



FINANCIAL STATEMENTS

JUNE 30, 2017 AND 2016

COASTAL COMMUNITY FOUNDATION OF SOUTH CAROLINA, INC.
Charleston, South Carolina

June 30, 2017 and 2016

C O N T E N T S

INDEPENDENT AUDITORS' REPORT	1
-------------------------------------	----------

FINANCIAL STATEMENTS	
Statements of Financial Position	2
Statements of Activities	3 – 4
Statements of Cash Flows	5 – 6
Notes to Financial Statements	7 – 24

Independent Auditors' Report

To the Board of Directors of
Coastal Community Foundation of South Carolina, Inc.
Charleston, South Carolina

Report on Financial Statements

We have audited the accompanying financial statements of **Coastal Community Foundation of South Carolina, Inc.** (the Foundation) which comprise the statements of financial position as of June 30, 2017 and 2016, and the related 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.

Auditors' Responsibility

Our responsibility is to express an opinion of these financial statements based on our audits. We conducted our audits 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 of material misstatement.

An audit involves performing procedures to obtain 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 auditors considered 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 assessing the 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 Coastal Community Foundation of South Carolina, Inc. as of June 30, 2017 and 2016, 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.



Charleston, South Carolina
October 27, 2017

Members

SC Association of Certified Public Accountants
NC Association of Certified Public Accountants

Members

Division for CPA Firms, AICPA

An independently owned member
RSM US Alliance



40 Calhoun Street, Suite 320
PO Box 20099 (29413)
Charleston, SC 29401
843-577-5843 Fax 843-723-3075
www.websterrogers.com

COASTAL COMMUNITY FOUNDATION OF SOUTH CAROLINA, INC.

**STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2017 AND 2016**

	2017	2016
ASSETS		
Cash and cash equivalents	\$ 3,366,739	\$ 2,632,295
Investments, at fair value	245,538,480	217,919,305
Life insurance, cash surrender value	1,071,938	935,608
Beneficial interest in split-interest agreements	2,590,220	2,264,674
Loans receivable, program related	500,000	309,250
Contributions and other receivables	3,312,464	4,482
Prepaid assets	57,660	3,293
Property and equipment (net of accumulated depreciation of \$393,445 and \$399,989)	1,619,358	663,688
TOTAL ASSETS	\$ 258,056,859	\$ 224,732,595
 LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$ 173,572	\$ 123,451
Leases payable	15,412	24,439
Deferred revenue	60,981	56,890
Payroll liabilities	47,353	11,133
Charitable trusts liability	1,219,504	1,133,365
Funds managed for:		
Supporting organizations (without CCF majority control)	16,643,488	13,201,205
Other organizations	9,278,963	8,244,983
Total liabilities	27,439,273	22,795,466
Net Assets		
Unrestricted:		
Foundation funds	157,002,156	134,167,498
Supporting organizations (with CCF majority control)	70,837,956	65,352,176
Administrative fund	1,048,830	980,376
Total unrestricted net assets	228,888,942	200,500,050
Temporarily restricted:		
Charitable trusts	1,728,644	1,437,079
Total temporarily restricted net assets	1,728,644	1,437,079
Total net assets	230,617,586	201,937,129
TOTAL LIABILITIES AND NET ASSETS	\$ 258,056,859	\$ 224,732,595

The accompanying Notes to Financial Statements are an integral part of these statements.

COASTAL COMMUNITY FOUNDATION OF SOUTH CAROLINA, INC.

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2017

	Foundation Funds	Unrestricted Supporting Organizations	Administrative	Temporarily Restricted Charitable Trusts	Total
REVENUES, GAINS AND OTHER SUPPORT					
Contributions	\$ 15,944,175	\$ 8,744,995	\$ 137,687	\$ 62,586	\$ 24,889,443
Less contributions received for other organizations	(173,844)	(2,350,264)	-	-	(2,524,108)
Net contributions	15,770,331	6,394,731	137,687	62,586	22,365,335
Interest and dividends, net of fees	2,302,085	920,010	137	-	3,222,232
Net realized and unrealized losses on investments	16,026,807	6,961,071	-	-	22,987,878
Change in value of split-interest agreements	-	-	-	228,979	228,979
Increase in life insurance, cash surrender value	136,330	-	-	-	136,330
Administrative fees	175,487	299,113	1,791,734	-	2,266,334
Total revenues, gains and other support	34,411,040	14,574,925	1,929,558	291,565	51,070,758
EXPENSES					
Grants	13,487,169	4,183,911	-	-	17,671,080
Less grants made for other organizations	(350,965)	(498,718)	-	-	(849,683)
Net grants	13,136,204	3,685,193	-	-	16,821,397
Other program expenses	498,490	200,085	14,710	-	713,285
Support fees	1,392,218	562,096	-	-	1,954,314
Administrative expenses	192,442	749,582	2,095,611	-	3,037,635
Total expenses	15,219,354	5,196,956	2,110,321	-	22,526,631
Increase in net assets before transfers	19,191,686	9,377,969	(180,763)	291,565	28,680,457
Interfund transfers, net	3,642,972	(3,892,189)	249,217	-	-
Increase in net assets	22,834,658	5,485,780	68,454	291,565	28,680,457
Net assets at beginning of year	134,167,498	65,352,176	980,376	1,437,079	201,937,129
Net assets at end of year	\$ 157,002,156	\$ 70,837,956	\$ 1,048,830	\$ 1,728,644	\$ 230,617,586

The accompanying Notes to Financial Statements are an integral part of these statements.

COASTAL COMMUNITY FOUNDATION OF SOUTH CAROLINA, INC.

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2016

	Foundation funds	Unrestricted Supporting Organizations	Administrative	Temporarily Restricted Charitable trusts	Total
REVENUES, GAINS AND OTHER SUPPORT					
Contributions	\$ 24,867,279	\$ 4,987,460	\$ 72,011	\$ -	\$ 29,926,750
Less contributions received for other organizations	(142,385)	(2,156,340)	-	-	(2,298,725)
Net contributions	24,724,894	2,831,120	72,011	-	27,628,025
Interest and dividends	2,225,111	927,912	502	-	3,153,525
Net realized and unrealized gain on investments	(7,082,784)	(3,926,988)	-	-	(11,009,772)
Change in value of split-interest agreements	-	-	-	(31,650)	(31,650)
Increase in life insurance, cash surrender value	76,187	-	-	-	76,187
Administrative fees	443,292	275,966	1,620,353	-	2,339,611
Total revenues, gains and other support	20,386,700	108,010	1,692,866	(31,650)	22,079,739
EXPENSES					
Grants	13,105,463	4,134,226	-	-	17,239,689
Less grants made for other organizations	(1,076,990)	(335,927)	-	-	(1,412,917)
Net grants	12,028,473	3,798,299	-	-	15,826,772
Program expenses	489,672	174,506	7,414	-	671,592
Support fees	1,234,285	543,884	-	-	1,778,169
Administrative expenses	366,165	736,170	1,799,316	-	2,901,651
Total expenses	14,118,595	5,252,859	1,806,730	-	21,178,184
Increase (decrease) in net assets before transfers	6,268,105	(5,144,849)	(113,864)	(31,650)	977,742
Interfund transfers, net	(197,969)	-	197,969	-	-
Transfer in due to affiliation	-	24,233,482	-	56,303	24,289,785
Increase in net assets	6,070,136	19,088,633	84,105	24,653	25,267,527
Net assets at beginning of year	128,097,362	46,263,543	896,271	1,412,426	176,669,602
Net assets at end of year	\$ 134,167,498	\$ 65,352,176	\$ 980,376	\$ 1,437,079	\$ 201,937,129

The accompanying Notes to Financial Statements are an integral part of these statements.

COASTAL COMMUNITY FOUNDATION OF SOUTH CAROLINA, INC.

**STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2017 AND 2016**

	<u>2017</u>	<u>2016</u>
Cash Flows From Operating Activities		
Increase in net assets	\$ 28,680,457	\$ 25,267,527
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Net assets received from supporting organization	-	(24,289,785)
Net realized and unrealized (gains) losses on investments	(22,987,878)	11,009,772
(Increase) decrease in value of split-interest agreements	(228,979)	31,650
Depreciation	98,182	87,172
Noncash contribution of interest in trusts	(62,586)	-
Noncash contribution of interest in land	-	(550,000)
Net (gain) loss on sale of contributed investments	44,068	(115,222)
Increase in cash value of life insurance	(136,330)	(76,187)
(Increase) decrease in:		
Contributions and other receivables	(3,307,982)	3,538,902
Loans receivable - program related	(190,750)	1,496,911
Prepaid assets	(54,367)	(248)
Increase (decrease) in:		
Accounts payable	50,121	67,375
Deferred revenue	4,091	(1,118)
Payroll liabilities	36,220	(5,181)
Charitable trusts liability	86,139	(12,681)
Funds managed for supporting organizations	3,442,283	1,134,587
Funds managed for other organization funds	1,033,980	(529,508)
Net cash provided by operating activities	<u>6,506,669</u>	<u>17,053,966</u>
Cash Flows From Investing Activities		
Purchases of property and equipment	(1,053,852)	(86,453)
Proceeds from preferred interest - property	81,250	68,750
Cash received from supporting organization	-	15,462,527
Cash received from investment note receivable	162,546	159,610
Proceeds from sales of investments	61,368,565	85,004,541
Purchases of investments	(66,321,707)	(116,807,309)
Net cash used in investing activities	<u>(5,763,198)</u>	<u>(16,198,334)</u>
Cash Flows From Financing Activities		
Principal payments on capital leases	(9,027)	(10,309)
Net cash used in financing activities	<u>(9,027)</u>	<u>(10,309)</u>
Net increase in cash and cash equivalents	734,444	845,323
Cash and Cash Equivalents at Beginning of Year	<u>2,632,295</u>	<u>1,786,972</u>
Cash and Cash Equivalents at End of Year	<u>\$ 3,366,739</u>	<u>\$ 2,632,295</u>

(Continued)

COASTAL COMMUNITY FOUNDATION OF SOUTH CAROLINA, INC.

**STATEMENTS OF CASH FLOWS (Continued)
YEARS ENDED JUNE 30, 2017 AND 2016**

	<u>2017</u>	<u>2016</u>
Schedule of Noncash Investing and Financing Activities		
Purchases of property and equipment	\$ (1,053,852)	\$ (94,235)
Capital lease financing	<u>-</u>	<u>7,782</u>
Cash paid for purchases of property and equipment	<u>\$ (1,053,852)</u>	<u>\$ (86,453)</u>
Noncash contributions of investments	<u>\$ 9,373,471</u>	<u>\$ 8,654,330</u>
Noncash assets received from supporting organization		
Investments	\$ -	\$ 9,732,717
Net property and equipment	<u>-</u>	<u>437,813</u>
Total noncash assets received from supporting organizations	<u>\$ -</u>	<u>\$ 10,170,530</u>
Supplemental Disclosure of Cash Flow Information		
Cash paid during the year for:		
Interest	<u>\$ 377</u>	<u>\$ 430</u>

The accompanying Notes to Financial Statements are an integral part of these statements.

COASTAL COMMUNITY FOUNDATION OF SOUTH CAROLINA, INC.

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016**

Note 1. Nature of Activities and Summary of Significant Accounting Policies

Nature of Activities

Coastal Community Foundation of South Carolina, Inc. (the Foundation) was established in 1974 as a not-for-profit corporation. The Foundation's mission is to foster philanthropy for the lasting good of the community. It receives and administers gifts, grants, and bequests for charitable purposes, generally in the areas of human needs, arts, education, the environment, health, and community development. Also, the Foundation administers various program initiatives.

The combined financial statements include two supporting organizations in 2017 (The Francis P Bunnelle Foundation and The Waccamaw Community Foundation, Inc.) and three supporting organizations in 2016 (The Francis P Bunnelle Foundation, The Darby Family Foundation, and The Waccamaw Community Foundation, Inc.). These supporting organizations are separate legal entities established under Section 509(a)(3) of the Internal Revenue Code (IRC) to operate solely for supporting the activities of the Foundation. They have their own boards of directors or trustees and use the Foundation to administer and invest their assets. The Foundation effectively controls, either directly or indirectly, all operating aspects of these organizations, and the organizations are financially interrelated to the Foundation. Accordingly, their financial activity has been included in the accompanying combined financial statements. All significant intercompany transactions have been eliminated in the combined presentation described further in Note 9.

Additionally, the combined financial statements include the accounts of its wholly-owned subsidiaries, TCF Realty, LLC; FPB Realty, LLC (used to facilitate the holding and subsequent sale of real estate); and WCF Land Trust, LLC (used to receive, hold title to sell, lease, and otherwise manage real estate and easements in order to promote the conservation of South Carolina's natural landscape.).

An additional two organizations (The Jewish Endowment Fund and The Saul Alexander Foundation) also operate in connection with the Foundation as supporting organizations under Section 509(a)(3) of the IRC. These organizations are not controlled, directly or indirectly, by the Foundation and are presented following the agency presentation and are described further in Note 9.

Support is primarily in and for the benefit of the communities of the coastal region of South Carolina. The Foundation officially serves nine coastal counties - Beaufort, Berkeley, Charleston, Colleton, Dorchester, Georgetown, Hampton, Horry, and Jasper. The Foundation administers more than 814 individual funds, each established with an instrument of gift describing either the general or specific purposes for which grants are to be made.

Basis of Accounting

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

Revenue Recognition

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

COASTAL COMMUNITY FOUNDATION OF SOUTH CAROLINA, INC.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

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

Classification of Unrestricted Net Assets

Foundation Funds

These funds are further classified as:

Discretionary Funds represent funds available for expenditure at the Board's discretion.

Field of Interest Funds represent funds available for expenditure at the Board's discretion, but only in the particular field of concern specified in the fund agreement.

Donor Advised Funds represent funds given by contributors who may from time to time suggest that the Board consider a request for a particular grant distribution. The contributors may make recommendations as to which charities should receive grants. These recommendations are advisory only and are subject to the Board of Directors' approval.

Scholarship Funds are available for the purpose of providing scholarships for high school and college students.

Designated Funds represent funds given by contributors with the stipulation that the funds be used for a specific not-for-profit organization(s) or project, and the Foundation has been given the authority to change a designation if the Foundation decides that conditions and circumstances have so changed that literal compliance with the original designation is unnecessary, undesirable, impractical, or impossible.

Special Project Funds represent funds given by contributors with the stipulation that the funds be used to administer a specific program which is delineated in the grant or fund contract. The Foundation acts as the administrator for these funds.

Management Endowment Funds are designated for the operations of the Foundation. Endowment or endowed funds are Foundation funds held on a long-term basis. Because the Foundation's board has the ability to modify any restriction on these funds, the funds, although referred to as endowments, are not classified as "permanently restricted."

Supporting Organizations

Unrestricted net assets include the activities of the supporting organizations, as described in Note 9, for which the Foundation exercises majority control. Supporting organizations are separately incorporated charitable organizations and have separate Boards of Directors. Their public charity status is attained through their affiliation with the Foundation.

Administrative Fund

This fund is used for the management and administration of the Foundation, including general, financial and development activities, legal and accounting fees, publications, communications, and other operating expenses.

COASTAL COMMUNITY FOUNDATION OF SOUTH CAROLINA, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017 AND 2016

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

Classifications of Temporarily Restricted Net Assets

Temporarily restricted net assets are classified as follows:

Assets Held in Charitable Trusts

The Foundation serves as the trustee for various charitable trusts. Under the terms of these trust agreements, the Foundation makes distributions to income beneficiaries for a given term or for the life of the beneficiaries. Depending on the trust agreements at the end of the term or upon the death of the income beneficiary(ies), assets remaining in the trust will be transferred to the Foundation, another charity, or the donor as applicable. The Foundation records the assets held in charitable trusts at their fair value based on current quoted market prices and records a liability under charitable trust agreements for the estimated discounted value of the amounts due to the income beneficiaries based on Internal Revenue Service (IRS) annuity and mortality tables.

Donor Designated Endowments

Net Asset Classifications

Accounting standards provide guidance on the net asset classification of donor-restricted endowment funds for a not-for-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA) and also improve disclosures about an organization's endowment funds (both donor restricted endowment funds and board designated endowment funds) whether or not the organization is subject to UPMIFA.

The State of South Carolina adopted UPMIFA effective July 1, 2008. However, the Foundation has determined that the majority of the Foundation's net assets do not meet the definition of endowment under UPMIFA. The Foundation is governed subject to the *Bylaws of the Coastal Community Foundation*, and most contributions are subject to the terms of these bylaws. Certain contributions are received subject to other gift instruments or are subject to specific agreements with the Foundation.

Under the terms of these bylaws, the Board of Directors has the ability to distribute so much of the corpus of any trust or separate gift, device, bequest, or fund as the Board in its sole discretion shall determine. As a result of the ability to distribute corpus, all contributions not classified as temporarily restricted or permanently restricted are classified as unrestricted net assets for financial statement purposes.

Endowment Investment and Spending Policies

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. The Foundation's spending and investment policies work together to achieve this objective. The investment policy establishes an achievable return objective through diversification of asset classes. The current long-term return objective is to return 7.5% net of investment fees. Actual returns in any given year may vary from this amount.

To satisfy its long-term rate of return objective, 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 a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk parameters.

COASTAL COMMUNITY FOUNDATION OF SOUTH CAROLINA, INC.

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016**

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

The spending policy calculates the amount of money annually distributed from the Foundations' various endowed funds for grant making and administration. The current spending policy is to distribute for grants an amount equal to 4% of a moving 20 quarter average, but not less than 3.5% of current market value. Additionally, for administration, the Foundation distributes from its funds approximately 1%. Accordingly, over the long term, the Foundation expects current spending policy to allow its endowment assets to grow at an average rate of 2.5% annually. This is consistent with the Foundation's objective to maintain the purchasing power of endowment assets as well as to provide additional real growth through new gifts and investment return.

The spending policy of The Waccamaw Community Foundation, Inc. ("WCF") differs from that of the Foundation. Their spending, the amount available for spending on grants, and program expenses, is an amount equal to 4% of a moving 12-quarter average of the market value of its pool. The amount calculated as available for spending shall be called spendable balance. Any spendable balance that is not spent at the end of the year, remains in the spendable balance and is carried over and available for spending in subsequent years.

Funds Managed for Supporting (without CCF majority control) and Other Organizations

The Foundation manages assets for various other not-for-profit organizations. These organizations include Supporting Organizations which support the work of the Foundation, but whose board is not controlled by the Foundation, and Other Organizations which are both donor and beneficiary of the funds established at the Foundation. These managed assets are reported as both assets and liabilities in the accompanying statements of financial position. The revenues and expenses of these funds are excluded from the statements of activities.

Cash and Cash Equivalents

The Foundation considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents except cash temporarily held in its long-term investment portfolio until suitable investments are identified.

Investments

Investments consist of mutual funds, exchange traded funds, debt and equity securities, annuities, and real estate all carried at fair value. It also includes loans carried at the net present value of future payments and life insurance carried at cash surrender value. Investments in alternative investment securities are carried at the net asset value provided by the external investment managers as of the reporting date. Because alternative investment interests are not readily marketable, the estimated value is subject to uncertainty and, therefore, may differ significantly from the value that would have been used had a ready market for the investments existed. Investments donated to the Foundation are initially recorded at their estimated fair value on the date of gift. Realized gains and losses on dispositions are based on the net proceeds and the adjusted cost of the investments sold using the average cost of the investments sold. Unrealized gains and losses are included in the change in net assets in the Statements of Activities.

Property and Depreciation

The Foundation capitalizes all expenditures for property and equipment in excess of \$500. Property and equipment is recorded at cost or, if donated, at fair value on the date received. Depreciation is provided on the straight-line method over the estimated useful lives of the respective assets.

COASTAL COMMUNITY FOUNDATION OF SOUTH CAROLINA, INC.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

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

Loans Receivable - Program Related

The Foundation has made loans to conservation groups to protect ecologically valuable land from development or other encroachment. These loans are at or below market interest rates. Additionally, the Foundation has made loans to a Community Development Financial Institution (CDFI) at or below market rates. The loans support the institution's mission to support equitable access to capital by providing loans, technical assistance and advocacy for affordable housing, healthy food, and other causes to create thriving, prosperous, and economically resilient communities for South Carolinians. The loan receivable is recorded at the net present value of the future payments to be received from the borrower using the loan interest rate. Based upon past performance, management believes no allowance for uncollectible loans is necessary.

Revenue, Gains and Other Support

Promises to Give

The Foundation does not recognize any promises to give until received as a contribution.

Other Income

Other income includes management fee income, support fee income transferred to the administrative fund, and adjustments to life insurance cash surrender value.

Donated Assets

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

The Foundation's policy is to convert unrestricted donated marketable securities to cash at the time of receipt. Accordingly, on the statements of cash flows, these contributed securities are considered to be cash from operating activities.

Donated Services

A substantial number of volunteers have made significant contributions of their time, principally in administrative functions and grant-making programs. No amounts have been reflected in the accompanying financial statements for the fair value of contributed services.

Expenses

Grants Expenses

Grants include gifts for charitable purposes and distributions to designated recipients in accordance with the intentions of the originating donor organization or individual and the Foundation's Board of Directors. Grants are recorded as expenses when they are approved by the Foundation's Board for payment.

COASTAL COMMUNITY FOUNDATION OF SOUTH CAROLINA, INC.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

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

Expenses

Program Expenses

Program expenses include certain administrative, educational, and direct services provided for the benefit of other civic and not-for-profit organizations and their beneficiaries, either by the Foundation, contracted consultants, or other not-for-profit organizations for which the Foundation is the fiscal agent.

Administrative Expenses

Administrative expenses include the general, administrative, development, and operating costs of the Foundation. In addition, the Foundation is actively involved in several local program initiatives for which the cost of staffing and managing these initiatives is also included in administrative expenses.

Support Fees

Support fees are charged for administrative and other services provided to Foundation funds, supporting organizations, and certain trusts. These fees are used to cover the administrative expenses of the Foundation and support the Foundation's philanthropic efforts throughout its service area. The fee is generally based on a percentage of the estimated fair value of income-producing assets held by the Foundation or a percentage of the individual funds' net asset balances. The usual quarterly fee for services is .25% of the average daily fund balance with a minimum fee of \$62.50 or \$125 for certain endowed funds and funds managed by the Foundation on a long-term basis. For fiscal sponsor funds and funds managed by the Foundation on a short-term basis, the fee is normally 3% of the average daily fund balance. Additionally, for WCF only, the support fees range from 0.38% per quarter to 0.50% per quarter with a minimum fee of \$62.50.

Income Tax Status

The Foundation is exempt from federal income tax under Section 509(a)(1) of the IRC. The Foundation is classified by the IRS as other than a private foundation under Section 509(a)(1) and, therefore, is exempt from federal and state income taxes.

Income Tax Uncertainties

The Foundation has adopted Financial Accounting Standards Board ("FASB") guidance related to accounting for uncertainty in income taxes which clarifies the accounting for income taxes by prescribing the minimum recognition threshold that a tax position is required to meet before being recognized in the Foundation's financial statements. The interpretation also provides guidance on derecognition classification, interest and penalties, disclosure, and transition.

In accordance with the interpretation, the Foundation discloses the expected future tax consequences of uncertain tax positions presuming the taxing authorities' full knowledge of the facts of the Foundation's position and records unrecognized tax benefits or liabilities for known or anticipated tax issues based on the Foundation's analysis of whether additional taxes would be due to the authority given their full knowledge of the tax position. The Foundation has completed its assessment and determined that there were no tax positions which would require recognition under the interpretation.

Reclassifications

Certain reclassifications were made to the 2016 financial statements in order to conform with the 2017 presentation. These reclassifications had no effect on the total net assets or change in net assets as previously reported.

COASTAL COMMUNITY FOUNDATION OF SOUTH CAROLINA, INC.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

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

Use of Estimates

The preparation of financial statements 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 financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. One significant use of estimates is estimating the future liabilities of payments to beneficiaries under charitable trust agreements with donors.

Note 2. Receivables

Loans Receivable, Program Related

The Foundation invests a portion of its funds in projects that advance philanthropic purposes by providing loans to certain not-for-profit organizations. Loans receivable are carried at unpaid principal balances. At June 30, 2017 and 2016, these loans totaled \$500,000 and \$309,250, respectively. The loans have various maturity dates through May 31, 2019, and interest rates ranging from 1.75% to 2%. Management has reviewed these loans and believes that no allowance for uncollectible accounts is necessary as of June 30, 2017 and 2016.

Contributions and Other Receivables

During the year ended June 30, 2017, the Foundation was informed that it and a supporting organization of the Foundation were named as beneficiaries of a trust. Included on the Foundation's statement of financial position at June 30, 2017, is a receivable of \$3,293,344 representing the estimated fair value of the Foundation's and the supporting organization's interest in the trust.

Note 3. Significant Concentrations

During the year ended June 30, 2017, the Foundation received approximately 43% of its contributions from six donors. During the year ended June 30, 2016, the Foundation received approximately 32% of its contributions from four donors.

Note 4. Split-Interest Agreements

The Foundation has been named as the charitable trustee for certain charitable remainder trusts which require the payout of stated amounts to named beneficiaries over their respective lifetimes. Accordingly, the fair values of the trusts' assets have been included in the Foundation's statements of financial position. Also, a liability has been recorded to reflect the required lifetime payments. The payouts are made in various percentages of the fair value of the trust assets or of the original gift value depending on the trust document and the beneficiaries' ages, which range from 61 to 95 years. There have been no significant changes in actuarial assumptions and the discount rates used. The discount rates range from 2.4% to 7.4%.

The required lifetime payment liability represents the difference between the fair value of the trust assets and the present value of the remainder interest. For those trust agreements which name the Foundation irrevocably as the remainder beneficiary, a contribution has been recorded based upon the present value of the expected remainder interest. The present value of the amounts due to the remainder beneficiaries for lifetime payments, as well as the present value of the amounts due to the remainder beneficiaries, is included in the caption charitable trusts liability on the accompanying Statements of Financial Position. The remainder interests of the trusts have been estimated using IRS guidelines and actuarial tables. In subsequent periods, adjustment of the liability to reflect changes in the value of trust assets and revisions in the donor's life expectancy are recorded as a change in value of split-interest agreements.

COASTAL COMMUNITY FOUNDATION OF SOUTH CAROLINA, INC.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

Note 4. Split-Interest Agreements (Continued)

Following is a recap of amounts relating to split interest agreements at June 30, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Assets included in investments	\$ 2,590,220	\$ 2,264,674
Present value of liability due to beneficiaries and remaindermen	1,219,504	1,133,365
Gain (loss) recognized from change in value of split-interest agreements	228,979	(31,650)

In 2010, a donor established a charitable remainder unitrust naming the Foundation as beneficiary in several assets of the trust at the donor's death. Per the trust agreement, at the donor's death in 2013, the Foundation received a 10% interest in a certain piece of real estate. The donor's daughter received a life interest in this same piece of real estate. In 2013, the Foundation recorded an asset of \$190,000, the 10% fair market value of the real estate, and a deferred revenue liability of \$65,631, for the present value of the life-interest, calculated using a discount rate of 3.32% (applicable federal rate) and mortality tables. In 2017, the Foundation adjusted the asset to \$371,089 to reflect current market value and adjusted the deferred revenue liability to \$53,081, for the present value of the life-interest, calculated using a discount rate of 3.32% and mortality tables. In 2016, the Foundation adjusted the asset to \$303,858 to reflect current market value and adjusted the deferred revenue liability to \$56,890, for the present value of the life-interest, calculated using a discount rate of 3.32% and mortality tables.

Under the same trust agreement, the Foundation was named a beneficiary remainder, in a charitable remainder unitrust to be funded with residual interest from the trust estate. In 2014, this trust was funded and the Foundation recorded an asset and contribution income of \$387,291 as an interest in the remainder trust using a discount rate of 5.8%. In 2017, the asset was adjusted to \$391,451 to reflect current market value. In 2016, the asset was adjusted to \$361,695 to reflect current market value.

In 2014, the Foundation was informed that it was named as a beneficiary remainder in a 1998 charitable remainder unitrust. The Foundation recorded an asset and contribution income of \$38,586 as an interest in the remainder trust using a discount rate of 6% and mortality tables. In 2017, the asset was adjusted to \$37,558 to reflect current market value. In 2016, the asset was adjusted to \$35,004 to reflect current market value.

In July 2014, a donor established a twenty-year charitable remainder trust naming the Foundation as a 60% beneficiary remainder. The Foundation recorded an asset and contribution income of \$238,197 as an interest in the remainder trust using a discount rate of 2.2%. In 2017, the asset was adjusted to \$265,293 to reflect current market value. In 2016, the asset was adjusted to \$230,648 to reflect current market value.

In July 2015, with the affiliation of WCF, the Foundation received an additional charitable remainder trust. The supporting organization is named as trustee of the trust. The Foundation recorded an asset of \$56,303 as an interest in the remainder trust using a discount rate of 8% and mortality tables. In 2017, the asset was adjusted to \$56,840 to reflect current market value. In 2016, the asset was adjusted to \$52,697 to reflect current market value.

In May 2007, a donor established three charitable remainder trusts naming the Foundation as a 70% beneficiary remainder in each trust. The Foundation is named as trustee of the trusts. In 2017, the trusts were funded, and the Foundation recorded an asset of \$62,586 as an interest in the remainder trust using a discount rate of 6% and mortality tables.

COASTAL COMMUNITY FOUNDATION OF SOUTH CAROLINA, INC.

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016**

Note 5. Property and Equipment

Major classifications of property and equipment as of June 30, 2017 and 2016, are summarized below:

	<u>2017</u>	<u>2016</u>
Land	\$ 500,000	\$ 300,000
Building	974,794	175,000
Leasehold improvements	182,407	237,010
Furniture and equipment	<u>355,602</u>	<u>351,667</u>
Total	2,012,803	1,063,677
Accumulated depreciation	<u>(393,445)</u>	<u>(399,989)</u>
Net property and equipment	<u>\$ 1,619,358</u>	<u>\$ 663,688</u>

Depreciation expense for the years ended June 30, 2017 and 2016, was \$98,182 and \$87,172, respectively.

Note 6. Credit and Market Risk

Financial instruments that potentially expose the Foundation to concentrations of credit and market risk consist primarily of cash and cash equivalents, marketable securities, alternative investments, partnership units, and real estate. Cash and cash equivalents are maintained at financial institutions whose deposits are insured by the Federal Deposit Insurance Corporation up to \$250,000 or the Securities Investors Protection Corporation up to \$500,000. Certain accounts are also covered by the financial institutions' additional insurance for account balances in excess of \$500,000. Deposits may at times exceed the federally insured limits, and credit exposure is limited to deposits at any one institution in excess of this limit. The Foundation has not experienced any losses on its cash and cash equivalents. Uninsured cash balances as of June 30, 2017 and 2016, were approximately \$3,303,000 and \$2,998,000, respectively. The Foundation invests in a variety of investments which are subject to fluctuations in market values and expose the Foundation to a certain degree of interest and credit risk.

Note 7. Long-Term Capital Lease Obligations

The Foundation leases certain equipment under capital leases. The assets acquired through these leases have been capitalized using appropriate interest rates at the inception of the leases. The assets and related depreciation are included on the statements of financial position under the caption of property and equipment. Amortization of the leased assets is included in depreciation expense.

Interest expense paid on capital leases was \$377 and \$430 for the years ended June 30, 2017 and 2016, respectively.

The following is a schedule by years of future minimum payments required under capital leases as of June 30, 2017:

<u>Year Ending June 30:</u>	
2018	\$ 8,210
2019	4,581
2020	1,632
2021	<u>1,360</u>
Total future minimum lease payments	15,783
Less amount representing interest	<u>371</u>
Percent value of future minimum lease payments	<u>\$ 15,412</u>

COASTAL COMMUNITY FOUNDATION OF SOUTH CAROLINA, INC.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

Note 8. Operating Leases

The Foundation has entered into several non-cancelable operating leases on real properties with the longest expiring December 2020. The following is a schedule of estimated future minimum lease payments on real properties as of June 30, 2017:

<u>Year Ending June 30:</u>	
2018	\$ 99,173
2019	101,653
2020	104,186
2021	52,842
	<u>\$ 357,854</u>

Total rent expense for the years ended June 30, 2017 and 2016, was \$160,892 and \$172,337, respectively.

Note 9. Supporting Organizations

Agency Presentation (without CCF majority control)

Effective March 1996, the Jewish Endowment Fund (the JEF) was created as a Supporting Organization of The Community Foundation and The Charleston Jewish Federation under Section 509(a)(3) of the IRC. The Foundation manages the assets of the JEF and provides staff assistance in qualifying potential grantees of the fund. The market values of the net assets of the JEF managed by the Foundation at June 30, 2017 and 2016, in the amount of \$13,963,093 and \$10,726,841, respectively, are presented both as assets and liabilities in the statements of financial position. The Foundation does not appoint the majority of the Board of Directors for the JEF.

Effective January 1998, the Saul Alexander Foundation was created as a Supporting Organization of the Foundation under Section 509(a)(3) of the IRC. The Foundation manages the assets of the Saul Alexander Foundation and provides staff assistance in qualifying potential grantees. The market values of the net assets of the Saul Alexander Foundation managed by the Foundation at June 30, 2017 and 2016, in the amount of \$2,680,395 and \$2,474,364, respectively, are presented both as assets and liabilities in the statements of financial position. The Community Foundation does not appoint the majority of the Board of Directors for the Saul Alexander Foundation.

Combination Presentation (with CCF majority control)

During fiscal year 2001, a Supporting Organization of the Coastal Community Foundation, the Frances P. Bunnelle Foundation, was created to support Georgetown County in the Foundation's service area. On June 30, 2017 and 2016, the fair value of the net assets of the Frances P. Bunnelle Foundation was \$40,406,641 and \$37,964,472, respectively. The Foundation's Board of Directors appoints a majority of this foundation's Board of Directors. Accordingly, this supporting organization is combined with the Foundation's financial statements.

During fiscal year 2002, the Darby Family Foundation was formed as a Supporting Organization to support charitable organizations in the Foundation's service area. The Foundation's Board of Directors appoints a majority of this Supporting Organization's Board of Directors. Accordingly, this Supporting Organization is combined within the Foundation's financial statements. In November 2016, the Darby Family Foundation filed Articles of Dissolution with the State of South Carolina. The net assets of the Darby Family Foundation of \$3,892,189 were transferred to a fund of Coastal Community Foundation of South Carolina, Inc. in October of 2016. On June 30, 2016, the fair value of the net assets of the Darby Family Foundation was \$3,695,976.

COASTAL COMMUNITY FOUNDATION OF SOUTH CAROLINA, INC.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

Note 9. Supporting Organizations (Continued)

During fiscal year 2014, the Foundation entered a supporting organization transition agreement with WCF. The agreement became effective February 2015 when the IRS issued a written approval to WCF of WCF's request for reclassification of foundation status to that of a 509(a)(3) public charity as a Supporting Organization of the Coastal Community Foundation. WCF became a supporting organization of the Foundation on July 1, 2015, and transferred net assets of \$24,289,785 to the Foundation as follows:

Cash and cash equivalents	\$ 15,462,527
Investments	9,732,717
Net property and equipment	437,813
Accounts payable	(50,605)
Charitable trust liability	(346,158)
Funds managed for other organizations	<u>(946,509)</u>
Net assets transferred in	<u>\$ 24,289,785</u>

The Foundation's Board of Directors appoints a majority of WCF's Board of Directors. On June 30, 2017 and 2016, the fair value of the net assets of the WCF was \$30,431,315 and \$23,691,728, respectively.

Note 10. Retirement Plan

The Foundation has a defined-contribution retirement plan (SEP-IRA) covering all full and part time employees, employed for at least two years, and earning \$550 or more in the current year. The Foundation's annual contributions are calculated at a specified percentage of salary. Vesting is immediate on all contributions made by the Foundation. Retirement plan expense for 2017 and 2016 was \$50,488 and \$47,981, respectively.

Note 11. Grant Making Service Agreements

In March 2017, the Foundation entered into an agreement to provide grant making services for a local company. The contract is for two calendar years beginning in 2017. The anticipated amount for grant making for over the two-year contract will total \$600,000. The Foundation is to receive a fee of \$12,500 each calendar year for these services.

In February 2017, the Foundation entered into an agreement to provide grant making services for a local company. The anticipated amount for grant making was approximately \$233,000. The Foundation was to receive a fee of \$15 for each check issued, plus 3% of the amount of each check issued. At June 30, 2017, the Foundation was due \$19,120 in accounts and grants receivable related to this agreement.

COASTAL COMMUNITY FOUNDATION OF SOUTH CAROLINA, INC.

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016**

Note 12. Expense Allocation

Administrative expenses include those expenses that are not identifiable with any other specific function, but provide for the overall support and direction of the Foundation. A breakdown of the administrative expenses for the years ended June 30, 2017 and 2016, follows:

	<u>2017</u>	<u>2016</u>
Personnel	\$ 1,556,116	\$ 1,310,826
Professional services	84,005	43,380
Conventions and travel	65,152	57,842
Occupancy	141,370	127,618
Computer services	69,170	88,407
Office expenses	27,264	26,510
Insurance	9,584	15,791
Depreciation	60,306	46,708
Communications	43,208	27,488
Other	39,436	54,746
	<u>\$ 2,095,611</u>	<u>\$ 1,799,316</u>

Note 13. Listing of Unrestricted Net Assets - Foundation Funds

A breakdown of the unrestricted net assets - Foundation funds for the years ended June 30, 2017 and 2016, follows:

<u>Fund Type</u>	<u>June 30, 2017</u>			<u>Total</u>
	<u>Endowed</u>	<u>Partially Endowed</u>	<u>Non-Endowed</u>	
Discretionary	\$ 4,437,584	\$ -	\$ 179,954	\$ 4,617,538
Field of interest	33,971,338	115,621	1,712,678	35,799,637
Donor advised	26,956,245	45,684,321	689,897	73,330,463
Scholarship	8,503,371	-	3,688,714	12,192,085
Designated	24,868,486	10,563	1,181,930	26,060,979
Special project	-	-	230,027	230,027
Management	4,771,427	-	-	4,771,427
Total	<u>\$ 103,508,451</u>	<u>\$ 45,810,505</u>	<u>\$ 7,683,200</u>	<u>\$ 157,002,156</u>

COASTAL COMMUNITY FOUNDATION OF SOUTH CAROLINA, INC.

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016**

Note 13. Listing of Unrestricted Net Assets - Foundation Funds (Continued)

Fund Type	June 30, 2016			Total
	Endowed	Partially Endowed	Non-Endowed	
Discretionary	\$ 4,130,215	\$ -	\$ 19,020	\$ 4,149,235
Field of interest	30,225,710	91,329	1,661,733	31,978,772
Donor advised	24,357,253	35,977,693	422,534	60,757,480
Scholarship	7,480,387	-	3,333,566	10,813,953
Designated	21,262,008	9,721	945,595	22,217,324
Special project	-	-	178,017	178,017
Management	4,072,717	-	-	4,072,717
Total	\$ 91,528,290	\$ 36,078,743	\$ 6,560,465	\$ 134,167,498

Note 14. Fair Value of Financial Instruments

Accounting principles generally accepted in the United States of America provide a framework for measuring fair value. The framework provides a 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 are described below:

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:

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

If the asset or liability has a specific (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'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.

COASTAL COMMUNITY FOUNDATION OF SOUTH CAROLINA, INC.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

Note 14. Fair Value of Financial Instruments (Continued)

Following is a description of the valuation methodologies used for assets and liabilities measured at fair value. There have been no changes in methodologies used at June 30, 2017 and 2016.

- *Cash and cash equivalents:* The carrying amounts approximate fair value because of the short maturity of these instruments.
- *Shares of registered investment companies (mutual funds):* Valued at the quoted net asset value (NAV) of shares held by the Foundation at year end.
- *Money market funds:* Stated using amortized cost which approximates fair value.
- *Marketable equity securities, fixed income securities, and annuities:* Valued by reference to quoted market prices and other relevant information generated by market transactions.
- *Alternative investments:* For these investments, the Foundation has concluded that the NAV reported by the underlying fund is a practical expedient to estimating fair value. NAVs are calculated by the investment manager or sponsor of the fund. Private real estate fund values are reported by the fund manager and are based on valuation or appraisal of the underlying investments.

Accounting principles generally accepted in the United States provide guidance on classifying investments within the fair value hierarchy. This guidance states that if the Foundation has the ability to redeem its investment with the investee at the net asset value per share in the near term (three months following the year end), the fair value measurement of the investment is categorized as a Level 2 fair value measurement. If the Foundation does not have the ability to redeem its investment at the net asset value per share in the near term due to a provision that allows redemptions at other times than those defined as the near term or funds that are in a lockup, gate, or other redemption restriction, the investment is categorized as a Level 3 fair value measurement.

The Level 3 restrictions on the hedge funds and funds of funds includes redemption policies ranging from monthly to annually with redemption notice periods ranging from 45 to 100 days. Some of the funds were not available to be redeemed as of June 30, 2017 and 2016, because of lockups that do not allow redemption for 12 to 36 months from date of initial purchase. Additionally, the private equity funds have investment periods ranging from 2½ to 5 years.

- *Notes receivable:* Stated using amortized cost which approximates fair value.
- *Life insurance contracts:* Valued at the cash value of the policy which approximates fair value.
- *Real estate:* These assets are initially valued at the purchase price, or the appraised price if donated, unless the property is offered for sale at a lower price or adverse conditions would deem that the Foundation value the property at a lower price. Property is evaluated annually to determine if the market value of the real estate has changed.
- *Limited Partnership Units:* These assets are initially valued at the appraised price if donated. The partnership units are evaluated annually to determine if the market value has changed.
- *Preferred Membership Interest of a Limited Liability Company:* Valued at the discounted present value of future cash flows.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while 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.

COASTAL COMMUNITY FOUNDATION OF SOUTH CAROLINA, INC.

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016**

Note 14. Fair Value of Financial Instruments (Continued)

The following table sets forth by level, within the fair value hierarchy, the Foundation's assets at fair value as of June 30, 2017:

	Assets at Fair Value as of June 30, 2017			
	Level 1	Level 2	Level 3	Total
Cash equivalents:				
Cash equivalents	\$ 3,366,739	\$ -	\$ -	\$ 3,366,739
Cash equivalents in investment accounts	3,090,341	-	-	3,090,341
Total cash equivalents	6,457,080	-	-	6,457,080
Shares of registered investment companies:				
U.S. large cap equities	19,915,317	-	-	19,915,317
Large value funds	20,252,807	-	-	20,252,807
Large growth funds	19,107,313	-	-	19,107,313
Large blend funds	1,458,618	-	-	1,458,618
International developed market equities	48,364,824	-	-	48,364,824
International real estate equities	7,015,428	-	-	7,015,428
International emerging market equities	13,668,807	-	-	13,668,807
Balanced funds	3,057,029	-	-	3,057,029
Total shares of registered investment companies	132,840,143	-	-	132,840,143
Fixed income securities:				
Fixed income government bonds	6,206,524	-	-	6,206,524
Fixed income mortgage backed bonds	5,241,622	-	-	5,241,622
Fixed income bond funds	26,727,077	-	-	26,727,077
Total fixed income securities	38,175,223	-	-	38,175,223
Marketable equity securities:				
Basic materials	263,635	-	-	263,635
Consumer goods	1,471,575	-	-	1,471,575
Financial	2,038,535	-	-	2,038,535
Healthcare	1,627,971	-	-	1,627,971
Industrial goods	477,424	-	-	477,424
Services	1,775,111	-	-	1,775,111
Technology	2,541,752	-	-	2,541,752
Utilities	199,835	-	-	199,835
Total marketable equity securities	10,395,838	-	-	10,395,838
Other investments:				
Annuities	56,321	-	-	56,321
Alternative investments	-	-	52,882,528	52,882,528
Notes receivable	-	-	334,119	334,119
Real estate	-	-	921,089	921,089
Life insurance	-	-	1,071,938	1,071,938
Interest in remainder trusts	1,155,098	-	-	1,155,098
Limited partnership units	-	-	1,855,000	1,855,000
Preferred interest in property	-	-	6,423,000	6,423,000
Total other investments	1,211,419	-	63,487,674	64,699,093
Total assets at fair value	\$ 189,079,703	\$ -	\$ 63,487,674	\$ 252,567,377

COASTAL COMMUNITY FOUNDATION OF SOUTH CAROLINA, INC.

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016**

Note 14. Fair Value of Financial Instruments (Continued)

The following table sets forth by level, within the fair value hierarchy, the Foundation's assets at fair value as of June 30, 2016:

	Assets at Fair Value as of June 30, 2016			
	Level 1	Level 2	Level 3	Total
Cash equivalents:				
Cash equivalents	\$ 2,632,295	\$ -	\$ -	\$ 2,632,295
Cash equivalents in investment accounts	4,007,136	-	-	4,007,136
Total cash equivalents	6,639,431	-	-	6,639,431
Shares of registered investment companies:				
U.S. large cap equities	21,307,007	-	-	21,307,007
Large value funds	20,998,555	-	-	20,998,555
Large growth funds	20,742,667	-	-	20,742,667
International developed market equities	36,879,745	-	-	36,879,745
International real estate equities	4,853,825	-	-	4,853,825
International emerging market equities	8,356,690	-	-	8,356,690
Balanced funds	2,784,868	-	-	2,784,868
Total shares of registered investment companies	115,923,357	-	-	115,923,357
Fixed income securities:				
Fixed income government bonds	6,255,528	-	-	6,255,528
Fixed income mortgage backed bonds	5,168,486	-	-	5,168,486
Fixed income bond funds	25,281,794	-	-	25,281,794
Total fixed income securities	36,705,808	-	-	36,705,808
Other investments:				
Annuities	56,012	-	-	56,012
Alternative investments	-	-	52,899,664	52,899,664
Notes receivable	-	-	496,665	496,665
Real estate	-	-	853,858	853,858
Life insurance	-	-	935,608	935,608
Interest in remainder trusts	882,229	-	-	882,229
Limited partnership units	-	-	1,855,000	1,855,000
Preferred interest in property	-	-	6,504,250	6,504,250
Total other investments	938,241	-	63,545,045	64,483,286
Total assets at fair value	\$ 160,206,837	\$ -	\$ 63,545,045	\$ 223,751,882

COASTAL COMMUNITY FOUNDATION OF SOUTH CAROLINA, INC.

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016**

Note 14. Fair Value of Financial Instruments (Continued)

The table below sets forth a summary of changes in the fair value of the Foundation's Level 3 assets for the years ended June 30, 2017 and 2016:

	Level 3 Assets Years Ended June 30, 2017 and 2016						
	Alternative Investments	Notes Receivable	Real Estate	Life Insurance	Limited Partnership Units	Preferred Interest In Property	Total
Fair Value as of June 30, 2015	\$ 41,847,423	\$ 656,275	\$ 270,000	\$ 859,421	\$ 1,855,000	\$ -	\$ 45,488,119
Purchases of investments	18,580,105	-	-	-	-	-	18,580,105
Sale of investments	(4,238,975)	-	-	-	-	-	(4,238,975)
Net realized/unrealized gains (losses)	(3,288,889)	-	33,858	-	-	-	(3,255,031)
Loan repayments	-	(159,610)	-	-	-	-	(159,610)
Increase in cash value of life insurance	-	-	-	76,187	-	-	76,187
Donation of real estate	-	-	550,000	-	-	-	550,000
Donation of preferred interest - property	-	-	-	-	-	6,504,250	6,504,250
Fair Value as of June 30, 2016	52,899,664	496,665	853,858	935,608	1,855,000	6,504,250	63,545,045
Purchases of investments	3,631,058	-	-	-	-	-	3,631,058
Sale of investments	(4,523,027)	-	-	-	-	-	(4,523,027)
Net realized/unrealized gains (loses)	874,833	-	67,231	-	-	-	942,064
Loan repayments	-	(162,546)	-	-	-	-	(162,546)
Increase in cash value of life insurance	-	-	-	136,330	-	-	136,330
Change in value of preferred interest - property	-	-	-	-	-	(81,250)	(81,250)
Fair Value as of June 30, 2017	<u>\$ 52,882,528</u>	<u>\$ 334,119</u>	<u>\$ 921,089</u>	<u>\$ 1,071,938</u>	<u>\$ 1,855,000</u>	<u>\$ 6,423,000</u>	<u>\$ 63,487,674</u>

COASTAL COMMUNITY FOUNDATION OF SOUTH CAROLINA, INC.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

Note 14. Fair Value of Financial Instruments (Continued)

Following is a reconciliation of total net gain (loss) from all investments to the net gain (loss) from the Foundation's funds which is presented in the statements of activities for the years ended June 30, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Net realized and unrealized gains (loss) from all investments	\$ 25,725,157	\$ (12,306,394)
Less realized and unrealized (gains) loss from managed funds:		
Supporting organizations (<i>without CCF majority control</i>)	(1,725,813)	720,997
Funds managed for other organization funds	<u>(1,011,466)</u>	<u>575,625</u>
Net realized and unrealized gains (loss) from all investments per statement of activities	<u>\$ 22,987,878</u>	<u>\$ (11,009,772)</u>

An investment consulting fee is charged for investment advisory services. Total consulting fees for the fiscal years ended June 30, 2017 and 2016, were \$158,600 and \$160,300, respectively. Interest and dividends revenue is reported net of these investment fees.

Note 15. Contributed Assets

In February 2017, the Foundation received a contribution of the Cemetery and the Temple Sinai and the real estate upon which it is situated in Sumter, South Carolina. The Foundation recorded no value for this contribution.

Note 16. Commitments

As of June 30, 2017, Foundation management made commitments to invest \$34,500,000 in various alternative investments. At June 30, 2017, the Foundation's unfunded commitments were approximately \$12,286,000. The investment periods range from 2½ to 5 years.

Note 17. Subsequent Events

Management has evaluated subsequent events through October 27, 2017, which is the date the financial statements were available to be issued. There were no subsequent events requiring disclosure as of this date.