scholarships	\$ 31,018,981	\$ 74	\$ 122	\$ 31,019,177
Salaries and benefits	1,777,726	761,092	421,979	2,960,797
Professional and administrative services	2,463,036	111,001	56,410	2,630,447
Communications and marketing	2,981,934	55,216	88,757	3,125,907
Office expenses	186,921	41,359	28,753	257,033
Information technology	34,124	11,000	11,321	56,445
Rent and building expenses	185,596	31,679	52,138	269,413
Professional development and travel	442,454	73,964	7,984	524,402
Depreciation	30,514	13,919	-	44,433
Total expenses by function	\$ 39,121,286	\$ 1,099,304	\$ 667,464	\$ 40,888,054

See notes to consolidated financial statements.

**CENTRAL CAROLINA COMMUNITY FOUNDATION
AND SUPPORTING ORGANIZATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in net assets	\$ 15,237,468	\$ 6,044,089
Adjustment to reconcile increase in net assets to net cash provided by operating activities		
Depreciation	44,032	44,433
Accrued interest	(5,148)	-
Other assets	6,720	(13,045)
Interest in real estate limited liability companies	(4,258,000)	-
Charitable remainder unitrusts	371,021	806,671
Interest in life insurance policies	(8,010)	82,927
Lead annuity trust	635,931	1,601,775
Accounts payable	106,252	(14,364)
Deferred liabilities	(20,308)	41,893
Life insurance payable	5	458
Funds held as agency endowments	411,419	1,255,636
Net realized and unrealized gains and losses on investments	2,964,224	(762,654)
Loss on disposal of real estate	344,740	-
Loss on disposal of fixed assets	-	585
Net cash provided by operating activities	<u>15,830,346</u>	<u>9,088,404</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
(Purchase) of investments	(90,578,500)	(36,765,095)
Proceeds from sales of investments	78,231,126	26,036,211
Proceeds from sales of real estate	185,260	-
(Purchase) of office equipment & leasehold improvements	(12,552)	(111,710)
Net cash (used in) investing activities	<u>(12,174,666)</u>	<u>(10,840,594)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from notes payable	1,100,000	-
Amount contributed for supporting organizations	(62,675)	89,753
Net cash provided by financing activities	<u>1,037,325</u>	<u>89,753</u>
Increase (decrease) in cash and cash equivalents	4,693,005	(1,662,437)
Cash and Cash Equivalents		
Beginning	<u>6,212,598</u>	<u>7,875,035</u>
Ending	<u>\$ 10,905,603</u>	<u>\$ 6,212,598</u>

See notes to consolidated financial statements.

CENTRAL CAROLINA COMMUNITY FOUNDATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. GENERAL INFORMATION 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. The Foundation is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code.

Basis of Consolidation:

The consolidated financial statements include the accounts of New Morning Foundation. New Morning Foundation is a supporting organization of Central Carolina Community 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 several wholly-owned subsidiaries that were 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 the consolidated financial statements.

Financial Statement Presentation:

The accompanying 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.

Net Assets:

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets without Donor Restrictions:

Net assets available for use in general operations and not subject to donor restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve. The following net assets are categorized as net assets without donor restrictions by the Foundation:

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. GENERAL INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Assets (Continued):

Undesignated:

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

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 distribution of investments; (2) the fund is separately identified by a reference to contributions of the donor(s); and (3) the fund is owned and controlled by one of the Foundation's sponsoring organizations. A fund possessing these characteristics may be exempt from the donor advised fund classification if it grants to one single public charity or government until or if the fund meets certain requirements applicable to scholarship funds.

Board Designated:

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

Net Assets with Donor Restrictions:

Net assets subject to donor restrictions. 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 that 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.

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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. GENERAL INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Assets (Continued):

Variance Power:

Accounting principles generally accepted in the United States of America and the Not-for-Profit Entities Topic of the FASB Accounting Standards Codification 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.

Cash and Cash Equivalents:

For purposes of reporting 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. The restricted cash relates to specific uses allowed only by release for time and purpose.

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.

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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. GENERAL INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investment Policy (Continued):

Investment income or loss (including gains and losses on investments, interest, and dividends) is included in the statement of activities as increases or decreases in unrestricted net assets 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 Sections 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 990 each year. New Morning Foundation is exempt from federal income taxation under Section 501(c)(3) of the Code and a public charity under Section 509(a)(3) of the code.

The Foundation is annually required to file a Return of Organization Exempt from Income Tax (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.

Functional Allocation of Expenses:

The statements of activities report certain categories of expenses that are attributable to more than one program or supporting function. The consolidated statement of functional expenses presents the natural classification detail of expense by function. Accordingly, certain costs have been allocated among programs and supporting services benefited as required by FASB's *Not-for-Profit* presentation and disclosure guidance.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. GENERAL INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recent Accounting Pronouncements:

In June 2018, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2018-08, *Not-For-Profit Entities (Topic 958): Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*, that establishes standards for characterizing grants and similar contracts with resource providers as either exchange transactions or conditional contributions. For the year ending June 30, 2020, the Foundation adopted ASU No. 2018-08 and has adjusted the presentation in these financial statements accordingly. The Foundation recognizes contribution revenue in accordance with FASB Topic 958. The adoption of ASU No. 2018-08 did not have an impact on the timing of the revenue recognition for the Foundation.

In June 2020, the FASB issued ASU 2020-05 to allow for the deferral of the implementation date of ASU 2014-09 and 2016-02 for one year for entities that have not yet issued their financial statements. The Foundation is assessing the new guidance and the possible impact it will have on its financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. The amendments in ASU 2020-05 will make the effective date for the Foundation to implement ASU 2016-02 with the start of the fiscal year beginning after December 15, 2021.

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, that affects contracts with customers to transfer goods or services and contracts for the transfer of non-financial assets (unless those contracts are within the scope of other standards). The core principle of this ASU is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for the goods or services. This ASU requires entities to make new judgements and estimates and provide expanded disclosures about revenue. The amendments in ASU 2020-05 will make the effective date for the Foundation to implement ASU 2014-09 with the start of the fiscal year July 1, 2020.

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 \$44,032 and \$44,433 for the fiscal years ending June 30, 2020 and 2019, respectively.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. GENERAL INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Charitable Remainder Interest:

The Foundation is the beneficiary of numerous charitable remainder trusts. The trusts will distribute their assets upon the death of all income beneficiaries. 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, 2020 and 2019.

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 statement of activities and changes in net assets 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. Central Carolina Community Foundation does not record a grants payable in the consolidated statement of financial position, as it normally pays grants within one week of approval. 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 \$776,501 and \$764,884 of conditional grants payable at June 30, 2020 and 2019, respectively.

Advertising Costs:

Advertising costs are charged to expenses as incurred. Total advertising and promotional costs incurred are \$3,308,149 and \$3,125,907 for the fiscal years ending June 30, 2020 and 2019, respectively.

Use of Estimates:

The Foundation uses estimates and assumptions in preparing its financial statements in accordance with generally accepted accounting principles of the United States of America. 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. GENERAL INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue and Revenue Recognition:

Revenue is recognized when earned. Contributions are recognized when cash, securities, other assets are received.

Lead Annuity Trust:

The Foundation is the beneficiary of three annuity trusts. The Foundation's portion has been valued using present value factors that are applied to the annuity amounts.

NOTE 2. INVESTMENTS

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

	2020		2019	
	Cost	Market Value	Cost	Market Value
Certificates of Deposit	\$ 8,451,704	\$ 8,451,704	\$ 13,738,123	\$ 13,738,123
Mutual Funds	120,491,211	132,830,832	100,942,750	118,161,263
Foreign Bonds	160,000	160,000	160,000	160,000
Totals	\$ 129,102,915	\$ 141,442,536	\$ 114,840,873	\$ 132,059,386

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's financial assets carried at fair value have been classified, for disclosure purposes, based on a hierarchy defined by ASC 820-10, *Fair Value Measurements*. The hierarchy gives the highest ranking to fair values determined using unadjusted quoted prices in active markets for identical assets and liabilities (Level 1) and the lowest ranking to fair values determined using methodologies and models with unobservable inputs (Level 3). The levels of the fair value hierarchy are as follows:

- Level 1 Values are unadjusted quoted prices for identical assets and liabilities in active markets accessible at the measurement date.

- Level 2 Inputs include quoted prices for similar assets or liabilities in active markets, quoted prices from those willing to trade in markets that are not active, or other inputs that are observable or can be corroborated by market data for the term of the instrument. Such inputs include market interest rates and volatilities, spreads and yield curves.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 3. FAIR VALUE MEASUREMENTS (Continued):

Level 3 Certain inputs are unobservable (supported by little or no market activity) and significant to the fair value measurement. Unobservable inputs reflect the Foundation's best estimate of what hypothetical market participants would use to determine a transaction price for the asset or liability at the reporting date.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2020.

Mutual Funds:

Mutual funds are valued at the closing price reported on the active market on which the individual securities are traded.

Foreign Bonds:

Foreign bonds are valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yields currently available on comparable securities of issuers with similar credit ratings.

The following table represents the Foundation's financial assets and liabilities measured at fair value on a recurring basis as of June 30, 2020:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Totals</u>
Assets				
Investments				
Certificates of Deposit	\$ 8,451,704	\$ -	\$ -	\$ 8,451,704
Mutual Funds	132,830,832	-	-	132,830,832
Foreign Bonds	-	-	160,000	160,000
Interest in Real Estate Limited Liability Companies	-	-	6,248,750	6,248,750
Future Interest in Donor Contributions				
Interest in Charitable Remainder Unitrusts	-	-	12,292,562	12,292,562
Interest in Life Insurance Policies	-	-	149,733	149,733
Interest in Lead Annuity Trusts	-	-	1,560,358	1,560,358
Totals	<u>141,282,536</u>	<u>-</u>	<u>20,411,403</u>	<u>161,693,939</u>
Liabilities				
Life Insurance Payable to Other Charities	-	-	58,789	58,789
Due to Supporting Organizations	-	-	2,364,987	2,364,987
Funds Held as Agency Endowments	-	-	10,834,996	10,834,996
Totals	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,258,772</u>	<u>\$ 13,258,772</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 3. FAIR VALUE MEASUREMENTS (Continued):

The following table represents the Foundation's financial assets and liabilities measured at fair value on a recurring basis as of June 30, 2019:

	Level 1	Level 2	Level 3	Totals
Assets				
Investments				
Certificates of Deposit	\$ 13,738,123	\$ -	\$ -	\$ 13,738,123
Mutual Funds	118,161,263	-	-	118,161,263
Foreign Bonds	-	-	160,000	160,000
Interest in Real Estate Limited Liability Companies	-	-	2,520,750	2,520,750
Future Interest in Donor Contributions				
Interest in Charitable Remainder Unitrusts	-	-	12,663,583	12,663,583
Interest in Life Insurance Policies	-	-	141,723	141,723
Interest in Lead Annuity Trusts	-	-	2,196,289	2,196,289
Totals	131,899,386	-	17,682,345	149,581,731
Liabilities				
Life Insurance Payable to Other Charities	-	-	58,784	58,784
Due to Supporting Organizations	-	-	2,427,662	2,427,662
Funds Held as Agency Endowments	-	-	10,423,577	10,423,577
Totals	\$ -	\$ -	\$ 12,910,023	\$ 12,910,023

The following table summarizes the changes in fair values associated with ASC 820 Level 3 assets for the year ended June 30, 2020:

	Balance as of June 30, 2019	Change in Value Interest Agreements	Transfers	Realized/Unrealized Gains/(Losses)	Balance as of June 30, 2020
Assets					
Foreign Bonds	\$ 160,000	\$ -	\$ -	\$ -	\$ 160,000
Interest In Real Estate	2,520,750	-	3,728,000	-	6,248,750
Interest in Charitable Remainder Trust	12,663,583	(371,021)	-	-	12,292,562
Interest In Life Insurance Policies	141,723	8,010	-	-	149,733
Interest In Lead Annuity Policies	2,196,289	(635,931)	-	-	1,560,358
Totals	\$ 17,682,345	\$ (998,942)	\$3,728,000	\$ -	\$ 20,411,403
Liabilities					
Life Insurance Payable to Other Charities	\$ 58,784	\$ 5	\$ -	\$ -	\$ 58,789
Due to Supporting Organizations	2,427,662	-	-	(62,675)	2,364,987
Funds Held as Agency Endowments	10,423,577	-	-	411,419	10,834,996
Totals	\$ 12,910,023	\$ 5	\$ -	\$ 348,744	\$ 13,258,772

The following table summarizes the changes in fair values associated with ASC 820 Level 3 assets for the year ended June 30, 2019:

	Balance as of June 30, 2018	Change in Value Interest Agreements	Transfers	Realized/Unrealized Gains/(Losses)	Balance as of June 30, 2019
Assets					
Foreign Bonds	\$ 160,000	\$ -	\$ -	\$ -	\$ 160,000
Interest In Real Estate	2,520,750	-	-	-	2,520,750
Interest in Charitable Remainder Trust	13,470,254	(806,671)	-	-	12,663,583
Interest In Life Insurance Policies	224,650	(82,927)	-	-	141,723
Interest In Lead Annuity Policies	3,798,064	(1,601,775)	-	-	2,196,289
Totals	\$ 20,173,718	\$ (2,491,373)	\$ -	\$ -	\$ 17,682,345
Liabilities					
Life Insurance Payable to Other Charities	\$ 58,327	\$ 457	\$ -	\$ -	\$ 58,784
Due to Supporting Organizations	2,435,196	-	-	(7,534)	2,427,662
Funds Held as Agency Endowments	9,167,941	-	-	1,255,636	10,423,577
Totals	\$ 11,661,464	\$ 457	\$ -	\$ 1,248,102	\$ 12,910,023

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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, 2020 and 2019.

NOTE 5. NET ASSETS WITH DONOR RESTRICTIONS

Restricted net assets for time and passage consist of the following:

Foundation's Share of Unitrusts, Pooled Income	<u>2020</u>	<u>2019</u>
Funds, Annuity Trusts, and Life Insurance Policies	<u>\$ 25,279,489</u>	<u>\$ 25,378,566</u>

NOTE 6. NET ASSETS RELEASED FROM RESTRICTIONS

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

	<u>2020</u>	<u>2019</u>
Time and Purpose	<u>\$ 15,029,673</u>	<u>\$ 15,678,428</u>

NOTE 7. DEPOSITS

The Foundation maintains its bank accounts at eight financial institutions. At June 30, 2020, the bank balances of these accounts were \$6,673,040 and the carrying amounts were \$6,125,714. With the exception of \$5,672,540, the Foundation is covered by additional insurance for those amounts within federally insured limits. At June 30, 2019, the bank balances of these accounts were \$6,835,208 and the carrying amounts were \$6,212,598. With the exception of \$5,072,346, the Foundation was covered by additional insurance for those amounts within 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 considers all highly liquid debt instruments purchased with an initial maturity of three months or less to be cash equivalents.

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. RETIREMENT PLAN

For the years ended June 30, 2020 and 2019, the Foundation sponsored a 401(k) retirement plan for all eligible employees. The Foundation contributes 6%, which totaled \$54,916 and \$49,080 for the years ended June 30, 2020 and 2019, respectively.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 8. RETIREMENT PLAN (CONTINUED)

New Morning Foundation (supporting organization) sponsors a 401(k) retirement plan for all eligible employees. The Foundation's expenses totaled \$125,829 and \$123,528 for the years ended June 30, 2020 and 2019, respectively. All employees who have completed at least one year of service and attained age 21 or older are eligible. The Foundation contributes 5% of employee gross wages to all eligible employees, and all contributions are vested immediately.

NOTE 9. OPERATING LEASE

Central Carolina Community Foundation leases office space in Columbia, South Carolina, under an operating lease that began on June 13, 2018, was amended on April 4, 2019, and will expire on January 31, 2029. The Foundation incurred \$148,254 and \$91,876 in rent expense in the years ending June 30, 2020 and 2019, respectively. The Foundation incurred \$4,848 and \$4,560 in office equipment lease expense in the years ending June 30, 2020 and 2019, respectively.

New Morning Foundation leases office space in Columbia, South Carolina, under an operating lease. The operating lease began on May 14, 2015, and the Foundation may terminate the lease at any time after thirty-six (36) full months following the commencement date. During 2018, the Foundation entered into an operating lease for additional office space beginning on March 1, 2018, with a five (5) year term. The Foundation incurred \$97,194 and \$96,769 in rent expense for the years ending June 30, 2020 and 2019, respectively. Additionally, the Foundation rents several parking spaces on a month-to-month basis.

Future minimum lease payments are as follows:

Year ending June 30,	
2021	\$ 189,499
2022	196,426
2023	192,226
2024	177,384
2025	182,019
Total	<u>\$ 937,553</u>

New Morning Foundation leases office equipment under operating leases. The lease expense was \$8,174 and \$9,109 for the years ending June 30, 2020 and 2019, respectively.

Future minimum lease payments are as follows:

Year ending June 30,	
2021	\$ 6,588
2022	3,294
Total	<u>\$ 9,882</u>

New Morning Foundation leases three vehicles under operating leases. The lease expense was \$15,644 and \$14,583 for the years ending June 30, 2020 and 2019, respectively.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 9. OPERATING LEASE (CONTINUED)

Future minimum lease payments are as follows:

Year ending June 30,		
2021	\$	11,710
2022		8,246
2023		4,885
Total	\$	<u>24,841</u>

NOTE 10. 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. Monthly payments are not required under the loan agreement.

NOTE 11. LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor restrictions limiting their use, within one year of the balance sheet date, comprise the following:

	2020	2019
Financial Assets:		
Cash and cash equivalents	\$ 10,905,603	\$ 6,212,882
Investments	161,693,939	149,581,731
Financial assets, at June 30	172,599,542	155,794,613
Less: those unavailable for general expenditure within on year, due to:		
Investments in Board designated endowments	(7,764,363)	(7,945,177)
Cash and investments held with donor restrictions	(25,279,489)	(25,378,566)
Financial assets available to meet cash needs for general expenditures within one year	\$ 139,555,690	\$ 122,470,870

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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 12. FORM 990 REPORTING

The audited financial statements of Central Carolina Community Foundation are reported in accordance with U.S. GAAP. The differences that exist between these accounting principles and the Internal Revenue Service Form 990 (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 990. These reconciling items may include unrealized gains and losses included in the Foundation's revenues that are excluded from revenues for 990 reporting purposes and investment manager fees that are netted against revenues in the Foundation's audited financial statements and are reported separately as expenses in the 990. Other reconciling items reflect agency or other adjustments. The audited financial statements of the Foundation are reported on a consolidated basis which includes its subsidiaries and its supporting organizations.

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

NOTE 13. CORNAVIRUS COVID-19 PANDEMIC

In December 2019, a novel strain of coronavirus (COVID-19) surfaced, which has and is continuing to spread throughout the world. In March 2020, the World Health Organization declared the outbreak a pandemic. The extent to which COVID-19 impacts the Foundation's operations, results of operations, liquidity and financial condition will depend on future developments, which are highly uncertain and cannot be predicted with confidence, including the duration, severity and scope of the outbreak, and the actions taken to contain its impact, as well as actions taken to limit the resulting economic impact, among others. The health and safety of donors and employees of the Foundation is of the utmost importance. The Foundation has taken, and will continue to take, precautionary measures in accordance with the guidelines of the Centers for Disease Control and other federal, state and local authorities.

NOTE 14. SUBSEQUENT EVENTS

On August 20, 2020, New Morning Foundation entered into a promissory note with Ameris Bank, evidencing an unsecured loan with a principal amount of \$340,800, pursuant to the Paycheck Protection Program (the "PPP Term Note") under the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act"). The PPP Term Note is guaranteed by the United States Small Business Administration (SBA).

The PPP Term Note matures two years from the disbursement date. On June 10, 2020, the Treasury and SBA clarified its payment deferral guidance that payments for PPP loans are deferred for at least ten (10) months after the end of the loan forgiveness cover period, which is either twenty-four (24) weeks or eight (8) weeks after the loan disbursement date. Furthermore, if a loan forgiveness application is submitted within ten (10) months after the end of the loan forgiveness cover period, payments will be further deferred until such loan forgiveness is processed by the SBA. Interest will accrue beginning at the date of disbursement at a fixed annual rate of 1.000%. The outstanding principal balance may be prepaid by the Foundation at any time prior to maturity with no prepayment penalties.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 14. SUBSEQUENT EVENTS (CONTINUED)

Under the terms of the CARES Act, Paycheck Protection Program (PPP) loan recipients can apply for and be granted forgiveness for all or a portion of loans granted under the PPP. The PPP Term Note is subject to forgiveness to the extent proceeds are used for payroll costs, including payments required to continue group health care benefits, and certain rent, utility, and mortgage interest expenses (collectively, "Qualifying Expenses"), pursuant to the terms and limitations of the PPP. The Foundation anticipates that it will use all of the proceeds from the PPP Term Note for Qualifying Expenses. However, no assurance is provided that the Foundation will obtain forgiveness of the PPP Term Note in whole or in part.

In July 2020, management was made aware of a lawsuit brought against New Morning Foundation. Management is not able to estimate any potential liability relating to this lawsuit as of the date of issuance.

New Morning Foundation's grant agreement with an anonymous donor was modified to decrease the annual distributions from \$16,000,000 to \$10,000,000 from January 1, 2021 through December 1, 2022.

The Foundation evaluated subsequent events through May 27, 2021, the date these consolidated financial statements were available to be issued.