

Community Foundation of the Lowcountry Inc. & Supporting Organization

Combined Financial Statements

For the years ended

June 30, 2020 and 2019

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of Community Foundation of the Lowcountry, Inc. (a nonprofit organization) & Supporting Organization, which are comprised of the combined statement of financial position as of June 30, 2020 and 2019, and the related combined statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 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 financial statements based on our audit. 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 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 financial statements referred to above present fairly, in all material respects, the financial position of Community Foundation of the Lowcountry, Inc. & Supporting Organization as of June 30, 2020 and 2019, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Lucas & Associates CPAs, P.C.

Lucas & Associates CPAs, P.C.

Savannah, Georgia
October 21, 2020

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

	2020	2019
Assets		
Cash and cash equivalents	3,465,628	3,147,106
Pledges and grants receivable, net	177,530	256,821
Assets held - charitable remainder trusts	2,084,283	2,154,299
Investments	61,114,294	63,159,201
Capital Counsel Investments	1,203,453	1,527,330
Property and equipment, net	326,819	367,037
Other assets	5,289	7,135
Total Assets	68,377,296	70,618,929
Liabilities and net assets		
Accounts payable and accrued expenses	242,588	83,349
Grants payable	810,049	1,073,112
Annuities payable	1,438,492	1,578,939
Funds held for others - agency funds	2,847,890	3,753,441
Total Liabilities	5,339,019	6,488,841
Net assets without donor restrictions	63,038,277	64,130,088
Net assets with donor restrictions	0	0
Total Net Assets	63,038,277	64,130,088
Total liabilities and net assets	68,377,296	70,618,929

Community Foundation of the Lowcountry, Inc. & Supporting Organization
Combined Statements of Activities and Change in Net Assets
For the Years Ended June 30,

	2020	2019
Income-unrestricted		
Contributions received	6,609,496	6,421,183
Net realized gains/losses	(485,074)	(745,706)
Net unrealized gains/losses	2,082,454	1,794,788
Investment income	1,460,489	2,001,649
Rental income	16,100	16,095
Other	792,974	812,878
Total Revenues	<u>10,476,439</u>	<u>10,300,887</u>
General and administrative expenses-unrestricted		
Grants paid	7,310,262	7,170,132
Program expenses	929,353	598,100
Salaries and benefits	1,018,835	1,028,240
Professional and administrative fees	1,033,259	1,107,793
Supplies and other	151,472	225,154
Fundraising	93,314	162,205
Changes in value of split interest agreements	82,915	87,812
Changes in funds held for others	903,951	(33,306)
Depreciation	44,889	41,600
Total Expenses	<u>11,568,250</u>	<u>10,387,730</u>
 Increase (decrease) in unrestricted net assets	 <u>(1,091,811)</u>	 <u>(86,843)</u>
 Increase (decrease) in net assets	 <u>(1,091,811)</u>	 <u>(86,843)</u>
 Net assets beginning of year	 64,130,088	 64,216,931
 Net assets at end of year	 <u>63,038,277</u>	 <u>64,130,088</u>

See Accountants' Report and Notes to Financial Statements

Community Foundation of the Lowcountry, Inc. & Supporting Organization
Combined Statements of Cash Flow
For the Years Ended June 30,

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from contributions	\$ 6,688,787	\$ 6,394,289
Cash received for rental income	16,100	16,095
Cash received from interest and dividend income	1,460,489	2,001,649
Cash received from other	794,820	812,878
Cash paid for grants	(7,573,325)	(7,134,138)
Cash paid for general, program, and administrative expenses	(2,973,680)	(3,003,189)
Cash paid for fundraising	(93,314)	(162,205)
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>(1,680,123)</u>	<u>(1,074,621)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Net purchases and sales of investments	<u>1,998,645</u>	<u>1,929,951</u>
NET CASH FLOWS FROM INVESTING ACTIVITIES	<u>1,998,645</u>	<u>1,929,951</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
NET CASH FLOWS FROM FINANCING ACTIVITIES	<u>0</u>	<u>0</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	318,522	855,330
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>3,147,106</u>	<u>2,291,776</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>\$ 3,465,628</u></u>	<u><u>\$ 3,147,106</u></u>

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

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION AND PRINCIPLES OF ACCOUNTING

The combined financial statements include the accounts of the Community Foundation of the Lowcountry, Inc. ("CFL") and its Supporting Organization, the Jim and Margaret Krum Foundation, Inc., collectively referred to as the "Foundation". All balances and transactions between the two entities have been eliminated in combination.

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

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

BASIS OF PRESENTATION

The combined financial statements have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

FINANCIAL STATEMENT PREPARATION

The accompanying financial statements are presented in accordance with accounting principles generally accepted in the United States of America (GAAP), as codified by the Financial Accounting Standards Board. In accordance with GAAP, the Foundation reports information regarding its net assets and activities as with donor restrictions or without donor restrictions, depending on the existence and/or nature of any external restrictions. Currently, the Foundation has no restricted assets.

ESTIMATES

The preparation of combined financial statements, in conformity with accounting principles generally accepted in the United States of America, 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.

See Accountants' Report

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

INCOME TAXES

The Internal Revenue Service has determined that the Foundation is exempt from income taxes as an organization described in Section 501(c)(3) of the Internal Revenue code and is classified as a public charity under Section 170(b)(1)(A)(vi).

CASH AND CASH EQUIVALENTS

Cash and cash equivalents presented in the statements of financial position and cash flows represent cash on hand and demand deposits at financial institutions with an original maturity of three months or less.

INVESTMENTS

Investments in debt and equity securities are reported at fair market value, except for short-term highly liquid investments that have a remaining maturity at the time they are purchased of one year or less. These investments are carried at amortized cost. Included in investments are cash and cash equivalents on deposit with money managers. The fair value is estimated by external investment managers, as market values are not readily ascertainable. These estimates involve assumptions and estimation methods that are reviewed by management. Actual valuations could differ from those estimates.

Interest, dividends, and gains and losses, both realized and unrealized, on investments are included in the Combined Statements of Activities and Change in Net Assets.

CONTRIBUTIONS

Contributions are recorded at their estimated fair value and are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes.

PLEDGES RECEIVABLE

Unconditional promises to give that are expected to be received within one year are recorded at estimated net realizable value. Unconditional promises to give that are expected to be received in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates for United States government securities having maturities that correspond to the years in which the promises are expected to be received.

Amortization of discounts is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met.

The Foundation uses the allowance method to determine the uncollectible portion of unconditional promises to give. The allowance to uncollectible contributions is based upon management's estimates, including such factors as, overall economic conditions, current and historical loss experience, and recent contribution activity.

See Accountants' Report

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

PROPERTY AND EQUIPMENT

Property and equipment are reported at cost, if purchased, or fair value at the date of donation. Depreciation is computed on a straight-line basis over the estimated useful life of the assets, ranging from three to twenty-five years.

GRANTS PAYABLE

Grants are recorded when specifically authorized by the Board of Directors of the Foundation and when the grant award is communicated to the grantee.

ANNUITIES PAYABLE

The Foundation has received certain unconditional promises to provide the future contributions in the form of deferred giving arrangements, including charitable remainder annuity trusts, charitable remainder unitrusts, and pooled income funds. The various deferred giving agreements stipulate the payment of stated annuity amounts, as well as the requirements for the eventual use of the principal of the donated funds.

FUNDS HELD FOR OTHERS

Funds held for others as agency funds represent component funds established by unaffiliated not-for-profit organizations for their own benefit.

DONATED ASSETS

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

DONATED SERVICES

No amounts have been reflected in the combined financial statements for donated services. The Foundation pays for most services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Foundation with specific programs and various committee assignments.

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: unrestricted and temporarily restricted. 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.

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

SPLIT-INTEREST AGREEMENTS

The Foundation administers various charitable remainder trusts and charitable lead 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. Under the charitable lead trust, the Foundation receives distributions from the trust until the agreement terminates. At that time, the remaining assets of the trust are paid out to the donor or other named beneficiaries.

The fair value of the trusts' assets has been included in the Foundation's Combined Statements of Financial Position and a corresponding liability has been recorded to reflect the present value of required lifetime payments to the named beneficiaries using a discount rate of 2.6% for the years ended June 30, 2020 and 2019. A range of 2%-9% has been used in prior periods.

Also, various donors have established trusts with financial institutions, naming the Foundation as the beneficiary of these charitable remainder trusts. Under the terms of the split-interest agreements, at the time of the donor's death, the trusts terminate and trust assets are distributed to the Foundation. Based on donor life expectancy and the use of a discount rate of 2.6%, the present value of future assets expected to be received by the Foundation is included in the Foundation's Combined Statements of Financial Position. Changes in the value of the assets and amortization of the discount on the estimated present value of future benefits are included in the change in value of charitable remainder trusts in the Combined Statements of Activities and Change in Net Assets.

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.

NOTE B – CONCENTRATIONS OF CREDIT RISK ARISING FROM CASH DEPOSITS IN EXCESS OF INSURED LIMITS

The Foundation maintains cash balances at some financial institutions in excess of FDIC insured limits from time to time. Based on the credit rating of these institutions, management believes there is no significant credit risk related to deposits.

NOTE C – DATE OF MANAGEMENT'S REVIEW

In preparing the financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through October 21, 2020, the date the financial statements were available to be issued.

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

NOTE D – INVESTMENTS

The carrying amounts of investments at June 30th are included in the Foundation's Combined Statements of Financial Position as follows:

	2020	2019
Assets held – charitable remainder trusts	\$ 2,084,283	\$ 2,154,299
Investments	62,317,747	64,686,531
Total	<u>\$ 64,402,030</u>	<u>\$ 66,840,830</u>

Investments at June 30th are classified as follows:

	2020	2019
Marketable Equity Securities	\$ 49,465,203	\$ 49,707,200
Fixed Income	8,719,740	9,049,942
Other	6,217,087	8,083,688
Total	<u>\$ 64,402,030</u>	<u>\$ 66,840,830</u>

Net investment gains (losses) are comprised of the following for the years ending June 30th:

	2020	2019
Net realized gains/(losses)	\$ (485,074)	\$ (745,706)
Net unrealized gains/(losses)	2,082,454	1,794,788
Interest and dividend income	1,460,489	2,001,649
Total	<u>\$ 3,057,869</u>	<u>\$ 3,050,731</u>

NOTE E – FAIR VALUE MEASUREMENT

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820, Fair Value Measurements and Disclosures, provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access.

Level 2 – Inputs to the valuation methodology include:

- A. Quoted prices for similar assets or liabilities in active markets;
- B. Quoted prices for identical or similar assets or liabilities in inactive markets;
- C. Inputs other than quoted prices that are observable for the asset or liability;
- D. Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

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

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

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

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2020 and 2019.

Mutual Funds: Value at the net asset value (NAV) of shares held by the Foundation at year end. These typically include investments in marketable equity and fixed income securities.

Money Market Funds: Value based on inputs derived from observable market data based on US currency.

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

The following table sets forth, by level, with the fair value hierarchy, the Foundation's assets at fair value:

Assets at Fair Value as of June 30, 2020				
	Level 1	Level 2	Level 3	Total
Mutual Funds	\$ 58,184,943	6,217,087	0	64,402,030
Money Market Funds	3,465,628	0	0	3,465,628
Total assets at fair value	<u>\$ 61,650,571</u>	<u>6,217,087</u>	<u>0</u>	<u>67,867,658</u>

Assets at Fair Value as of June 30, 2019				
	Level 1	Level 2	Level 3	Total
Mutual Funds	\$ 58,757,142	\$ 8,083,688	\$ 0	\$ 66,840,830
Money Market Funds	3,147,106	0	0	3,147,106
Total assets at fair value	<u>\$ 61,904,248</u>	<u>\$ 8,083,688</u>	<u>\$ 0</u>	<u>\$ 69,987,936</u>

The Foundation did not have any level 3 assets for the years ended June 30, 2020 and 2019.

See Accountants' Report

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

NOTE F – PLEDGES AND GRANTS RECEIVABLE

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

	2020	2019
Receivable in less than one year	\$ 0	\$ 0
Receivable in one to five years	0	0
Receivable in six or more years	300,000	300,000
Pledges receivable, gross	300,000	300,000
Less: discount	(160,000)	(160,000)
Pledges receivable, net	140,000	140,000
Grants receivable	37,530	116,821
Pledges and Grants receivable, net	\$ 177,530	\$ 256,821

NOTE G – FIXED ASSETS

Property and equipment consist of the following at June 30th:

	2020	2019
Land	\$ 160,000	\$ 160,000
Building	944,608	944,608
Furniture and equipment	120,280	115,609
Total property and equipment	1,224,888	1,220,217
Less: accumulated depreciation	(898,069)	(853,180)
Property and equipment, net	\$ 326,819	\$ 367,037

NOTE H – OPERATING LEASES

The Foundation leases office space to various tenants at various terms with a cumulative annual rental revenue of \$16,100 for the year ended June 30, 2020 and \$16,095 for the year ended June 30, 2019.

The Foundation leases various office equipment from three organizations with payments ranging from approximately \$1,383 to \$13,735 annually, expiring at various times through June 2020.

Lease expense for the years ended June 30, 2020 and 2019 amounted to approximately \$22,746 and \$22,247 respectively.

See Accountants' Report

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

NOTE I – 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 approximately \$20,463 and \$28,092 to the plan during the years ending June 30, 2020 and 2019, respectively.

NOTE J – FUND CLASSIFICATION

The activities and balances of the Foundation are classified for internal purposes into the following groups:

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. Technically, donor-advised funds are a type of unrestricted fund.

Designated – Designated funds 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.

ADDITIONAL INFORMATION – Most fund types may be established either as endowed or non-endowed funds. Endowed funds are intended to be permanent funds and are subject to the Foundation’s spending policy. Non-endowed funds are intended to be spent down over time, and are 100% spendable. Scholarship funds generally must be endowed funds.

See Accountants’ Report

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

At June 30th, the balances of these internally imposed restrictions were:

	2020	2019
Net Assets – spendable	\$ 21,698,996	\$ 21,934,774
Net Assets – accumulated earnings	2,347,996	3,977,588
Net Assets – nonspendable endowment	38,866,285	38,217,726
Total net assets	<u>62,913,277</u>	<u>64,130,088</u>

NOTE K – INTERNAL FEES CHARGED TO FUNDS

The Foundation enters into agreements with donors when a fund is established that includes an internal administrative fee. The current fee schedules range from 0.75% to 2.5% of annual average daily balance of the market value of the fund based on the type of fund and services required. Minimum administrative fee is \$200 annually.

NOTE L – EXPENSES BY BOTH NATURAL AND FUNCTIONAL CLASSIFICATION – FOR THE YEAR ENDED JUNE 30, 2020

	Programs			
	Donor Advised Funds	Field of Interest Funds	Other Funds & Programs	Program Subtotals
Salaries & Benefits	0	2,867	191,139	194,005
Grants	2,462,047	2,154,866	3,132,073	7,748,987
Supplies and travel	0	0	2,828	2,828
Professional fees	148,377	1,210,077	852,310	2,210,764
Office and Occupancy	0	0	21,233	21,233
Fundraising/Development	0	89,056	2,327	91,383
Total Expenses	<u>2,610,424</u>	<u>3,456,866</u>	<u>4,201,909</u>	<u>10,269,200</u>

	Supporting Activities			
	Management & General	Fund- Raising	Supporting Subtotal	Total Expenses
Salaries & Benefits	496,676	384,979	881,654	1,075,660
Grants	5,250	0	5,250	7,754,237
Supplies and travel	21,620	0	21,620	24,447
Professional fees	207,248	0	207,248	2,418,012
Office and Occupancy	154,670	0	154,670	175,902
Fundraising/Development	1,900	26,709	28,609	119,993
Total Expenses	<u>887,363</u>	<u>411,688</u>	<u>1,299,051</u>	<u>11,568,250</u>

See Accountants' Report

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

The allocation to Program for Salaries and Benefits is figured on 100% of the total salaries and benefits for the three Program staff. The remainder is Management and General Expenses. 100% of the Development and Donor Services three staff and 50% of the CEO salaries and benefits are allocated to Fundraising. Finance and Marketing are allocated to the Management and General Expenses. Donor Advised Funds and Field of Interest funds are split from the total as more than 50% or grant making falls into those two fund types.

NOTE M – LIQUIDITY

The majority of the Foundation's assets consist of investments in marketable securities. A material portion of these investments are readily tradeable and therefore very liquid assets. The Foundation has more than six times its typical annual expenditures in investments. 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 financial statement purposes and the Foundation's investments are therefore available to meet its liquidity needs.