

Community Foundation of the Lowcountry Inc. & Supporting Organization

Combined Financial Statements

Year Ended June 30, 2022

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Independent Auditor's Report

Board of Directors
The Community Foundation of the Lowcountry, Inc. & Supporting Organization
Hilton Head Island, South Carolina

Opinion

We have audited the combined financial statements of The Community Foundation of the Lowcountry, Inc. & Supporting Organization (the "Foundation"), which comprise the combined statement of financial position as of June 30, 2022, and the related combined statements of activities and changes in net assets and cash flows for the year then ended, and the related notes to the combined financial statements.

In our opinion, the accompanying combined financial statements present fairly, in all material respects, the financial position of the Foundation as of June 30, 2022, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Prior Period Financial Statements

The combined financial statements of the Foundation, before they were restated for the matter discussed in Note 10, were audited by other auditors, and their report thereon, dated October 8, 2021, expressed an unmodified opinion. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Combined Financial Statements

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

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

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

Our objectives are to obtain reasonable assurance about whether the combined 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 GAAS 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 combined financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the combined 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 combined financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the combined financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

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

FORVIS, LLP

**Greenville, SC
November 21, 2022**

Community Foundation of the Lowcountry, Inc. & Supporting Organization
Combined Statement of Financial Position
June 30, 2022

ASSETS

Cash and cash equivalents	\$ 2,837,567
Pledges receivable, net	140,000
Assets held - charitable remainder trusts	2,045,994
Investments	80,857,150
Property and equipment, net	249,055
Other assets	43,213
Total assets	<u>\$ 86,172,979</u>

LIABILITIES AND NET ASSETS

Accounts payable and accrued expenses	\$ 145,102
Grants payable	132,450
Annuities obligation	1,675,645
Due to other organizations - agency funds	3,074,504
Total liabilities	<u>5,027,701</u>

Net assets:

Net assets without restrictions	81,005,278
Net assets with restrictions	140,000
Total net assets	<u>81,145,278</u>

Total liabilities and net assets	<u>\$ 86,172,979</u>
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Community Foundation of the Lowcountry, Inc. & Supporting Organization
Combined Statement of Activities and Change in Net Assets
For the Year Ended June 30, 2022

Revenues, gains (losses) and other support:

Contributions received	\$ 24,174,493
Loss on investments, net	(13,131,335)
Rental income	16,266
Change in value of split-interest agreements	(349,865)
Other	430,255
Total revenues, gains (losses) and other support	<u>11,139,814</u>

Expenses:

Grants paid	8,313,448
Program expenses	1,179,141
Salaries and benefits	1,104,007
Professional and administrative fees	475,640
Supplies and other	380,335
Fundraising and development	59,353
Depreciation	46,619
Total expenses	<u>11,558,543</u>

Change in net assets	<u>(418,729)</u>
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Net assets, beginning of year, as restated	<u>81,564,007</u>
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Net assets at end of year	<u><u>\$ 81,145,278</u></u>
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Community Foundation of the Lowcountry, Inc. & Supporting Organization
Combined Statement of Cash Flows
For the Year Ended June 30, 2022

Cash flows provided by operating activities:	
Change in net assets	\$ (418,729)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	46,619
Loss on investments	15,631,978
Change in value of split-interest agreements	349,865
Net change in operating assets and liabilities:	
Pledges receivable, net	37,530
Other assets	(11,438)
Accounts payable and accrued expenses	73,530
Grants payable	69,950
Due to other organizations - agency funds	(585,037)
Net cash provided by operating activities	<u>15,194,268</u>
Cash flows from investing activities:	
Change in assets held - charitable remainder trust	93,278
Proceeds from sale of investments	3,567,909
Purchases of investments	(20,078,269)
Net cash used by investing activities	<u>(16,417,082)</u>
Cash flows from financing activities:	
Changes in annuity obligations	<u>258,844</u>
Net cash provided by financing activities	<u>258,844</u>
Decrease in cash and cash equivalents	(963,970)
Cash and cash equivalents, beginning of year	<u>3,801,537</u>
Cash and cash equivalents, end of year	<u><u>\$ 2,837,567</u></u>

Notes to the Combined Financial Statements

1. Summary of Significant Accounting Policies and Nature of Organization

This summary of significant accounting policies of the Community Foundation of the Lowcountry, Inc. ("CFL") and its Supporting Organization, the Jim and Margaret Krum Foundation, Inc. (collectively, the "Foundation") is presented to assist in the understanding of the combined financial statements. The combined financial statements and notes are representations of the Foundation's management, who are responsible for their integrity and objectivity. These accounting policies conform with the generally accepted accounting principles in the United States of America ("GAAP") and have been consistently applied in the preparation of the combined financial statements.

Organization and nature of activities

Community Foundation of the Lowcountry, Inc. is a community foundation and is governed by a board of private citizens from its service area. The Board of Directors of Community Foundation of the Lowcountry, Inc. elects the directors and appoints the President/CEO of the Hilton Head Island Foundation, LLC. The purpose of Hilton Head Island Foundation, LLC is to accept gifts of real property on behalf of Community Foundation of the Lowcountry, Inc. The purpose of Community Foundation of the Lowcountry, Inc. is to serve the charitable needs and interests of the residents of four South Carolina counties including Beaufort, Colleton, Hampton and Jasper.

The Hilton Head Island Foundation, LLC ("HHIF") is a wholly-owned subsidiary of the CFL.

The Jim and Margaret Krum Foundation, Inc. will further the Foundation's exempt purposes by making grants to organizations which are, or could be, supported by the Foundation consistent with its own charitable purposes.

Basis of Presentation

The accompanying combined financial statements have been prepared on the accrual basis of accounting in accordance with GAAP.

Combined Financial Statement Preparation

In accordance with generally accepted accounting principles, net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions.

Use of estimates

The preparation of combined financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the combined financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

The Community Foundation of the Lowcountry, Inc. & Supporting Organization
Notes to the Combined Financial Statements

Concentrations of credit and market risk

Financial instruments that potentially expose the Foundation to concentrations of credit and market risk consist primarily of cash and investments. Cash equivalents are maintained at high-quality financial institutions. The Foundation has not experienced any losses on its cash equivalents. Management monitors the risk of exposure to loss through monitoring the performance of the financial institutions through publicly available rating agencies.

Management believes that the Foundation's investments do not represent significant concentrations of market risk because the Foundation's investment portfolio is adequately diversified among issuers and management believes that the Foundation has the ability to hold its investment portfolio during periods of temporary market declines.

Income Taxes

The Foundation has been recognized by the Internal Revenue Service as a charitable organization as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal income taxes pursuant to Section 509(a)(2) of the Internal Revenue Code. Accordingly, no provision for income taxes is included in the accompanying combined financial statements. The Foundation has determined that it does not have any material unrecognized tax benefits or obligations as of June 30, 2022.

Cash and Cash Equivalents

The Foundation considers highly liquid investments without restrictions with an initial maturity of three months or less to be cash equivalents. The Foundation's deposits in each bank are insured by the Federal Deposit Insurance Corporation ("FDIC"). It is management's opinion that the Foundation is not exposed to any significant credit risk related to cash.

Pledges Receivable

Contributions are recognized when the donor makes a promise to give that, in substance, is unconditional. Contributions that are restricted by the donor are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. Unconditional promises to give (pledges) are stated net of an allowance for doubtful accounts. Pledges are periodically evaluated for collectability based on management's assessment of the collectability of each pledge. Unconditional promises to give due in subsequent years are reported at the present value of their net realizable value, using discounted rates applicable to the years in which the promises are to be received.

Assets held – charitable remainder trusts

The Foundation administers various charitable trusts. A charitable remainder trust provides for the payment of distributions to designated beneficiaries over the trust's term (usually the designated beneficiary's lifetime). At the end of the trust's term, the remaining assets are available for the Foundation's use.

The trusts are valued at the fair value of the underlying investments. The obligation to make payments to the trust beneficiaries is reported as obligations under annuities obligation. Annually, the obligation is adjusted for changes in the value of the trust assets. The discount rate used to determine the present value is consistent with the rate of return from the trusts. Changes in the value are included on the combined statement of activities as increases and decreases to change in value of trust agreements.

The Community Foundation of the Lowcountry, Inc. & Supporting Organization
Notes to the Combined Financial Statements

Investments

Investments consist of various mutual funds, equity investments, fixed income investments, alternative investments and other assets and are reported at fair market value.

Property and equipment

Property and equipment acquisitions are recorded at cost. Fixed assets are depreciated using the straight-line method over estimated useful lives, ranging from three to twenty-five years.

Annuity obligations

Annuity obligations represent amounts due to donors under trust agreements. Discount rates and actuarial assumptions vary by type of agreement.

Funds held for others – agency funds

Funds held for others – agency funds represent amounts owed to other organizations related to assets held by the Foundation in a purely custodial capacity. These other organizations specify the Foundation to distribute funds as requested. As these assets are being held for the benefit of a third party, and cannot be used to address activities or obligations of the Foundation, revenues and expenses are not recorded on the combined statement of activities and are included in due to other organizations – agency funds.

Net Assets

The Foundation's net assets and its support and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions using two classifications: without donor restrictions and with donor restrictions. Most contributions, including those with donor-imposed restrictions, are subject to the variance power established by the Foundation's governing documents. The variance power allows the Board of Directors to modify donor instructions that are incapable of fulfillment or inconsistent with the charitable needs of the community. As a result of the variance power, most contributions are classified as net assets without donor restrictions for financial statement purposes.

Contributions and recognition of donor restrictions

Contributions received are recorded as without donor restriction or with donor restriction depending on the existence and/or nature of any donor restrictions, including consideration around variance power.

Net assets with donor restrictions are those which are restricted as to time or purpose of use, and include donor restricted endowments. When donor restrictions expire, that is, when a stipulated time restriction ends or a purpose restriction is fulfilled, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported on the combined statement of activities as net assets released from restrictions. However, if the restriction expires during the same accounting period in which the gift was received, the contribution is reported as an increase in net assets without donor restrictions.

Net assets without donor restrictions are funds over which the Board of Directors has discretionary control and are available for grant making and other purposes. These include board-designated purposes and endowments.

Donated Assets

Donated marketable securities and other noncash donations are recorded as contributions at their estimated fair values at the date of donation.

The Community Foundation of the Lowcountry, Inc. & Supporting Organization
Notes to the Combined Financial Statements

2. Investments

Investments are comprised of the following as of June 30, 2022:

Mutual funds and equities	\$ 36,779,952
Alternative investments	32,091,114
Fixed income	11,981,084
Other assets	<u>5,000</u>
	<u>\$ 80,857,150</u>

Investment income (loss) is comprised of the following for the year ended June 30, 2022:

Realized losses, net	\$ (1,000)
Unrealized losses, net	(15,630,978)
Dividends and interest, net of fees	<u>2,500,643</u>
	<u>\$ (13,131,335)</u>

3. Fair Value of Financial Instruments

The following methods and assumptions were used to estimate the fair value of each classification within the combined financial statements:

- Investments – The fair value of debt and equity security investments are estimated based on quoted market prices when available. For other investments for which there are no quoted market prices, a reasonable estimate of fair value was made based upon readily available information. Alternative investments are valued at fair market value or net asset value, as determined by the managers of the investments as reported to them by the general partner of the underlying funds or partnerships.
- Assets held – charitable remainder trust – The fair value of assets held in trust are estimated based on quoted market prices when available.
- Annuity obligations – These liabilities are carried at actuarially determined present value, which approximate fair value.

When quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. In that regard, the derived fair value estimates cannot be substantiated by comparison to independent markets and, in many cases could not be realized in immediate settlement of the instrument.

Fair value as defined under generally accepted accounting principles is an exit price, representing 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.

The Community Foundation of the Lowcountry, Inc. & Supporting Organization
Notes to the Combined Financial Statements

Generally accepted accounting principles establish a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value. These tiers include:

- Level 1: Observable inputs such as quoted prices in active markets.
- Level 2: Inputs other than quoted prices in active markets that are either directly or indirectly observable.
- Level 3: Unobservable inputs about which little or no market data exists, therefore requiring an entity to develop its own assumptions.

Assets and liabilities are classified in their entirety based on the lowest level of 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. There were no changes during the year ended June 30, 2022 to the Foundation's valuation techniques used to measure asset and liability fair values on a recurring basis.

The methods used may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The methods used 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.

Description	Fair Value Measurements at June 30, 2022 Using		
	(Level 1)	(Level 2)	(Level 3)
Financial assets:			
Investments	\$ 48,766,036	\$ 48,766,036	\$ -
Assets held – charitable remainder trusts	<u>2,045,994</u>	<u>-</u>	<u>2,045,994</u>
	<u>50,812,030</u>	<u>\$ 48,766,036</u>	<u>\$ 2,045,994</u>
Investments at NAV (a)	<u>32,091,114</u>		
Total investments at fair value	<u>\$ 82,903,144</u>		
Financial liabilities:			
Annuities obligation	<u>\$ 1,675,645</u>	<u>\$ -</u>	<u>\$ 1,675,645</u>

- (a) In accordance with Topic 820, certain investments that were measured at net asset value ("NAV") per share (or its equivalent) have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the line items presented on the combined statements of financial position.

There were no transfers between levels for the year ended June 30, 2022.

Changes in Level 3 fair value measurements for assets held in trust and annuities using significant unobservable inputs were as follows:

Ending balance – June 30, 2021	\$ 1,072,336
Change in assets held in trust and annuities	(701,987)
Ending balance – June 30, 2022	<u>\$ 370,349</u>

The Community Foundation of the Lowcountry, Inc. & Supporting Organization
Notes to the Combined Financial Statements

The following table summarizes investments for which fair value is measured using the NAV per share practical expedient as of June 30, 2022:

	<u>Fair Value at June 30, 2022</u>	<u>Unfunded Commitments</u>	<u>Redemption Restrictions</u>	<u>Redemption Notice Period</u>
FEG Select Core	\$ 5,414,580	None	None	5 days
FEG Select Plus	5,473,367	None	None	5 days
FEG Select International Equity	2,927,988	None	None	5 days
FEG Select Strut US	3,356,999	None	Monthly	5 days
FEG Select Domestic II	2,377,862	None	Quarterly	30 days
FEG Select Domestic I	2,113,689	None	Monthly	60 days
FEG International Equity Series I	2,974,789	None	Monthly	30 days
FEG Emerging Markets Series II	1,410,158	None	Monthly	30 days
FEG Absolute Access Fund	32,925	None	None	None
FEG Private Opportunities Fund IV	4,017,474	\$10,980,000	(b)	(b)
FEG Private Opportunities Fund III	1,991,283	\$125,000	(b)	(b)
	<u>\$ 32,091,114</u>			

(b) The fund manager determines the amount, timing and form of all distributions.

4. Pledges Receivable

The Foundation's pledges receivable consist of the following as of June 30:

Receivable in less than one year	\$ -
Receivable in one to five years	-
Receivable in six or more years	<u>300,000</u>
Pledges receivable, gross	300,000
Less: discount	<u>(160,000)</u>
Pledges receivable, net	<u>\$ 140,000</u>

5. Property and Equipment

Land	\$ 160,000
Building	952,303
Furniture and equipment	<u>129,353</u>
Total property and equipment	1,241,656
Less accumulated depreciation	<u>(992,601)</u>
Property and equipment, net	<u>\$ 249,055</u>

6. Without Donor Restricted Net Assets

The Foundation's net assets without donor restrictions are classified as follows:

Unrestricted (Discretionary) – The Foundation's unrestricted funds are not designated for a specific charitable beneficiary. These funds are disbursed at the discretion of the Foundation's Board of Directors in response to requests from nonprofit organizations and based on an assessment of the most pressing needs. Unrestricted funds are also used to pay administrative expenses.

Field-of-Interest – Field-of-Interest Funds have been created to support a specific field- of-interest, such as health or education, or a specific geographic area, such as Jasper County or the Greater Bluffton Community. The funds created by giving circles are also funds of this type.

Donor-Advised – Donor-Advised Funds are created by donors who wish to remain active in their philanthropy and have access to the Foundation's professional advice and management. Donors may suggest charitable distributions from funds they have established, although the Foundation's Board of Directors has final authority to approve or deny all such grants.

Designated – Designated funds, subject to variance power, have been established by a donor to provide grants to a specific charitable agency or for a specific charitable purpose. The Board of Directors accepts the donor's designation as long as the agency or purpose continues to serve the public interest. Scholarship funds and project funds are included in this category.

The balances of these internally imposed restrictions are as follows:

	<u>Endowed</u>	<u>Non-endowed</u>	<u>Total</u>
Net Assets – Spendable	\$ 4,375,093	\$ 19,920,079	\$ 24,295,172
Net Assets – accumulated earnings	523,612	-	523,612
Net Assets – nonspendable	56,186,494	-	56,186,494
	<u>\$ 61,085,199</u>	<u>\$ 19,920,079</u>	<u>\$ 81,005,278</u>

7. Endowment Funds

The Foundation's endowment consists of funds established for purposes of funds designated by the Board to function as endowments. There were no donor-restricted endowment funds at June 30, 2022 as a result of the contributions received subject to variance power.

Interpretation of Relevant Law

The Board of the Foundation has interpreted the Uniform Prudent Management of Institutional Funds Act of 2006 (the "Act") adopted in South Carolina in 2008 as requiring the preservation of the fair value of the original gift as of the gift date. As a result of this interpretation, the Foundation's board-designated endowment includes (a) the original value of gifts donated, (b) the original value of subsequent gifts to be held in perpetuity, and (c) accumulations to the gifts held in perpetuity made in accordance with the direction of the applicable designation at the time the accumulation is added to the fund.

The Community Foundation of the Lowcountry, Inc. & Supporting Organization
Notes to the Combined Financial Statements

In accordance with the Act, the Foundation considers the following factors in making a determination to appropriate or accumulate board-designated endowment funds:

- The duration and preservation of the fund
- The purposes of the Foundation and the endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Foundation
- The investment policy of the Foundation

Endowment net assets consist of the following at June 30, 2022:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Board designated endowment funds	\$ 61,085,199	\$ -	\$ 61,085,199

Changes in endowment net assets for the year ended June 30, 2022 is as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, June 30, 2021	\$ 59,406,136	\$ -	\$ 59,406,136
Contributions received	17,083,731	-	17,083,731
Other revenue	80,357	-	80,357
Loss on investments, net	(10,861,318)	-	(10,861,318)
Appropriation of endowment assets for expenditures	(4,623,707)	-	(4,626,707)
Endowment net assets, June 30, 2022	\$ 61,085,199	\$ -	\$ 61,085,199

Return Objectives and Risk Parameters

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs while seeking to maintain the purchasing power of the endowment assets. Under this policy, as approved by the Board, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of various benchmarks while assuming a moderate level of investment risk.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that places emphasis on its long-term objectives within prudent risk constraints. The Foundation's asset allocation may vary from the target ratio depending on the Foundation's evaluation of overall market conditions.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Foundation has adopted a policy whereby it limits the amount of spending that may be utilized for grant purposes from endowments to 4.5% of the average daily balance of investments over the prior twenty quarters. This policy enables the Foundation to preserve and strengthen its investment base for the future.

The Community Foundation of the Lowcountry, Inc. & Supporting Organization
Notes to the Combined Financial Statements

8. Functional Allocation of Expenses

The method used to allocate costs to program and support functions, which primarily affects salaries and related expenses, is based upon employee time spent on programs versus support services. Other expenses are classified based upon the assessment by management of relevant programs supported by the expenses incurred or supporting functions benefited.

Expenses presented on a functional basis for the year ended June 30, 2022 are as follows:

	Programs			
	Donor Advised Funds	Field of Interest Funds	Other Funds & Programs	Program Subtotals
Grants paid	\$ 2,164,658	\$ 3,855,477	\$ 2,281,186	\$ 8,301,321
Program expenses	2,500	715,294	461,347	1,179,141
Salaries and benefits	59,391	66,218	204,028	329,637
Professional and administrative fees	23,379	39,491	128,141	191,011
Supplies and other	-	2,335	339,998	342,333
Fundraising and development	-	59,353	-	59,353
Depreciation	-	-	-	-
	<u>\$ 2,249,928</u>	<u>\$ 4,738,168</u>	<u>\$ 3,414,700</u>	<u>\$ 10,402,796</u>

	Supporting Activities			
	Management & General	Fundraising	Supporting Subtotal	Total Expenses
Grants paid	\$ 12,127	\$ -	\$ 12,127	\$ 8,313,448
Program expenses	-	-	-	1,179,141
Salaries and benefits	559,804	214,566	774,370	1,104,007
Professional and administrative fees	166,117	118,512	284,629	475,640
Supplies and other	38,002	-	38,002	380,335
Fundraising and development	-	-	-	59,353
Depreciation	46,619	-	46,619	46,619
	<u>\$ 822,669</u>	<u>\$ 333,078</u>	<u>\$ 1,155,747</u>	<u>\$ 11,558,543</u>

The Community Foundation of the Lowcountry, Inc. & Supporting Organization
Notes to the Combined Financial Statements

9. Liquidity

The Foundation's management structures its financial assets to be available as its general expenditures, liabilities and other obligations come due. Most contributions received by the Foundation, including those with donor-imposed restrictions, are subject to the variance power established by the Foundation's governing documents. Because of this variance power, contributions are classified as net assets without donor restrictions for combined financial statement purposes and the Foundation's investments are therefore available to meet its liquidity needs.

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the combined statement of financial position date, comprise the following as of June 30, 2022:

Cash and cash equivalents	\$ 2,837,567
Investments	80,857,150
Less:	
Due to other organizations	<u>(3,074,504)</u>
	<u>\$ 80,620,213</u>

10. Employees' Retirement Savings Plan

The Foundation sponsors a defined contribution retirement savings plan for all regular, full-time employees who are twenty-one years of age and have completed one year of service. Under the plan, employees may contribute up to 15% of their annual compensation. Participants over the age of 50 are eligible to make additional catch-up contributions. The Foundation may also contribute a discretionary amount of the participants' compensation each year. The Foundation contributed \$32,375 to the plan during the year ending June 30, 2022.

11. Restatement

During 2022, management determined that the income and expenses associated with amount due to other organizations were recorded incorrectly. This resulted in the due to other organizations liability being understated and net assets being overstated by approximately \$2,480,000. Additionally, management determined that grants payable were recorded incorrectly and resulted in an overstatement of grant payable liability and understatement of net assets by approximately \$1,100,000. Accordingly, an adjustment has been made to beginning net assets as of July 1, 2021 to correct this error. The cumulative effect of the correction decreases beginning net assets as of July 1, 2021 by approximately \$1,380,000.

12. Subsequent Events

Subsequent events have been evaluated through November 21, 2022 which is the date the combined financial statements were available to be issued.