

**Coastal Community Foundation
of South Carolina, Inc.**

Report on Consolidated Financial Statements

For the years ended June 30, 2018 and 2017

Coastal Community Foundation of South Carolina, Inc.

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Independent Auditor's Report

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

Report on Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Coastal Community Foundation of South Carolina, Inc. (the "Foundation"), which comprise the consolidated statement of financial position as of June 30, 2018, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements (collectively, 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 the 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 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, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Adoption of a New Accounting Standard

As discussed in Note 1, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2016-14, *Not for Profit Entities: Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses presentation of net asset classifications for consistency and understandability, provides information about liquidity and availability of resources, and allows consistency in information provided about expenses and investment return. The Foundation early adopted ASU 2016-14 during the year ended June 30, 2018, and it was applied retrospectively. The adoption of this standard did not have any impact on the Foundation's net assets or changes in net assets. Our opinion is not modified with respect to this matter.

Prior Period Financial Statements

The consolidated financial statements of Coastal Community Foundation of South Carolina, Inc. as of and for the year ended June 30, 2017 were audited by other auditors whose report dated October 27, 2017, expressed an unmodified opinion.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying Consolidating Statements of Financial Position and Consolidating Statements of Activities are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



Charleston, South Carolina
November 28, 2018

Coastal Community Foundation of South Carolina, Inc.

Consolidated Statements of Financial Position

June 30, 2018 and 2017

| | 2018 | 2017 |
|---|-----------------------|-----------------------|
| Assets | | |
| Cash and cash equivalents | \$ 1,158,615 | \$ 3,366,739 |
| Prepaid assets | 51,603 | 57,660 |
| Contributions and other receivables | 1,793,344 | 3,312,464 |
| Investments, at fair value | 271,717,332 | 245,538,480 |
| Life insurance, cash surrender value | 1,161,389 | 1,071,938 |
| Beneficial interest in split-interest agreements | 2,686,212 | 2,590,220 |
| Loans receivable, program-related | 400,000 | 500,000 |
| Property and equipment (net of accumulated depreciation of \$492,498 and \$393,445) | 1,731,789 | 1,619,358 |
| Total assets | <u>\$ 280,700,284</u> | <u>\$ 258,056,859</u> |
| Liabilities and Net Assets | | |
| Liabilities | | |
| Accounts payable | \$ 120,187 | \$ 173,572 |
| Leases payable | 12,226 | 15,412 |
| Deferred revenue | 6,250 | 60,981 |
| Payroll liabilities | 45,866 | 47,353 |
| Grants payable | 3,105,167 | - |
| Charitable trusts liability | 1,270,995 | 1,219,504 |
| Funds managed for: | | |
| Supporting organizations (without Foundation majority control) | 17,634,666 | 16,643,488 |
| Other organizations | 13,524,885 | 9,278,963 |
| Total liabilities | <u>35,720,242</u> | <u>27,439,273</u> |
| Net assets | | |
| Without donor restrictions: | | |
| Designated for donor-advised | 97,298,815 | 92,870,343 |
| Designated for management | 48,109,941 | 47,257,343 |
| Designated for field of interest | 39,660,984 | 36,950,061 |
| Designated for designated organizations | 30,031,615 | 28,467,267 |
| Designated for scholarships | 21,188,605 | 16,669,062 |
| Designated for discretionary | 6,633,218 | 6,330,288 |
| Designated for special projects | 288,680 | 344,578 |
| Total net assets without donor restrictions | <u>243,211,858</u> | <u>228,888,942</u> |
| With donor restrictions: | | |
| Temporarily restricted for charitable trusts | 1,768,184 | 1,728,644 |
| Total net assets with donor restrictions | <u>1,768,184</u> | <u>1,728,644</u> |
| Total net assets | <u>244,980,042</u> | <u>230,617,586</u> |
| Total liabilities and net assets | <u>\$ 280,700,284</u> | <u>\$ 258,056,859</u> |

See Notes to Consolidated Financial Statements

Coastal Community Foundation of South Carolina, Inc.
Consolidated Statement of Activities
For the Year Ended June 30, 2018

| | Without Donor Restrictions | With Donor Restrictions | Total |
|---|---------------------------------------|------------------------------------|-----------------------|
| Revenues, gains and other support | | | |
| Contributions and other receivables | \$ 25,620,645 | \$ 123,165 | \$ 25,743,810 |
| Less contributions received for other organizations | (4,586,734) | - | (4,586,734) |
| Net contributions | 21,033,911 | 123,165 | 21,157,076 |
| Investment income, net | 17,057,503 | - | 17,057,503 |
| Change in value of real estate | (250,000) | - | (250,000) |
| Change in value of split-interest agreements | 504 | 49,249 | 49,753 |
| Increase in life insurance, cash surrender value | 89,451 | - | 89,451 |
| Other income | 145,759 | - | 145,759 |
| Administrative fees | 2,092,567 | - | 2,092,567 |
| Total revenues, gains and other support | 40,169,695 | 172,414 | 40,342,109 |
| Expenses | | | |
| Grants made | 21,058,091 | - | 21,058,091 |
| Less grants made for other organizations | (1,169,099) | - | (1,169,099) |
| Net grants made | 19,888,992 | - | 19,888,992 |
| Grants program expenses | 785,834 | - | 785,834 |
| Total grants expenses | 20,674,826 | - | 20,674,826 |
| Other program expenses | 1,092,877 | - | 1,092,877 |
| Total program expenses | 21,767,703 | - | 21,767,703 |
| Management and general | 3,769,234 | - | 3,769,234 |
| Fundraising and development | 442,716 | - | 442,716 |
| Total expenses | 25,979,653 | - | 25,979,653 |
| Increase in net assets before transfers | 14,190,042 | 172,414 | 14,362,456 |
| Interfund transfers, net | 132,874 | (132,874) | - |
| Increase in net assets | 14,322,916 | 39,540 | 14,362,456 |
| Net assets at beginning of year | 228,888,942 | 1,728,644 | 230,617,586 |
| Net assets at end of year | <u>\$ 243,211,858</u> | <u>\$ 1,768,184</u> | <u>\$ 244,980,042</u> |

See Notes to Consolidated Financial Statements

Coastal Community Foundation of South Carolina, Inc.**Consolidated Statement of Activities****For the Year Ended June 30, 2017**

| | Without Donor Restrictions | With Donor Restrictions | Total |
|---|-------------------------------|----------------------------|-----------------------|
| Revenues, gains and other support | | | |
| Contributions and other receivables | \$ 24,826,857 | \$ 62,586 | \$ 24,889,443 |
| Less contributions received for other organizations | (2,524,108) | - | (2,524,108) |
| Net contributions | 22,302,749 | 62,586 | 22,365,335 |
| Investment income, net | 26,210,110 | - | 26,210,110 |
| Change in value of split-interest agreements | - | 228,979 | 228,979 |
| Increase in life insurance, cash surrender value | 136,330 | - | 136,330 |
| Administrative fees | 2,055,303 | - | 2,055,303 |
| Total revenues, gains and other support | 50,704,492 | 291,565 | 50,996,057 |
| Expenses | | | |
| Grants made | 17,671,080 | - | 17,671,080 |
| Less grants made for other organizations | (849,683) | - | (849,683) |
| Net grants made | 16,821,397 | - | 16,821,397 |
| Other program expenses | 713,285 | - | 713,285 |
| Total program expenses | 17,534,682 | - | 17,534,682 |
| Management and general | 4,780,918 | - | 4,780,918 |
| Total expenses | 22,315,600 | - | 22,315,600 |
| Increase in net assets | 28,388,892 | 291,565 | 28,680,457 |
| Net assets at beginning of year | 200,500,050 | 1,437,079 | 201,937,129 |
| Net assets at end of year | <u>\$ 228,888,942</u> | <u>\$ 1,728,644</u> | <u>\$ 230,617,586</u> |

See Notes to Consolidated Financial Statements

Coastal Community Foundation of South Carolina, Inc.**Consolidated Statement of Functional Expenses****For the Year Ended June 30, 2018**

| | Program Services | | Management & General | Fundraising & Development | Total |
|----------------------------------|----------------------|---------------------|-------------------------|------------------------------|----------------------|
| | Grants | Other | | | |
| Grants made | \$ 19,888,992 | \$ - | \$ - | \$ - | \$ 19,888,992 |
| Payroll | 319,403 | 665,849 | 1,047,345 | 289,614 | 2,322,211 |
| Management fees | - | - | 1,815,087 | - | 1,815,087 |
| Contract services | 245,930 | 57,514 | 227,903 | 10,047 | 541,394 |
| Occupancy | 29,330 | 60,817 | 90,270 | 23,975 | 204,392 |
| Development and relocation | 26,452 | 57,827 | 92,597 | 22,996 | 199,872 |
| Meetings and events | 55,230 | 26,387 | 50,713 | 27,571 | 159,901 |
| Professional services | 8,596 | - | 109,220 | - | 117,816 |
| Depreciation | 20,171 | 40,202 | 43,643 | 9,228 | 113,244 |
| Miscellaneous | 16,724 | 27,472 | 46,827 | 22,201 | 113,224 |
| Office supplies | 12,648 | 26,042 | 40,487 | 11,442 | 90,619 |
| Business insurance | - | - | 83,583 | - | 83,583 |
| Sponsorships | 16,714 | 43,459 | 19,369 | - | 79,542 |
| Dues and recognition | 11,720 | 25,053 | 33,550 | 7,107 | 77,430 |
| Software and equipment | 9,098 | 21,321 | 37,518 | 8,724 | 76,661 |
| Travel | 7,730 | 15,049 | 17,895 | 4,698 | 45,372 |
| Postage and printing | 3,775 | 7,052 | 13,227 | 5,113 | 29,167 |
| Advertising | 2,313 | 18,833 | - | - | 21,146 |
| Total functional expenses | \$ 20,674,826 | \$ 1,092,877 | \$ 3,769,234 | \$ 442,716 | \$ 25,979,653 |

See Notes to Consolidated Financial Statements

Coastal Community Foundation of South Carolina, Inc.**Consolidated Statements of Cash Flows****For the Years Ended June 30, 2018 and 2017**

| | 2018 | 2017 |
|---|---------------------|---------------------|
| <i>Cash flows from operating activities</i> | | |
| Increase in net assets | \$ 14,362,456 | \$ 28,680,457 |
| Adjustments to reconcile increase in net assets to net cash provided by operating activities | | |
| Net realized and unrealized gains on investments | (12,397,394) | (22,987,878) |
| Decrease in value of real estate | 250,000 | - |
| Increase in value of split-interest agreements | (49,753) | (228,979) |
| Depreciation | 113,244 | 98,182 |
| Net loss on disposal of fixed assets | 5,284 | - |
| Noncash contribution of interest in trust | (52,785) | (62,586) |
| Net loss on sale of contributed investments | - | 44,068 |
| Increase in cash surrender value of life insurance | (89,451) | (136,330) |
| (Increase) decrease in: | | |
| Contributions and other receivables | 1,519,120 | (3,307,982) |
| Loans receivable - program related | 100,000 | (190,750) |
| Prepaid assets | 6,057 | (54,367) |
| Increase (decrease) in: | | |
| Accounts payable | (53,385) | 50,121 |
| Grants payable | 3,105,167 | - |
| Deferred revenue | (54,731) | 4,091 |
| Payroll liabilities | (1,487) | 36,220 |
| Charitable trusts liability | 51,491 | 86,139 |
| Funds managed for supporting organizations | 991,178 | 3,442,283 |
| Funds managed for other organizations | 4,245,922 | 1,033,980 |
| Net cash provided by operating activities | <u>12,050,933</u> | <u>6,506,669</u> |
| <i>Cash flows from investing activities</i> | | |
| Purchases of property and equipment | (230,959) | (1,053,852) |
| Proceeds from preferred interest - property | 75,000 | 81,250 |
| Cash received from investment note receivable | 171,684 | 162,546 |
| Proceeds from sales of investments | 105,151,365 | 61,368,565 |
| Purchases of investments | (119,422,961) | (66,321,707) |
| Net cash used for investing activities | <u>(14,255,871)</u> | <u>(5,763,198)</u> |
| <i>Cash flows from financing activities</i> | | |
| Principal payments on capital leases | (3,186) | (9,027) |
| Net cash used for financing activities | <u>(3,186)</u> | <u>(9,027)</u> |
| Net (decrease) increase in cash and cash equivalents | (2,208,124) | 734,444 |
| <i>Cash and cash equivalents, beginning of year</i> | <u>3,366,739</u> | <u>2,632,295</u> |
| <i>Cash and cash equivalents, end of year</i> | <u>\$ 1,158,615</u> | <u>\$ 3,366,739</u> |
| Supplemental Disclosure of Cash Flow Information | | |
| Cash paid during the year for: | | |
| Interest | <u>\$ 3,470</u> | <u>\$ 377</u> |

See Notes to Consolidated Financial Statements

Coastal Community Foundation of South Carolina, Inc.

Notes to Consolidated Financial Statements

June 30, 2018 and 2017

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 purpose is to help create vibrant communities by uniting people and investing resources. The Foundation officially serves nine coastal counties - Beaufort, Berkeley, Charleston, Colleton, Dorchester, Georgetown, Hampton, Horry, and Jasper. The Foundation administers more than 800 individual funds, each established with an instrument of gift describing either the general or specific purposes for which grants are to be made.

The Foundation’s work is carried out through its Development and Stewardship and Grantmaking and Community Leadership efforts.

Development and Stewardship

The Foundation seeks to provide best-in-class stewardship to individuals, families and companies, to connect them to what they care deeply about. It uses its relationships, local expertise and knowledge as a place-based Foundation to inform and strengthen philanthropy and encourage strength and vitality in the nonprofit sector. The stewardship of its financial assets is crucial to philanthropy, in both the short and long-term. The Foundation is a permanent philanthropic resource to the community; thus, it practices prudent oversight of its investments to preserve and grow its resources to meet the needs of today and the future.

Grantmaking and Community Leadership

The Foundation’s philanthropic assets include social, moral, intellectual, reputational and financial capital. This understanding of the available assets leads the Foundation to deploy financial capital through grantmaking and impact investing and to deploy the other forms of capital through its programmatic work.

Grantmaking - The Foundation’s grantmaking spans the community’s broadest areas, from arts and culture to community development, and provides critical operational and capital support for the network of nonprofits in the Foundation’s 9-county service area and beyond. The Foundation’s grantmaking takes the forms of donor-advised grants, competitive grants in field of interest programs, scholarship program administration and corporate-advised grantmaking.

Other Programmatic Work - The Foundation’s work also includes focus in Community Leadership, Strategic Projects and Impact Investing.

Community Leadership includes the Civic Engagement Agenda, which is a framework created in the fiscal year ended June 30, 2018 designed to help the Foundation make concentrated, positive impact in its communities where an opportunity has been identified through community conversations. The Foundation’s initial areas of focus include Education, Access to Economic Opportunity, Affordable Places and Inclusive Spaces. The Foundation’s strategic framework was created in 2018 and will guide its work for the next three years to prioritize initiatives that help it advance work in these areas.

Coastal Community Foundation of South Carolina, Inc.

Notes to Consolidated Financial Statements

June 30, 2018 and 2017

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

Nature of activities, continued:

Strategic Projects include grantmaking programs the Foundation administers for others, the Pinckney Scholars program and management of fiscal sponsorships. Through those projects, the Foundation provides operational support and thought-leadership to others in its communities.

Impact Investing was launched in the fiscal year ended June 30, 2018 with the first investments to be made in the fiscal year ending June 30, 2019. Through this initiative, the Foundation is making investments in the nine-county area that prioritize the Civic Engagement themes. These investments will seek to achieve financial returns as well as social returns for the communities.

Principles of consolidation:

The financial statements include two supporting organizations, The Frances P. Bunnelle Foundation ("FPB") and The Waccamaw Community Foundation, Inc. ("WCF"). 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. The Foundation's Board of Directors appoints a majority of the directors to both the FPB and WCF Boards of Directors. Accordingly, their financial activity has been consolidated in the accompanying financial statements.

In addition, the consolidated financial statements include the accounts of several wholly-owned subsidiaries, TCF Realty, LLC; FPB Realty, LLC; and WCF Land Trust, LLC, all which are used to facilitate the holding and subsequent sale of real estate and otherwise manage real estate and easements for their respective supporting organizations.

The consolidated activity is collectively referred to as the "Foundation". All significant intercompany transactions have been eliminated in the consolidated presentation.

Agency organizations:

Two organizations, The Jewish Endowment Foundation of Greater Charleston ("JEF") and The Saul Alexander Foundation ("SAF"), 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 the Foundation does not appoint a majority of the Boards of Directors for JEF or SAF. The Foundation manages the assets of JEF and SAF and provides staff assistance in qualifying potential grantees of the respective funds. Accordingly, these organizations are presented following an agency presentation, with the balances presented as both assets and liabilities in the consolidated financial statements.

The market values of the net assets of JEF managed by the Foundation at June 30, 2018 and 2017 totaled \$14,858,031 and \$13,963,093, respectively. The market values of the net assets of SAF managed by the Foundation at June 30, 2018 and 2017 totaled \$2,776,635 and \$2,680,395, respectively.

Coastal Community Foundation of South Carolina, Inc.

Notes to Consolidated Financial Statements

June 30, 2018 and 2017

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

Basis of accounting and presentation:

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

Net assets:

Generally accepted accounting principles ("GAAP") require the Foundation to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Foundation's management and the board of directors. These funds are further classified as:

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's approval.

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." These funds also include amounts that have been used to purchase property and equipment, net of accumulated depreciation and any related long-term debt. The Foundation did not have any long-term debt associated with the purchase of property and equipment as of June 30, 2018 or 2017.

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.

Designated Funds represent funds given by contributors with the stipulation that the funds be used for a specific not-for-profit organization 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.

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

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

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.

Coastal Community Foundation of South Carolina, Inc.

Notes to Consolidated Financial Statements

June 30, 2018 and 2017

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

Net assets, continued:

Net assets with donor restrictions: Net assets that are subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Foundation or by the passage of time (that is, when a stipulated time restriction ends or purpose restriction is accomplished). Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the Consolidated Statements of Activities. These funds are further classified as follows:

Restricted for 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 funds:

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 with and without donor restrictions) 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 of South Carolina, Inc., 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 the bylaws, the Board of Directors has the ability to distribute as much of the corpus of any trust or separate gift, device, bequest, or fund as the Board, in its sole discretion, shall determine. However, these designated funds are invested for long-term purposes and are subject to a spending policy as defined below.

Spending and Investment Policies:

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 Consolidated Financial Statements

June 30, 2018 and 2017

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

Spending and Investment Policies, continued:

The Foundation has adopted investment and spending policies for invested assets that attempt to provide a predictable stream of funding to programs supported by these assets, while seeking to maintain the purchasing power of the 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 7.5% net of investment fees over 5 years. Actual returns in any given year may vary from this amount. Spending policies have been established for three groups of funds, as follows:

Endowed - The spending policy for Coastal Community Foundation of South Carolina, Inc. ("CCF") calculates the amount of money to be annually distributed from the various endowed funds for grantmaking 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% or greater than 4.5%, of current market value, which is determined every June 30. Additionally, for administration, CCF distributes from its funds approximately 1% in administrative fees. Accordingly, over the long term, CCF expects the current spending policy to allow its endowment assets to grow at an average rate of 2.5% annually. This is consistent with CCF'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 WCF differs from that of CCF. The current spending policy is to distribute for grants an amount equal to 4% of a moving 12-quarter average, but not less than 3.5% or greater than 4.5%, of current market value, which is determined every December 31. The spendable amounts cannot be less than 3.5% or greater than 4.5% of the fund's current market value as of December 31. Any spendable balance that is not spent by the end of the year remains in the spendable balance and is carried over and available for spending in subsequent years.

Partially-Endowed - The spending policy of these funds allows for all corpus and cumulative earnings to be spent from each respective fund down to a minimum balance of \$10,000.

Non-Endowed - All corpus and cumulative earnings may be spent from each respective fund.

The remainder of the 7.5% investment objective after expenditures under the spending policies is used toward management fees and preservation of spending power.

Funds managed for supporting (without Foundation 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 Consolidated Statements of Financial Position. The revenues and expenses of these funds are excluded from the Consolidated Statements of Activities.

Coastal Community Foundation of South Carolina, Inc.

Notes to Consolidated Financial Statements

June 30, 2018 and 2017

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

Availability of funds for general expenditures:

The Foundation has certain designated net assets that are available for general expenditures within one year of June 30, 2018 because the designations on the net assets are expected to be met by conducting the normal activities of its programs in the coming year. For endowed funds, the Foundation considers approximately 5% of the ending balance of the total endowed funds to be the amount available to be spent on general expenditures in the next year based on the aforementioned spending policy. For partially-endowed funds, all amounts within each respective fund may be spent down to a balance no lower than \$10,000. Non-endowed funds are considered to be entirely available for general expenditures in the next year. Regarding the Frances P. Bunnelle Foundation, the amount considered available for general expenditures in the next year is based on the approved budgeted expenditures for the next year. Accordingly, the related resources have been included in the quantitative information detailing the financial assets available to meet general expenditures within one year (See Note 2).

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.

Conditional promises to give:

As of June 30, 2018, the Foundation had a conditional promise to give of approximately \$1.58 million raised as part of the multi-year fundraising campaign. This amount is not included in the financial statements as of June 30, 2018 because the conditions on which they depend have not been substantially met.

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 Consolidated Statements of Activities.

Coastal Community Foundation of South Carolina, Inc.

Notes to Consolidated Financial Statements

June 30, 2018 and 2017

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

Assets held in trust and charitable trusts liability:

Assets held in trust consist of split-interest agreements that name the Foundation as a beneficiary.

By the Foundation:

Trust agreements that name the Foundation as trustee are held in trust accounts that are measured at fair value in the Consolidated Statements of Financial Position. Changes in the value of the assets and distributions from the trust accounts are included in the Consolidated Statements of Activities in net assets with donor restrictions.

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 Consolidated Statements of Financial Position. Also, a liability has been recorded to reflect the required lifetime payments. The payouts are calculated using 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 62 to 96 years. There have been no significant changes in actuarial assumptions and the discount rates used. The discount rates range from 2.0% 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 is included in the caption charitable trusts liability on the accompanying Consolidated 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.

By Others:

Trust agreements under which the Foundation has no control over the investment of assets are measured at the present value of the expected future cash flows from the trust account. The discount rate used to determine the present value is determined at the date of the gift and remains constant throughout the life of the trust. Changes in the value of the assets and distributions to the Foundation are included in the Consolidated Statements of Activities in net assets with donor restrictions.

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 assist 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 loans receivable are 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.

Coastal Community Foundation of South Carolina, Inc.

Notes to Consolidated Financial Statements

June 30, 2018 and 2017

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

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.

Grants payable:

During the year ended June 30, 2018, the Foundation determined that annual Board approval to pay the annual installment of a multi-year grant would no longer be a condition of the grant, as the likelihood of approval not occurring is remote. As such, the Foundation recorded grants payable for remaining multi-year grant agreements.

Grants payable that are expected to be paid within one year are recorded at net realizable value. Grants payable that are expected to be paid in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are paid. Discount amortization is included in grant expense. Conditional grants are expensed and considered payable in the period the conditions are substantially satisfied. There were no conditional grants at June 30, 2018 or 2017.

Revenue recognition:

Contributions

Contributions received are recorded as support without donor restrictions or support with donor restrictions, 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), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Consolidated Statements of Activities as net assets released from restrictions.

Other income

Other income includes support fee income and event income.

Administrative fees

Administrative fees income represents revenue earned for the Foundation's administration of certain designated funds and related program expenditures.

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 Consolidated Statements of Cash Flows, these contributed securities are considered to be cash from operating activities.

Coastal Community Foundation of South Carolina, Inc.

Notes to Consolidated Financial Statements

June 30, 2018 and 2017

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

Revenue recognition:

Donated services

A substantial number of volunteers have made significant contributions of their time, principally in administrative functions and grantmaking programs. No amounts have been reflected in the accompanying financial statements for the fair value of contributed services because they did not meet the criteria for recognition under GAAP.

Expense allocation:

The costs of providing various programs and activities have been summarized on a functional basis in the Consolidated Statements of Activities and Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Expenses of the Foundation include:

Grants and grant program 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. Grants are recorded as expenses when they are approved by the respective Board for payment. Grant program expenses represent expenses related to the administration of the grant programs of designated funds. CCF's Board approves grant payments for its funds, while the Boards of the supporting organizations, WCF and FPB, approve grants of their respective organizations.

Other program expenses - Other 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. 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 this grouping of expenses.

Management and general expenses - Management and general expenses include the general, administrative, and operating costs of the Foundation.

These expenses also include support fees which are charged for administrative and other services provided to Foundation funds and supporting organizations. 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 individual funds' net asset balances. The usual quarterly fee for services is 0.25% 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. For fiscal sponsor funds and certain funds managed by the Foundation, 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. All fees are set by the Boards of the Foundation and supporting organizations or by the individual fund agreement.

Coastal Community Foundation of South Carolina, Inc.

Notes to Consolidated Financial Statements

June 30, 2018 and 2017

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

Expense allocation, continued:

Fundraising and development expenses - These expenses include direct and indirect activities undertaken to solicit contributions from donors.

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated and the method of allocation include:

| <u>Expense Type</u> | <u>Method of Allocation</u> |
|----------------------------|---|
| Payroll | Time and effort |
| Contract services | Direct costs to programs; remaining to management/general |
| Occupancy | Time and effort |
| Development and relocation | Time and effort |
| Meetings and events | Direct costs to programs; remaining to management/general |
| Professional services | Direct costs to programs; remaining to management/general |
| Depreciation | Time and effort |
| Miscellaneous | Time and effort |
| Office supplies | Time and effort |
| Sponsorships | Direct costs to programs; remaining to management/general |
| Dues and recognition | Time and effort |
| Software and equipment | Time and effort |
| Travel | Time and effort |
| Postage and printing | Time and effort |

Income tax status:

The Foundation and its supporting foundations are exempt from federal income tax under the provisions of Section 501(c)(3) of the IRC. In accordance with IRC regulations, the Foundation is taxed on unrelated business income, which consists of earnings from activities not related to the exempt purpose of the Foundation. The Foundation accounts for tax uncertainties based on a more likely than not recognition threshold whereby tax benefits are only recognized when the Foundation believes that they have a greater than 50% likelihood of being sustained upon examination by taxing authorities. The Foundation has evaluated all its tax positions and determined that it had no uncertain income tax positions as of June 30, 2018 or 2017.

The Foundation's policy is to report accrued interest related to unrecognized tax benefits, when applicable, as interest expense and to report penalties as other expense. With few exceptions, the Foundation is no longer subject to income tax examinations by the U.S. federal, state, or local tax authorities for tax years before 2015.

Reclassifications:

Certain reclassifications were made to the 2017 financial statements in order to conform with the 2018 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 Consolidated Financial Statements

June 30, 2018 and 2017

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.

New accounting pronouncements:

The Financial Accounting Standards Board ("FASB"), on August 18, 2016, published ASU ("Accounting Standards Update") No. 2016-14, *Not for Profit Entities: Presentation of Financial Statements of Not-for-Profit Entities*. The standard changes how not-for-profit organizations classify their net assets, with groups required to categorize assets as either those with donor restrictions or without. The standard also requires new information about an organization's liquidity and an analysis of expenses by nature and function. The update aims to help charities, universities, foundations, and other not-for-profit groups better convey how they spend and manage their resources. The Foundation has elected to early adopt this standard for the year ended June 30, 2018 and has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented. As allowed under the standard, a Consolidated Statement of Functional Expenses and the liquidity footnote disclosure (see Note 2) have not been presented for the year ended June 30, 2017.

In May 2015, the FASB issued ASU No. 2015-07, *Fair Value Measurement (Topic 820): Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent)*. The amendments in this ASU remove the requirement to categorize within the fair value hierarchy all investments for which fair value is measured using the net asset value per share practical expedient. However, sufficient information must be provided to permit reconciliation of the fair value of assets categorized within the fair value hierarchy to the amounts presented in the statements of financial position. The amendments also remove the requirement to make certain disclosures for all investments that are eligible to be measured at fair value using the net asset value per share practical expedient. The amendments in this ASU are effective for fiscal years beginning after December 15, 2016. Upon adoption, the amendments shall be applied retrospectively to all periods presented. The Foundation adopted this ASU for the year ended June 30, 2018, and it was retrospectively applied to the year ended June 30, 2017. Prior year disclosures have been revised to reflect the retrospective application of this ASU. The impact of adopting this ASU is reflected in Note 13.

In May 2014, the FASB issued guidance to change the recognition of revenue from contracts with customers. The core principle of the new guidance is that an entity should recognize revenue to reflect the transfer of goods and services to customers in an amount equal to the consideration the entity receives or expects to receive. In August 2015, the FASB deferred the effective date of ASU 2014-09, *Revenue from Contracts with Customers*. As a result of the deferral, the guidance in ASU 2014-09 will be effective for the Foundation for reporting periods beginning after December 15, 2018. The Foundation is currently evaluating the impact of this new guidance on its financial statement presentation.

Coastal Community Foundation of South Carolina, Inc.

Notes to Consolidated Financial Statements

June 30, 2018 and 2017

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

New accounting pronouncements, continued:

In June 2018, the FASB issued ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, an update to clarify and improve the scope and the accounting guidance for contributions received and contributions made. The clarifying guidance will be effective for annual periods beginning after December 15, 2019. Early adoption is permitted. The Foundation is currently in the process of evaluating the impact of adoption of this guidance on the financial statements.

Other accounting standards that have been issued or proposed by the FASB or other standards-setting bodies are not expected to have a material impact on the Foundation's net assets or changes in net assets.

Subsequent events:

Management has evaluated subsequent events through November 28, 2018, which is the date the financial statements were available to be issued. See Note 14.

Note 2. Availability and Liquidity

Financial assets available for general expenditure, that are without donor or other restrictions limiting their use within one year of the Consolidated Statement of Financial Position date of June 30, 2018, comprise of the following at June 30, 2018:

| | |
|--|----------------------|
| Financial assets at year end | \$ 280,700,284 |
| Less amounts not available to be used within one year due to illiquidity: | |
| Prepaid assets | (51,603) |
| Life insurance, cash surrender value | (1,161,389) |
| Property and equipment, net | <u>(1,731,789)</u> |
| | <u>(2,944,781)</u> |
| Less amounts not available to be used within one year due to: | |
| Contractual or donor imposed restrictions: | |
| Funds managed for: | |
| Supporting organizations (without Foundation majority control) | (17,634,666) |
| Other organizations | (13,524,885) |
| Beneficial interest in split-interest agreements | (2,686,212) |
| Grants payable, long-term portion | (1,080,517) |
| Board/donor designations: | |
| Designated endowed funds, net of spendable amounts and administrative fees | (124,813,313) |
| Designated partially endowed funds, net of spendable amounts and administrative fees | (3,909,867) |
| Designated funds for Frances P. Bunnelle Foundation, net of spendable amounts based on the annual budget | <u>(38,198,198)</u> |
| Financial assets available to meet cash needs for general expenditures within one year | <u>\$ 75,907,845</u> |

Coastal Community Foundation of South Carolina, Inc.

Notes to Consolidated Financial Statements

June 30, 2018 and 2017

Note 2. Availability and Liquidity, Continued

As part of its liquidity plan, the Foundation has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations become due. The Foundation invests excess cash in short-term investments, including money market accounts, and has the ability to redeem certain investments as necessary to meet its obligations.

Note 3. Credit Risk and Concentrations

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 by 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. 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.

During the year ended June 30, 2018, the Foundation received approximately 13% of its contributions from one donor. During the year ended June 30, 2017, the Foundation received approximately 43% of its contributions from four donors.

Note 4. 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, 2018 and 2017, these loans totaled \$400,000 and \$500,000, 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, 2018 and 2017.

Contributions and other receivables - During the year ended June 30, 2017, the WCF was informed that it was named as a beneficiary of a trust. Included on the Foundation's Consolidated Statements of Financial Position at June 30, 2018 and 2017, is a receivable of \$1,793,344 and \$3,293,344, respectively, representing the estimated fair value of the WCF's interest in the trust. In addition, there was \$19,120 in other receivables at June 30, 2017.

Note 5. Split-Interest Agreements

Activity related to split-interest agreements held by the Foundation and Others as of and for the years ended June 30, 2018 and 2017 are reflected below:

| | 2018 | 2017 |
|---|--------------|--------------|
| Assets | \$ 2,686,212 | \$ 2,590,220 |
| Present value of liability due to beneficiaries and remaindermen | 1,270,995 | 1,219,504 |
| Gain recognized from change in value of split-interest agreements | 49,753 | 228,979 |

Coastal Community Foundation of South Carolina, Inc.

Notes to Consolidated Financial Statements

June 30, 2018 and 2017

Note 6. Property and Equipment

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

| | <u>2018</u> | <u>2017</u> |
|----------------------------|---------------------|---------------------|
| Land | \$ 500,000 | \$ 500,000 |
| Building | 1,109,442 | 974,794 |
| Leasehold improvements | 191,196 | 182,407 |
| Furniture and equipment | <u>423,649</u> | <u>355,602</u> |
| Total | 2,224,287 | 2,012,803 |
| Accumulated depreciation | <u>(492,498)</u> | <u>(393,445)</u> |
| Net property and equipment | <u>\$ 1,731,789</u> | <u>\$ 1,619,358</u> |

Depreciation expense for the years ended June 30, 2018 and 2017, was \$113,244 and \$98,182, respectively.

Note 7. Contributed Assets

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

Note 8. Long-Term Capital Lease Obligations

The Foundation leases certain equipment under capital leases. The assets acquired under these leases have been capitalized using appropriate interest rates at the inception of the leases. The assets and related depreciation are included on the Consolidated Statements of Financial Position under the caption of property and equipment. Amortization of the leased assets is included in depreciation expense. The net book value of assets under capital lease were \$16,984 and \$17,976 as of June 30, 2018 and 2017.

Interest expense paid on capital leases was \$3,470 and \$377 for the years ended June 30, 2018 and 2017, respectively.

As of June 30, 2018, the following is a schedule by year of future minimum payments due each June 30:

| | |
|--|------------------|
| 2019 | \$ 6,141 |
| 2020 | 3,192 |
| 2021 | 2,920 |
| 2022 | <u>260</u> |
| Total future minimum lease payments | 12,513 |
| Less amount representing interest | <u>(287)</u> |
| Present value of future minimum lease payments | <u>\$ 12,226</u> |

Coastal Community Foundation of South Carolina, Inc.

Notes to Consolidated Financial Statements

June 30, 2018 and 2017

Note 9. Grants Payable, net

Unconditional grants payable, net, at June 30, 2018 is broken out below. The Foundation had no unconditional grants payable as of June 30, 2017.

| | <u>2018</u> |
|--------------------------------|---------------------|
| Payable in less than one year | \$ 2,024,650 |
| Payable in one to five years | <u>1,097,972</u> |
| | 3,122,622 |
| Less discount to present value | <u>(17,455)</u> |
| Grants payable, net | <u>\$ 3,105,167</u> |

The discount to present value was calculated using the estimated earnings rate of 3.40% as of June 30, 2018.

At June 30, 2018, grants payable totaling \$1,060,060 for two grantees represented approximately 34% of gross grants payable.

Note 10. Net Assets Without Donor Restrictions

A breakdown of the net assets without donor restrictions for the years ended June 30, follows:

| <u>June 30, 2018</u> | | | | | |
|----------------------|-----------------------|-------------------------------|----------------------|---|-----------------------|
| <u>Fund Type</u> | <u>Endowed</u> | <u>Partially- Endowed</u> | <u>Non-Endowed</u> | <u>Frances P. Bunnelle Foundation</u> | <u>Total</u> |
| Donor-advised | \$ 38,833,270 | \$ 48,237,322 | \$ 10,228,223 | \$ - | \$ 97,298,815 |
| Management | 5,295,186 | - | 2,116,557 | 40,698,198 | 48,109,941 |
| Field of interest | 37,653,878 | 108,858 | 1,898,248 | - | 39,660,984 |
| Designated | 28,403,981 | 10,878 | 1,616,756 | - | 30,031,615 |
| Scholarship | 14,790,045 | - | 6,398,560 | - | 21,188,605 |
| Discretionary | 6,406,075 | - | 227,143 | - | 6,633,218 |
| Special project | - | - | 288,680 | - | 288,680 |
| Total | <u>\$ 131,382,435</u> | <u>\$ 48,357,058</u> | <u>\$ 22,774,167</u> | <u>\$ 40,698,198</u> | <u>\$ 243,211,858</u> |

| <u>June 30, 2017</u> | | | | | |
|----------------------|-----------------------|-------------------------------|----------------------|---|-----------------------|
| <u>Fund Type</u> | <u>Endowed</u> | <u>Partially- Endowed</u> | <u>Non-Endowed</u> | <u>Frances P. Bunnelle Foundation</u> | <u>Total</u> |
| Donor-advised | \$ 37,011,453 | \$ 45,684,321 | \$ 10,174,569 | \$ - | \$ 92,870,343 |
| Management | 4,928,151 | - | 1,922,551 | 40,406,641 | 47,257,343 |
| Field of interest | 34,958,552 | 115,621 | 1,875,888 | - | 36,950,061 |
| Designated | 27,274,774 | 10,563 | 1,181,930 | - | 28,467,267 |
| Scholarship | 12,863,171 | - | 3,805,891 | - | 16,669,062 |
| Discretionary | 6,104,195 | - | 226,093 | - | 6,330,288 |
| Special project | - | - | 344,578 | - | 344,578 |
| Total | <u>\$ 123,140,296</u> | <u>\$ 45,810,505</u> | <u>\$ 19,531,500</u> | <u>\$ 40,406,641</u> | <u>\$ 228,888,942</u> |

Coastal Community Foundation of South Carolina, Inc.

Notes to Consolidated Financial Statements

June 30, 2018 and 2017

Note 11. Operating Leases

The Foundation has entered into several non-cancelable operating leases on real properties with the longest expiring December 2020. As of June 30, 2018, the following is a schedule of estimated future minimum lease payments on real properties due each June 30:

| | |
|------|-------------------|
| 2019 | \$ 101,653 |
| 2020 | 104,186 |
| 2021 | <u>52,842</u> |
| | <u>\$ 258,681</u> |

Total rent expense for the years ended June 30, 2018 and 2017, was \$103,398 and \$160,892, respectively.

Note 12. 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 the years ended June 30, 2018 and 2017 was \$51,773 and \$50,488, respectively.

Note 13. 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 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.

Coastal Community Foundation of South Carolina, Inc.

Notes to Consolidated Financial Statements

June 30, 2018 and 2017

Note 13. Fair Value of Financial Instruments, Continued

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 maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

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, 2018 and 2017.

Cash equivalents - The carrying amounts approximate fair value because of the short maturity of these instruments.

Money market funds - Valued at net asset value ("NAV"). The money market funds are invested in various funds. The Foundation invests in money market funds to provide daily liquidity. Fair values are based on the NAV that can be validated with a sufficient level of observable activity (i.e. purchases and sales at NAV) and were therefore classified within Level 1 of the fair value hierarchy.

Equity securities - Valued at the closing price reported on the active market on which the individual securities are traded using closing prices reported in the active market.

Mutual funds and REITS - Valued at the NAV of shares held by the Foundation at year end.

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.

Assets held in charitable trusts - Value of the assets is the fair value of the underlying investments as provided by the investment companies.

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.

Partnerships and hedge funds - Value is determined by the General Partner in accordance with the partnership agreement. The General Partner estimates the fair value of the Fund's investments in investment funds on the basis of the net asset value (NAV) per share of the investment (or its equivalent), as a practical expedient, wherever a) the underlying investment manager's calculation of NAV is fair value based, and b) the NAV has been calculated as of the Fund's fiscal year end date.

Coastal Community Foundation of South Carolina, Inc.

Notes to Consolidated Financial Statements

June 30, 2018 and 2017

Note 13. Fair Value of Financial Instruments, Continued

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.

The following table sets forth by level, within the fair value hierarchy, the Foundation's assets at fair value as of June 30, 2018:

| | June 30, 2018 | | | |
|---|-----------------------|-------------|----------------------|-----------------------|
| | Level 1 | Level 2 | Level 3 | Total |
| Cash equivalents and money market funds held in investment accounts | \$ 7,376,460 | \$ - | \$ - | \$ 7,376,460 |
| Mutual funds: | | | | |
| Equities | 145,056,441 | - | - | 145,056,441 |
| Bonds | 45,900,980 | - | - | 45,900,980 |
| Marketable equity securities | 12,034,750 | - | - | 12,034,750 |
| REITS | 87,222 | - | - | 87,222 |
| Other investments: | | | | |
| Notes receivable | - | - | 162,435 | 162,435 |
| Real estate | - | - | 654,812 | 654,812 |
| Life insurance | - | - | 1,161,389 | 1,161,389 |
| Beneficial interest in split-interest agreements held by the Foundation | 1,966,703 | - | - | 1,966,703 |
| Beneficial interest in split-interest agreements held by Others | 719,509 | - | - | 719,509 |
| Limited partnership units | - | - | 1,855,000 | 1,855,000 |
| Preferred interest in property | - | - | 6,348,000 | 6,348,000 |
| Total assets in the fair value hierarchy | <u>\$ 213,142,065</u> | <u>\$ -</u> | <u>\$ 10,181,636</u> | <u>\$ 223,323,701</u> |
| Investments measured at NAV (a) | | | | <u>52,241,232</u> |
| Total assets at fair value | | | | <u>\$ 275,564,933</u> |

- (a) Certain investments that were measured at NAV per share or its equivalent have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the line items presented in the statements of financial position.

Coastal Community Foundation of South Carolina, Inc.

Notes to Consolidated Financial Statements

June 30, 2018 and 2017

Note 13. 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:

| | June 30, 2017 | | | |
|---|-----------------------|-------------|----------------------|-----------------------|
| | Level 1 | Level 2 | Level 3 | Total |
| Cash equivalents and money market funds held in investment accounts | \$ 3,090,340 | \$ - | \$ - | \$ 3,090,340 |
| Mutual funds: | | | | |
| Equities | 131,449,218 | - | - | 131,449,216 |
| Bonds | 38,175,235 | - | - | 38,175,235 |
| Marketable equity securities | 10,395,838 | - | - | 10,395,838 |
| Other investments: | | | | |
| Notes receivable | - | - | 334,119 | 334,119 |
| Real estate | - | - | 921,089 | 921,089 |
| Life insurance | - | - | 1,071,938 | 1,071,938 |
| Beneficial interest in split-interest agreements held by the Foundation | 1,895,917 | - | - | 1,895,917 |
| Beneficial interest in split-interest agreements held by Others | 694,303 | - | - | 694,303 |
| Limited partnership units | - | - | 1,855,000 | 1,855,000 |
| Preferred interest in property | - | - | 6,423,000 | 6,423,000 |
| Total assets in the fair value hierarchy | <u>\$ 185,700,851</u> | <u>\$ -</u> | <u>\$ 10,605,146</u> | <u>\$ 196,305,997</u> |
| Investments measured at NAV (a) | | | | <u>52,894,641</u> |
| Total assets at fair value | | | | <u>\$ 249,200,638</u> |

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, 2018 and 2017:

| | Level 3 Assets | | | | | |
|---|------------------------------------|-------------------|---------------------|---------------------------|--------------------------------|----------------------|
| | Years Ended June 30, 2018 and 2017 | | | | | |
| | Notes Receivable | Real Estate | Life Insurance | Limited Partnership Units | Preferred Interest in Property | Total |
| Fair value as of June 30, 2016 | \$ 496,665 | \$ 853,858 | \$ 935,608 | \$ 1,855,000 | \$ 6,504,250 | \$ 10,645,381 |
| Net realized/unrealized gains | - | 67,231 | - | - | - | 67,231 |
| Loan repayments | (162,546) | - | - | - | - | (162,546) |
| Increase in cash value of life insurance | - | - | 136,330 | - | - | 136,330 |
| Proceeds from preferred interest - property | - | - | - | - | (81,250) | (81,250) |
| Fair value as of June 30, 2017 | 334,119 | 921,089 | 1,071,938 | 1,855,000 | 6,423,000 | 10,605,146 |
| Net realized/unrealized (losses) | - | (266,277) | - | - | - | (266,277) |
| Loan repayments | (171,684) | - | - | - | - | (171,684) |
| Increase in cash value of life insurance | - | - | 89,451 | - | - | 89,451 |
| Proceeds from preferred interest - property | - | - | - | - | (75,000) | (75,000) |
| Fair value as of June 30, 2018 | <u>\$ 162,435</u> | <u>\$ 654,812</u> | <u>\$ 1,161,389</u> | <u>\$ 1,855,000</u> | <u>\$ 6,348,000</u> | <u>\$ 10,181,636</u> |

Coastal Community Foundation of South Carolina, Inc.

Notes to Consolidated Financial Statements

June 30, 2018 and 2017

Note 13. Fair Value of Financial Instruments, Continued

Certain financial instruments and all nonfinancial instruments are excluded from the fair value disclosure requirements. Accordingly, the aggregate fair value amounts presented do not necessarily represent the value of the Foundation.

The following table sets forth a summary of the Foundation's investments by investment category type reported at NAV as a practical expedient to estimate fair value as of June 30, 2018 and 2017:

| June 30, 2018 | | | | |
|------------------|----------------------|----------------------|------------------------------|----------------------------|
| Investment | Fair Value | Unfunded Commitment | Redemption Frequency | Redemption Notice Period |
| Partnerships (a) | \$ 29,706,741 | \$ 11,436,705 | 3-10 years | Quarterly- no liquidity |
| Hedge funds (b) | <u>22,534,491</u> | <u>-</u> | 6-12 months | 30 days – 6 months |
| Total | <u>\$ 52,241,232</u> | <u>\$ 11,436,705</u> | | |
| June 30, 2017 | | | | |
| Investment | Fair Value | Unfunded Commitment | Redemption Frequency | Redemption Notice Period |
| Partnerships (a) | \$ 26,588,200 | \$ 12,286,000 | 3 year lockup | 45 - 100 days |
| Hedge funds (b) | <u>26,306,441</u> | <u>-</u> | Quarterly - 3 year lockup | 45 – 100 days |
| Total | <u>\$ 52,894,641</u> | <u>\$ 12,286,000</u> | | |

- (a) **Partnerships** - The Foundation holds ownership positions in several partnerships with investment strategies including private equity partnerships, energy and natural resources, fund of fund hedge funds investing primarily in equity and fixed income securities, real estate and real estate related securities. For the majority of these partnerships, the Foundation is subject to redemption restrictions and cannot redeem from its investment in the fund. The manager has discretion on the timing of distributing the capital.
- (b) **Hedge Funds** - The Foundation holds ownership shares in several hedge funds with investment strategies including fund of fund long/short equity managers. Management believes that the investment strategies employed and availability of other Foundation resources allow the Foundation to be unaffected by lock-ups.

Coastal Community Foundation of South Carolina, Inc.***Notes to Consolidated Financial Statements******June 30, 2018 and 2017***

Note 13. Fair Value of Financial Instruments, Continued

Net investment income from all investments presented in the Consolidated Statements of Activities for the years ended June 30, 2018 and 2017 is:

| | <u>2018</u> | <u>2017</u> |
|--|----------------------|----------------------|
| Interest and dividends, net of fees | \$ 4,660,109 | \$ 3,222,232 |
| Net realized and unrealized gains on investments | <u>12,397,394</u> | <u>22,987,878</u> |
| Investment income, net | <u>\$ 17,057,503</u> | <u>\$ 26,210,110</u> |

Total investment consulting fees for investment advisory services for the years ended June 30, 2018 and 2017 were \$152,935 and \$158,600, respectively.

Note 14. Subsequent Events

In August 2018, the Foundation signed a letter of intent as one of several owners that own shares in a privately held partnership which stated the Foundation's agreement to sell its 55 limited partnership units.

Coastal Community Foundation of South Carolina, Inc.
Consolidating Statements of Financial Position
June 30, 2018

| | Coastal Community Foundation | Frances P. Bunnelle Foundation | Waccamaw Community Foundation | Eliminations | Consolidated Total |
|---|---|---|--|---------------------|-------------------------------|
| Assets | | | | | |
| Cash and cash equivalents | \$ 446,033 | \$ 225,794 | \$ 486,788 | \$ - | \$ 1,158,615 |
| Prepaid assets | 44,572 | 6,198 | 833 | - | 51,603 |
| Contributions and other receivables | - | - | 1,793,344 | - | 1,793,344 |
| Investments, at fair value | 201,013,360 | 39,658,546 | 31,045,426 | - | 271,717,332 |
| Life insurance, cash surrender value | 1,161,389 | - | - | - | 1,161,389 |
| Beneficial interest in split-interest agreements | 2,575,783 | - | 110,429 | - | 2,686,212 |
| Loans receivable, program-related | 300,000 | 100,000 | - | - | 400,000 |
| Property and equipment (net of accumulated depreciation of \$492,498) | 123,568 | 1,177,165 | 431,056 | - | 1,731,789 |
| Total assets | <u>\$ 205,664,705</u> | <u>\$ 41,167,703</u> | <u>\$ 33,867,876</u> | <u>\$ -</u> | <u>\$ 280,700,284</u> |
| Liabilities and Net Assets | | | | | |
| Liabilities | | | | | |
| Accounts payable | \$ 95,309 | \$ 22,638 | \$ 2,240 | \$ - | \$ 120,187 |
| Leases payable | 2,932 | 4,794 | 4,500 | - | 12,226 |
| Deferred revenue | 6,250 | - | - | - | 6,250 |
| Payroll liabilities | 34,787 | 7,183 | 3,896 | - | 45,866 |
| Grants payable | 2,670,277 | 434,890 | - | - | 3,105,167 |
| Charitable trusts liability | 1,216,902 | - | 54,093 | - | 1,270,995 |
| Funds managed for: | | | | | |
| Supporting organizations (without CCF majority control) | 17,634,666 | - | - | - | 17,634,666 |
| Other organizations | 12,215,103 | - | 1,309,782 | - | 13,524,885 |
| Total liabilities | <u>33,876,226</u> | <u>469,505</u> | <u>1,374,511</u> | <u>-</u> | <u>35,720,242</u> |
| Net assets | | | | | |
| Without donor restrictions: | | | | | |
| Designated for donor advised | 77,195,156 | - | 20,103,659 | - | 97,298,815 |
| Designated for management | 6,293,956 | 40,698,198 | 1,117,787 | - | 48,109,941 |
| Designated for field of interest | 38,524,612 | - | 1,136,372 | - | 39,660,984 |
| Designated for designated organizations | 27,566,215 | - | 2,465,400 | - | 30,031,615 |
| Designated for scholarships | 15,318,945 | - | 5,869,660 | - | 21,188,605 |
| Designated for discretionary | 4,889,041 | - | 1,744,177 | - | 6,633,218 |
| Designated for special projects | 288,680 | - | - | - | 288,680 |
| Total net assets without donor restrictions | <u>170,076,605</u> | <u>40,698,198</u> | <u>32,437,055</u> | <u>-</u> | <u>243,211,858</u> |
| With donor restrictions: | | | | | |
| Restricted for charitable trusts | 1,711,874 | - | 56,310 | - | 1,768,184 |
| Total net assets with donor restrictions | <u>1,711,874</u> | <u>-</u> | <u>56,310</u> | <u>-</u> | <u>1,768,184</u> |
| Total net assets | <u>171,788,479</u> | <u>40,698,198</u> | <u>32,493,365</u> | <u>-</u> | <u>244,980,042</u> |
| Total liabilities and net assets | <u>\$ 205,664,705</u> | <u>\$ 41,167,703</u> | <u>\$ 33,867,876</u> | <u>\$ -</u> | <u>\$ 280,700,284</u> |

Coastal Community Foundation of South Carolina, Inc.
Consolidating Statements of Financial Position
June 30, 2017

| | Coastal Community Foundation | Frances P. Bunnelle Foundation | Waccamaw Community Foundation | Eliminations | Consolidated Total |
|---|---|---|--|---------------------|-------------------------------|
| Assets | | | | | |
| Cash and cash equivalents | \$ 2,113,218 | \$ 156,857 | \$ 1,096,664 | \$ - | \$ 3,366,739 |
| Prepaid assets | 46,804 | 5,988 | 4,868 | - | 57,660 |
| Contributions and other receivables | 19,120 | - | 3,293,344 | - | 3,312,464 |
| Investments, at fair value | 179,613,909 | 39,153,814 | 26,770,757 | - | 245,538,480 |
| Life insurance, cash surrender value | 1,071,938 | - | - | - | 1,071,938 |
| Beneficial interest in split-interest agreements | 2,477,264 | - | 112,956 | - | 2,590,220 |
| Loans receivable, program-related | 400,000 | 100,000 | - | - | 500,000 |
| Property and equipment (net of accumulated depreciation of \$393,445) | 153,508 | 1,031,080 | 434,770 | - | 1,619,358 |
| Total Assets | <u>\$ 185,895,761</u> | <u>\$ 40,447,739</u> | <u>\$ 31,713,359</u> | <u>\$ -</u> | <u>\$ 258,056,859</u> |
| Liabilities and Net Assets | | | | | |
| Liabilities | | | | | |
| Accounts payable | \$ 139,136 | \$ 33,243 | \$ 1,193 | \$ - | \$ 173,572 |
| Leases payable | 8,315 | 939 | 6,158 | - | 15,412 |
| Deferred revenue | 60,981 | - | - | - | 60,981 |
| Payroll liabilities | 39,055 | 6,898 | 1,400 | - | 47,353 |
| Grants payable | - | - | - | - | - |
| Charitable trusts liability | 1,163,388 | - | 56,116 | - | 1,219,504 |
| Funds managed for: | | | | | |
| Supporting organizations (without Foundation majority control) | 16,643,488 | - | - | - | 16,643,488 |
| Other organizations | 8,118,582 | 18 | 1,160,363 | - | 9,278,963 |
| Total liabilities | <u>26,172,945</u> | <u>41,098</u> | <u>1,225,230</u> | <u>-</u> | <u>27,439,273</u> |
| Net assets | | | | | |
| Without donor restrictions: | | | | | |
| Designated for donor advised | 73,330,463 | - | 19,539,880 | - | 92,870,343 |
| Designated for management | 5,820,256 | 40,406,641 | 1,030,446 | - | 47,257,343 |
| Designated for field of interest | 35,799,637 | - | 1,150,424 | - | 36,950,061 |
| Designated for designated organizations | 26,060,980 | - | 2,406,287 | - | 28,467,267 |
| Designated for scholarships | 12,192,085 | - | 4,476,977 | - | 16,669,062 |
| Designated for discretionary | 4,617,538 | - | 1,712,750 | - | 6,330,288 |
| Designated for special projects | 230,027 | - | 114,551 | - | 344,578 |
| Total net assets without donor restrictions | <u>158,050,986</u> | <u>40,406,641</u> | <u>30,431,315</u> | <u>-</u> | <u>228,888,942</u> |
| With donor restrictions: | | | | | |
| Restricted for charitable trusts | 1,671,830 | - | 56,814 | - | 1,728,644 |
| Total net assets with donor restrictions | <u>1,671,830</u> | <u>-</u> | <u>56,814</u> | <u>-</u> | <u>1,728,644</u> |
| Total net assets | <u>159,722,816</u> | <u>40,406,641</u> | <u>30,488,129</u> | <u>-</u> | <u>230,617,586</u> |
| Total liabilities and net assets | <u>\$ 185,895,761</u> | <u>\$ 40,447,739</u> | <u>\$ 31,713,359</u> | <u>\$ -</u> | <u>\$ 258,056,859</u> |

Coastal Community Foundation of South Carolina, Inc.
Consolidating Statements of Activities
For the Year Ended June 30, 2018

| | Coastal Community Foundation | Frances P. Bunnelle Foundation | Waccamaw Community Foundation | Eliminations | Consolidated Total |
|---|------------------------------------|--------------------------------------|-------------------------------------|--------------|-----------------------|
| Revenues, gains and other support | | | | | |
| Contributions and other receivables | \$ 22,802,510 | \$ 9,600 | \$ 2,931,700 | \$ - | \$ 25,743,810 |
| Less contributions received for other organizations | (4,577,929) | - | (8,805) | - | (4,586,734) |
| Net contributions | 18,224,581 | 9,600 | 2,922,895 | - | 21,157,076 |
| Investment income, net | 12,576,855 | 3,015,506 | 1,465,142 | - | 17,057,503 |
| Change in value of real estate | (250,000) | - | - | - | (250,000) |
| Change in value of split-interest agreements | 50,257 | - | (504) | - | 49,753 |
| Increase in life insurance, cash surrender value | 89,451 | - | - | - | 89,451 |
| Other income | 145,759 | - | - | - | 145,759 |
| Administrative fees | 1,909,072 | - | 406,878 | (223,383) | 2,092,567 |
| Total revenues, gains and other support | 32,745,975 | 3,025,106 | 4,794,411 | (223,383) | 40,342,109 |
| Expenses | | | | | |
| Grants made | 17,077,647 | 1,901,940 | 2,078,504 | - | 21,058,091 |
| Less grants made for other organizations | (1,124,998) | - | (44,101) | - | (1,169,099) |
| Net grants made | 15,952,649 | 1,901,940 | 2,034,403 | - | 19,888,992 |
| Grants program expenses | 610,788 | 124,674 | 50,372 | - | 785,834 |
| Total grants expenses | 16,563,437 | 2,026,614 | 2,084,775 | - | 20,674,826 |
| Other program expenses | 720,393 | 340,618 | 31,866 | - | 1,092,877 |
| Total program expenses | 17,283,830 | 2,367,232 | 2,116,641 | - | 21,767,703 |
| Management and general | 3,075,269 | 360,415 | 556,933 | (223,383) | 3,769,234 |
| Fundraising and development | 327,365 | - | 115,351 | - | 442,716 |
| Total expenses | 20,686,464 | 2,727,647 | 2,788,925 | (223,383) | 25,979,653 |
| Increase in net assets before transfers and other | 12,059,511 | 297,459 | 2,005,486 | - | 14,362,456 |
| Interfund transfers, net | 6,152 | (5,902) | (250) | - | - |
| Increase in net assets | 12,065,663 | 291,557 | 2,005,236 | - | 14,362,456 |
| Net assets, beginning of year | 159,722,816 | 40,406,641 | 30,488,129 | - | 230,617,586 |
| Net assets, end of year | \$ 171,788,479 | \$ 40,698,198 | \$ 32,493,365 | \$ - | \$ 244,980,042 |

Coastal Community Foundation of South Carolina, Inc.
Consolidating Statements of Activities
For the Year Ended June 30, 2017

| | Coastal Community Foundation | Frances P. Bunnelle Foundation | Waccamaw Community Foundation | Eliminations | Consolidated Total |
|---|------------------------------------|--------------------------------------|-------------------------------------|--------------|-----------------------|
| Revenues, gains and other support | | | | | |
| Contributions and other receivables | \$ 18,283,921 | \$ - | \$ 6,605,522 | \$ - | \$ 24,889,443 |
| Less contributions received for other organizations | (2,313,318) | - | (210,790) | - | (2,524,108) |
| Net contributions | 15,970,603 | - | 6,394,732 | - | 22,365,335 |
| Investment income, net | 18,576,683 | 5,239,175 | 2,394,252 | - | 26,210,110 |
| Change in value of split-interest agreements | 201,297 | - | 27,682 | - | 228,979 |
| Increase in life insurance, cash surrender value | 136,330 | - | - | - | 136,330 |
| Administrative fees | 1,951,369 | - | 314,965 | (211,031) | 2,055,303 |
| Total revenues, gains and other support | 36,836,282 | 5,239,175 | 9,131,631 | (211,031) | 50,996,057 |
| Expenses | | | | | |
| Grants made | 13,941,180 | 1,938,656 | 1,791,244 | - | 17,671,080 |
| Less grants made for other organizations | (804,976) | - | (44,707) | - | (849,683) |
| Net grants made | 13,136,204 | 1,938,656 | 1,746,537 | - | 16,821,397 |
| Other program expenses | 513,200 | 197,723 | 2,362 | - | 713,285 |
| Total program expenses | 13,649,404 | 2,136,379 | 1,748,899 | - | 17,534,682 |
| Management and general | 3,715,851 | 660,627 | 615,471 | (211,031) | 4,780,918 |
| Total expenses | 17,365,255 | 2,797,006 | 2,364,370 | (211,031) | 22,315,600 |
| Increase in net assets before transfers | 19,471,027 | 2,442,169 | 6,767,261 | - | 28,680,457 |
| Interfund transfers, net | - | - | - | - | - |
| Increase in net assets | 19,471,027 | 2,442,169 | 6,767,261 | - | 28,680,457 |
| Net assets, beginning of year | 140,251,789 | 37,964,472 | 23,720,868 | - | 201,937,129 |
| Net assets, end of year | <u>\$ 159,722,816</u> | <u>\$ 40,406,641</u> | <u>\$ 30,488,129</u> | <u>\$ -</u> | <u>\$ 230,617,586</u> |