

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

***Report on Consolidated Financial Statements***

***For the year ended December 31, 2023***

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

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## Independent Auditor's Report

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

### Opinion

We have audited the accompanying consolidated financial statements of the Coastal Community Foundation of South Carolina, Inc. (the "Foundation") and its subsidiaries, which comprise the consolidated statements of financial position as of December 31, 2023, 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").

In our opinion, the accompanying financial statements present fairly, in all material aspects, the consolidated financial position of the Foundation and its subsidiaries as of December 31, 2023, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

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

### Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

### Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from

## **Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements, Continued**

fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

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

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

### **Report on Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying Consolidating Statement of Financial Position and Consolidating Statement of Activities are presented for purposes of additional analysis and are not required as part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated financial statements as a whole.



Charleston, South Carolina  
August 21, 2024

# Coastal Community Foundation of South Carolina, Inc.

## Consolidated Statement of Financial Position

As of December 31, 2023

### Assets

Cash and cash equivalents	\$ 5,117,832
Receivables and other assets	1,594,222
Investments, at fair value	470,846,948
Life insurance, cash surrender value	1,642,882
Beneficial interest in split-interest agreements	5,169,217
Loans receivable, program-related	2,040,707
Property and equipment (net of accumulated depreciation of \$1,143,956)	4,687,849
Total assets	<u>\$ 491,099,657</u>

### Liabilities and Net Assets

#### Liabilities

Accounts payable and other liabilities	\$ 659,386
Grants payable, net	374,940
Charitable trusts liability	2,611,624
Charitable gift annuity payable	1,372,451
Funds managed for:	
Supporting organizations (without CCF majority control)	24,575,628
Other organizations	23,702,005
Total liabilities	<u>53,296,034</u>

#### Net assets

Without donor restrictions:	
Designated for donor advised	142,157,428
Designated for management	59,720,267
Designated for field of interest	140,049,139
Designated for designated organizations	56,902,817
Designated for scholarships	28,430,700
Designated for discretionary	7,460,419
Designated for special projects	525,261
Total net assets without donor restrictions	<u>435,246,031</u>
With donor restrictions:	
Restricted for charitable trusts - temporary	2,557,592
Total net assets with donor restrictions	<u>2,557,592</u>
Total net assets	<u>437,803,623</u>
Total liabilities and net assets	<u>\$ 491,099,657</u>

See Notes to Consolidated Financial Statements

# Coastal Community Foundation of South Carolina, Inc.

## Consolidated Statement of Activities

For the year ended December 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenues, gains and other support</b>			
Contributions	\$ 55,557,649	\$ 63,132	\$ 55,620,781
Less contributions received for other organizations	(2,613,495)	-	(2,613,495)
Net contributions	52,944,154	63,132	53,007,286
Investment income, net	47,033,026	-	47,033,026
Change in value of split-interest agreements	-	307,986	307,986
Change in value of gift annuity	(54,733)	-	(54,733)
Increase in life insurance, cash surrender value	90,799	-	90,799
Rental income	79,030	-	79,030
Other income	429,174	-	429,174
Administrative fees	4,329,611	-	4,329,611
Total revenues, gains and other support	104,851,061	371,118	105,222,179
<b>Expenses</b>			
Grants made	27,089,902	-	27,089,902
Less grants made for other organizations	(1,275,931)	-	(1,275,931)
Net grants made	25,813,971	-	25,813,971
Grants program expenses	1,240,484	-	1,240,484
Total grants expenses	27,054,455	-	27,054,455
Other program expenses	4,947,993	-	4,947,993
Total program expenses	32,002,448	-	32,002,448
Management and general	5,989,886	-	5,989,886
Fundraising and development	1,169,271	-	1,169,271
Total expenses	39,161,605	-	39,161,605
Increase in net assets before transfers	65,689,456	371,118	66,060,574
Interfund transfers, net	(22,835)	-	(22,835)
Increase in net assets	65,666,621	371,118	66,037,739
<b>Net assets at beginning of year</b>	369,579,410	2,186,474	371,765,884
<b>Net assets at end of year</b>	\$ 435,246,031	\$ 2,557,592	\$ 437,803,623

See Notes to Consolidated Financial Statements

**Coastal Community Foundation of South Carolina, Inc.****Consolidated Statement of Functional Expenses****For the year ended December 31, 2023**

	Program Services		Management and General	Fundraising and Development	Total
	Grants	Other			
Grants made	\$ 25,813,971	\$ -	\$ -	\$ -	\$ 25,813,971
Other program expenses	-	927,458	-	-	927,458
Payroll	1,003,981	1,940,745	1,202,034	763,119	4,909,879
Management fees	-	-	4,169,930	-	4,169,930
Meetings and events	-	678,799	45,088	18,917	742,804
Contract services	-	407,470	72,631	165,000	645,101
Software and equipment	60,041	169,708	72,843	47,414	350,006
Professional services	-	153,193	109,148	15,666	278,007
Depreciation	54,616	84,877	67,500	37,580	244,573
Occupancy	49,958	93,037	59,210	31,544	233,749
Advertising	-	181,540	-	-	181,540
Sponsorships	-	137,824	-	-	137,824
Development and relocation	19,518	42,950	23,809	12,588	98,865
Business insurance	-	-	98,680	-	98,680
Dues and recognition	18,086	39,761	21,304	12,048	91,199
Travel	12,272	51,035	14,253	4,304	81,864
Office supplies	11,497	19,840	14,690	6,289	52,316
Life insurance premiums	-	-	-	47,332	47,332
Postage and printing	6,786	14,713	8,044	4,438	33,981
Miscellaneous	3,729	5,043	4,650	3,032	16,454
Taxes	-	-	6,072	-	6,072
<b>Total functional expenses</b>	<b>\$ 27,054,455</b>	<b>\$ 4,947,993</b>	<b>\$ 5,989,886</b>	<b>\$ 1,169,271</b>	<b>\$ 39,161,605</b>

**See Notes to Consolidated Financial Statements**

## Coastal Community Foundation of South Carolina, Inc.

### Consolidated Statement of Cash Flows

For the year ended December 31, 2023

#### **Cash flows from operating activities**

Increase in net assets	\$ 66,037,739
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Net realized and unrealized gains on investments	(36,024,261)
New pledges receivable donated to the Foundation	(1,149,249)
Noncash contribution of interest in trust	(63,131)
Change in value of split-interest agreements and charitable gift annuity	(413,255)
Depreciation	244,573
Net loss on disposal of property and equipment	1,530
Increase in cash surrender value of life insurance	(148,156)
(Increase) decrease in:	
Receivables and other assets	141,302
Increase (decrease) in:	
Accounts payable and other liabilities	131,996
Grants payable	(302,851)
Funds managed for supporting organizations	1,594,489
Funds managed for other organizations	472,539
Net cash provided by operating activities	<u>30,523,265</u>

#### **Cash flows from investing activities**

Purchases of property and equipment	(160,833)
Proceeds from sales of investments	227,828,039
Purchases of investments	<u>(273,017,207)</u>
Net cash used for investing activities	<u>(45,350,001)</u>
Net change in cash and cash equivalents	(14,826,736)

**Cash and cash equivalents, beginning of year**

19,944,568

**Cash and cash equivalents, end of year**

\$ 5,117,832

See Notes to Consolidated Financial Statements



# Coastal Community Foundation of South Carolina, Inc.

## Notes to Consolidated Financial Statements

December 31, 2023

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### 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 900 individual funds, each established with an instrument or gift describing either the general or specific purposes for which grants are to be made.

The Foundation’s work is carried out through various 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 nine county service area and beyond. The Foundation’s grantmaking takes the form 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 seeks to include community “voice” and data to drive partnerships and initiatives undertaken throughout the Foundation’s nine-county footprint. The six priority pillars are economic mobility; education; physical and mental well-being; coastal resiliency; culture, equity, and identity; and family philanthropy that will inform the Foundation’s work across departments and extend into community. The Board-adopted strategic plan, initiated in 2022, focuses on its place-based impact investing. Strategic projects include grantmaking programs the Foundation administers, the Rev. Pinckney Visionaries and Scholars program, and fiscal sponsorships. The Foundation provides thought-leadership and best practice operational support. The Foundation makes impact investments currently with a focus on economic mobility, primarily in affordable housing and small, minority business development. The program seeks financial return as well as social return in the nine-county service area.

# Coastal Community Foundation of South Carolina, Inc.

## Notes to Consolidated Financial Statements

December 31, 2023

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

#### 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 of 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 South Carolina ("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 December 31, 2023 totaled \$21,566,928. The market values of the net assets of SAF managed by the Foundation at December 31, 2023 totaled \$3,008,700.

#### Basis of accounting and presentation:

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

# Coastal Community Foundation of South Carolina, Inc.

## Notes to Consolidated Financial Statements

December 31, 2023

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

#### 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 December 31, 2023.

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 unrestricted 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 unrestricted 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

December 31, 2023

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### 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 Statement 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, as Trustee, directs the Custodian/Advisor to make distributions from the trust assets 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.

# Coastal Community Foundation of South Carolina, Inc.

## Notes to Consolidated Financial Statements

December 31, 2023

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

#### 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.

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 a maximum amount of 5% of a moving 20-quarter average, which is determined every December 31. As part of the 5%, 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. Any unspent amount at the end of the fiscal year remains in the fund's balance to be carried forward and included in the calculation of available funds in subsequent years.

The spending policy of WCF differs slightly from that of CCF. The current spending policy is to distribute for grants an amount equal to 4% of a moving 12-quarter average, which is determined every December 31.

#### **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 \$25,000.

#### **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 Statement of Financial Position. The revenues and expenses of these funds are excluded from the Consolidated Statement of Activities.

# Coastal Community Foundation of South Carolina, Inc.

## Notes to Consolidated Financial Statements

December 31, 2023

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### 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 December 31, 2023 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 in the next fiscal year, no lower than \$25,000. 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.

#### Investments:

Investments consist of mutual funds, exchange traded funds, equity securities, charitable trusts, 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 determined on the trade date and 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 Statement of Activities as increases in net assets without donor restrictions, unless the income or loss is specifically restricted by donor or law.

#### Assets held in trust and charitable trusts liability:

Assets held in trust consist of split-interest agreements that name the Foundation as a beneficiary. Investment income is reported net of related expenses, such as investment management fees and custodial fees. Interest income is recognized as earned. Dividends are recognized on the ex-dividend date.

#### **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 Statement of Financial Position. Changes in the value of the assets and distributions from the trust accounts are included in the Consolidated Statement of Activities in net assets with donor restrictions.

# Coastal Community Foundation of South Carolina, Inc.

## Notes to Consolidated Financial Statements

December 31, 2023

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

#### Assets held in trust and charitable trusts liability, continued:

##### **By the Foundation, continued**

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 Statement 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 67 to 97 years. There have been no significant changes in actuarial assumptions and the discount rates used. The discount rates range from 2.2% 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 Statement 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 and reflected in "Beneficial interest in split-interest agreements" in the Consolidated Statement of Financial Position. 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 Statement of Activities in net assets with donor restrictions.

#### Loans receivable - program related:

The Foundation has made loans to various groups in accordance with the Foundation's social impact investing initiative. These loans are at or below market interest 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.

#### Property and equipment and depreciation:

The Foundation capitalizes all laptop computers regardless of cost and other capital expenditures in excess of \$1,000. Property and equipment are 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, which range from 3 to 30 years.

# Coastal Community Foundation of South Carolina, Inc.

## Notes to Consolidated Financial Statements

December 31, 2023

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

#### Grants payable:

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 to be 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 December 31, 2023.

#### Revenue recognition:

In accordance with ASC 606, revenue is recognized upon the transfer of control of promised goods or services to customers in an amount that reflects the consideration the Foundation expects to receive in exchange for those products or services. Contracts are analyzed with the following steps: (i) identify the contract with the customer; (ii) determine whether the promised goods or services are separate performance obligations in the contract; (iii) determine the transaction price, including considering the constraint on variable consideration; (iv) allocate the transaction price to the performance obligations in the contract based on the standalone selling price or estimated standalone selling price of the good or service; and (v) recognize revenue when (or as) each performance obligation is satisfied.

A performance obligation is a promise in a contract to transfer a distinct good or service to the customer and is the unit of account in ASC 606. Revenue is allocated to each performance obligation as the related performance obligation is satisfied as discussed below.

#### **Contributions**

Contributions that are unrestricted or restricted by donor are earned and recognized when the donation is received or unconditionally pledged, as long as there is no performance requirement attached to the contribution. For promises to give, a performance obligation attached to the promise to give would be considered a conditional promise to give, and the conditional promise to give would be recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

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 Statement of Activities as net assets released from restrictions.

#### **Other Income**

Other Income (primarily support fee income and event income) is recorded as earned when the funds are unconditionally pledged or received as there are no performance obligations that must be met by the Foundation to “earn” the revenue. As this revenue is not deemed to be earned through a contract with a customer and a contract is not determined to exist, the Foundation does not consider this revenue stream to fall under the ASC 606 guidance.



# Coastal Community Foundation of South Carolina, Inc.

## Notes to Consolidated Financial Statements

December 31, 2023

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

#### Revenue recognition, continued:

##### **Administrative Fees**

Support fees are charged for administrative and other services provided to the Foundation funds, supporting organizations and other trusts. These fees are used to cover the administrative expenses of the Foundation and support the Foundation's efforts. The fees are based on a percentage of the estimated fair value of income-producing assets held by the Foundation or a percentage of the fund's net asset balances.

Administration fees charged on internally managed funds are not earned through a contract with a customer and a contract is not determined to exist. Therefore, the Foundation does not consider this revenue stream to fall under the ASC 606 guidance. However, administration fees charged on funds held for others is recorded over time when the performance obligation is met. Administration fees earned over time on funds held for others totaled \$180,868 for the year ended December 31, 2023.

#### Contributions of nonfinancial assets and services:

The Foundation reports gifts of property and equipment, as well as goods, at their estimated fair value at the date of donation. Such donations are reported as unrestricted support unless explicit donor stipulations specify how the assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support.

Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Foundation reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service or transferred as instructed by the donor. The Foundation reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

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

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.

There were no contributions of nonfinancial assets or services recognized for the year ended December 31, 2023.

# Coastal Community Foundation of South Carolina, Inc.

## Notes to Consolidated Financial Statements

December 31, 2023

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

#### 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 annual fee for endowed and partially endowed funds range from 0.5% to 1.5% on the average daily balance. For fiscal sponsor funds and certain funds managed by the Foundation, the fee is normally 3% of the average daily fund balance. All fees are set by the Boards of the Foundation and supporting organizations or by the individual fund agreement.

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

# Coastal Community Foundation of South Carolina, Inc.

## Notes to Consolidated Financial Statements

December 31, 2023

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

#### Expense allocation, continued:

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 and fundraising; remaining to management/general
Meetings and events	Direct costs to programs and fundraising; remaining to management/general
Occupancy	Based on payroll allocation percentages
Depreciation	Based on payroll allocation percentages
Postage and printing	Based on payroll allocation percentages
Dues and recognition	Based on payroll allocation percentages
Development and relocation	Based on payroll allocation percentages
Professional services	Direct costs to programs and fundraising; remaining to management/general
Business insurance	Direct costs to management/general
Software and equipment	Based on payroll allocation percentages
Office supplies	Based on payroll allocation percentages
Travel	Based on payroll allocation percentages
Miscellaneous	Based on payroll allocation percentages

#### 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 of its tax positions and determined that it had no uncertain income tax positions that would require recognition as of December 31, 2023.

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 2021.

#### 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

## Coastal Community Foundation of South Carolina, Inc.

### Notes to Consolidated Financial Statements

December 31, 2023

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

##### New accounting pronouncements:

In June 2016, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2016-13, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, which creates a new credit impairment standard for financial assets measured at amortized cost and certain other instruments. The ASU requires these financial assets to be presented at the net amount expected to be collected, through an allowance for credit losses that are expected to occur over the remaining life of the asset, rather than incurred losses. The ASU requires that credit losses be presented as an allowance rather than as a direct write-down. The measurement of credit losses for newly recognized financial assets and subsequent changes in the allowance for credit losses are recorded in the Consolidated Statements of Activities as the amounts expected to be collected change. The Foundation adopted ASU 2016-13 with a date of initial application of January 1, 2023, and adoption of the ASU did not have a material effect on the consolidated 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 financial position, results of operations or cash flows.

##### Subsequent events:

Management has evaluated subsequent events through August 21, 2024, which is the date the consolidated financial statements were available to be issued.

## Coastal Community Foundation of South Carolina, Inc.

### Notes to Consolidated Financial Statements

December 31, 2023

#### Note 2. Availability and Liquidity

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 December 31, 2023 are comprised of the following:

Assets at period end	<u>\$ 491,099,657</u>
Less amounts not available to be used within one year due to illiquidity:	
Receivables and other assets	(1,594,222)
Life insurance, cash surrender value	(1,642,882)
Loan receivable, program-related – due after one year	(1,388,764)
Property and equipment, net	<u>(4,687,849)</u>
Total	<u>(9,313,717)</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)	(24,575,628)
Other organizations	(23,702,005)
Beneficial interest in split-interest agreements	(5,169,217)
Grants payable, long-term portion, net	(65,815)
Board/donor designations:	
Designated endowed funds, net of spendable amounts and administrative fees	(216,769,200)
Designated partially endowed funds, net of spendable amounts and administrative fees	(4,315,674)
Designated funds for Frances P. Bunnelle Foundation, net of spendable amounts based on the annual budget	<u>(39,939,332)</u>
Assets available to meet cash needs for general expenditures within one year	<u>\$ 167,249,069</u>

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.

## Coastal Community Foundation of South Carolina, Inc.

### Notes to Consolidated Financial Statements

December 31, 2023

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#### Note 3. Credit Risk and Concentrations, Continued

During the year ended December 31, 2023, the Foundation received approximately 62% of its total contributions from three 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 December 31, 2023, these loans approximated \$2,041,000. The loans have various maturity dates through September 2034, and interest rates ranging from 1.63% to 4.5%. Management has reviewed these loans and believes that no allowance for uncollectible accounts is necessary as of December 31, 2023.

Pledges and other receivables – Pledges and other receivables are included in receivables and other assets in the Consolidated Statement of Position. Pledges and other receivables consist of the following at December 31, 2023:

Receivable in less than one year	\$ 549,249
Receivable in one to five years	<u>684,243</u>
Total pledges and other receivables	<u>\$ 1,233,492</u>

#### Note 5. Property and Equipment, Net

Major classifications of property and equipment as of December 31, 2023 are summarized below:

Land	\$ 725,805
Building	4,587,428
Furniture and equipment	<u>518,572</u>
Total	5,831,806
Accumulated depreciation	<u>(1,143,956)</u>
Net property and equipment	<u>\$ 4,687,849</u>

Depreciation expense for the year ended December 31, 2023 was \$244,573.

## Coastal Community Foundation of South Carolina, Inc.

### Notes to Consolidated Financial Statements

December 31, 2023

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#### Note 6. Split-Interest Agreements

The Foundation administers various irrevocable charitable remainder trusts which provide for the payment of distributions to the beneficiaries over the trust's term (usually the designated beneficiary's lifetime). At the end of an irrevocable trust's term, the remaining assets are available for the Foundation's use. The portion of the trust attributable to the present value of the future benefits to be received by the Foundation is recorded as a contribution with donor restrictions in the Consolidated Statement of Activities in the period the trust is established. Contributions of revocable trusts are not recognized as revenue because of the uncertainty of realization. Activity related to split-interest agreements held by the Foundation and Others as of and for the year ended December 31, 2023 is reflected below:

Assets	\$ 5,169,217
Present value of liability due to beneficiaries and remainder	2,611,624
Gain recognized from change in value of split-interest agreements	307,986

#### Note 7. Charitable Gift Annuity

In April 2019, the Foundation received a cash contribution of \$2,770,613 in relation to a new charitable gift annuity to be recorded by the Foundation. The funds were used by the Foundation to purchase a new office building (the "Turnbull building") based on the donor's intent. The Foundation has reported a charitable gift annuity obligation of \$1,372,451 for the year ended December 31, 2023, on the Consolidated Statement of Financial Position.

#### Note 8. Grants Payable, Net

Unconditional grants payable, net, at December 31, 2023 is broken out below.

Payable in less than one year	\$ 309,125
Payable in one to five years	<u>69,500</u>
	378,625
Less discount to present value	<u>(3,685)</u>
Grants payable, net	<u>\$ 374,940</u>

The discount to present value was calculated using the estimated earnings rate 4.89% as of December 31, 2023.

As of December 31, 2023, grants payable to two grantees totaling \$149,000 represented approximately 40% of gross grants payable.

## Coastal Community Foundation of South Carolina, Inc.

### Notes to Consolidated Financial Statements

December 31, 2023

#### Note 9. Net Assets Without Donor Restrictions

A breakdown of the net assets without donor restrictions as of December 31, 2023:

<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	\$ 50,329,342	\$ 86,545,496	\$ 5,282,590	\$ -	\$ 142,157,428
Management	10,500,519	-	5,601,901	43,617,847	59,720,267
Field of interest	94,362,937	43,472,654	2,213,548	-	140,049,139
Designated	45,877,556	8,833,302	2,191,959	-	56,902,817
Scholarships	19,737,056	2,052,479	6,641,165	-	28,430,700
Discretionary	7,370,695	-	89,724	-	7,460,419
Special projects	-	-	525,261	-	525,261
Total	<u>\$ 228,178,105</u>	<u>\$ 140,903,931</u>	<u>\$ 22,546,148</u>	<u>\$ 43,617,847</u>	<u>\$ 435,246,031</u>

#### Note 10. Retirement Plan

The Foundation offers a 401(k) plan to all full-time and part-time employees who are age 21 or older and have completed 90 days of employment. Interns and temporary employees are not eligible. The Foundation makes safe harbor matching contributions of 100% of individual employee contributions up to 5% of compensation. New employees are eligible to enroll the first day of the month after 90 days of employment. Retirement plan expense for the year ended December 31, 2023 was \$158,213.

#### Note 11. 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.



## Coastal Community Foundation of South Carolina, Inc.

### Notes to Consolidated Financial Statements

December 31, 2023

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#### Note 11. Fair Value of Financial Instruments, Continued

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

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques 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 from those used at December 31, 2022.

**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.

**Marketable 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 closing price reported on the active market on which the individual funds are traded.

**Loans receivable** - Stated using amortized cost which approximates fair value.

**Life insurance contracts** - Valued at the cash surrender value of the policy which approximates fair value.

**Assets held in charitable trust agreements** - Individual assets held in charitable gift trusts are valued at the closing price reported on the active market on which the individual securities are traded.

**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.

**Partnerships and hedge funds** - Value is determined by the General Partner in accordance with the partnership or hedge fund 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

December 31, 2023

#### Note 11. 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 December 31, 2023:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money market funds				
held in investment accounts	\$ 43,655,868	\$ -	\$ -	\$ 43,655,868
Mutual funds:				
Equities	202,392,851	-	-	202,392,851
Bonds	84,703,316	-	-	84,703,316
Marketable equity securities	74,184,134	-	-	74,184,134
Other investments:				
Loans receivable	-	-	2,040,707	2,040,707
Real estate	-	-	431,340	431,340
Life insurance contracts	-	1,642,882	-	1,642,882
Assets held in charitable trust agreements held by the Foundation	3,932,064	-	-	3,932,064
Assets held in charitable trust agreements held by Others	<u>805,813</u>	<u>-</u>	<u>-</u>	<u>805,813</u>
Total assets in the fair value hierarchy	<u>\$ 409,674,046</u>	<u>\$ 1,642,882</u>	<u>\$ 2,472,047</u>	413,788,975
Investments measured at NAV (a)				<u>65,910,779</u>
Total assets at fair value				<u>\$ 479,699,754</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 Consolidated Statement of Financial Position.

## Coastal Community Foundation of South Carolina, Inc.

### Notes to Consolidated Financial Statements

December 31, 2023

#### Note 11. 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 year ended December 31, 2023:

	Level 3 Assets		
	Loans Receivable	Real Estate	Total
Fair value as of January 1, 2023	\$ 2,141,244	\$ 578,010	\$ 2,719,254
Net realized/unrealized gains	-	33,330	33,330
Property sold	-	(180,000)	(180,000)
Loan advances	800,000	-	800,000
Loan repayments	(900,537)	-	(900,537)
Fair value as of December 31, 2023	<u>\$ 2,040,707</u>	<u>\$ 431,340</u>	<u>\$ 2,472,047</u>

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 December 31, 2023:

Investment	Fair Value	Unfunded Commitment	Redemption Frequency	Redemption Notice Period
Partnerships (a)	\$ 52,061,271	\$ 20,153,436	3-10 years	Quarterly- no liquidity
Hedge funds (b)	13,849,508	-	1-12 months	45-90 days
Total	<u>\$ 65,910,779</u>	<u>\$ 20,153,436</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

December 31, 2023

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#### Note 11. Fair Value of Financial Instruments, Continued

Net investment income from investments presented in the Consolidated Statement of Activities for year ended December 31, 2023 exclusive of split-interest and gift annuity activity:

Interest and dividends, net of fees	\$ 11,008,765
Net realized and unrealized gains on investments	<u>36,024,261</u>
Investment income, net	<u>\$ 47,033,026</u>

Total investment consulting fees for investment advisory services for the year ended December 31, 2023 was \$328,611.

#### Note 12. Notes Receivable

In October 2022, the Foundation entered into two loan commitment letters for \$250,000 each with a not-for-profit developer, Metanoia, with respect to two affordable housing projects they are developing. The loan commitments were valid until the earlier of the completion of the related project or December 31, 2023. The projects were completed without the Foundation having to advance funds under the loan commitment.

In June 2023, the Foundation entered into a promissory note agreement of \$300,000 with a local business for them to purchase a 25% interest in land to be used for the development of affordable housing. Interest is assessed at an annual rate of 3%. The note requires monthly interest payments to the Foundation starting July 1, 2023. The principal shall be due to the Foundation on the earlier of June 1, 2026 or the sale of the property. The note is secured by the mortgage on the land.

In October 2023, the Foundation entered into an agreement to loan \$500,000 to a non-profit corporation to support projects related to affordable housing and community development. Interest is assessed at an annual rate of 2%. The loan requires the principal and interest to be paid in full at time of maturity on December 31, 2027. The loan is unsecured.

#### Note 13. Subsequent Events

Effective January 1, 2024, Waccamaw Community Foundation separated from the Foundation to renew its status as an independent 501(c)3 nonprofit organization. In 2024 and subsequent years, Waccamaw Community Foundation's financial statements will no longer be included in the Foundation's consolidated financial statements. This resulted in the elimination of \$31.3 million of Net Assets from the Foundation's Consolidated Statement of Financial Position effective January 1, 2024.

## **Supplementary Information**

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

*Consolidating Statement of Financial Position*

*As of December 31, 2023*

	<b>Coastal Community Foundation</b>	<b>Frances P. Bunnelle Foundation</b>	<b>Waccamaw Community Foundation</b>	<b>Eliminations</b>	<b>Consolidated Total</b>
<b>Assets</b>					
Cash and cash equivalents	\$ 3,189,562	\$ 946,401	\$ 981,869	\$ -	\$ 5,117,832
Receivables and other assets	1,473,843	21,359	99,020	-	1,594,222
Investments, at fair value	397,384,101	41,798,029	31,664,818	-	470,846,948
Life insurance, cash surrender value	1,642,882	-	-	-	1,642,882
Beneficial interest in split-interest agreements	5,082,664	-	86,553	-	5,169,217
Loans receivable, program-related	2,040,707	-	-	-	2,040,707
Property and equipment (net of accumulated depreciation of \$1,143,956)	3,143,404	1,121,371	423,074	-	4,687,849
Total assets	<u>\$ 413,957,163</u>	<u>\$ 43,887,160</u>	<u>\$ 33,255,334</u>	<u>\$ -</u>	<u>\$ 491,099,657</u>
<b>Liabilities and Net Assets</b>					
<b>Liabilities</b>					
Accounts payable and other liabilities	\$ 511,350	\$ 122,621	\$ 25,415	\$ -	\$ 659,386
Grants payable, net	189,626	146,692	38,622	-	374,940
Charitable trusts liability	2,579,338	-	32,286	-	2,611,624
Charitable gift annuity payable	1,372,451	-	-	-	1,372,451
Funds managed for:					
Supporting organizations (without CCF majority control)	24,575,628	-	-	-	24,575,628
Other organizations	21,879,090	-	1,822,915	-	23,702,005
Total liabilities	<u>51,107,483</u>	<u>269,313</u>	<u>1,919,238</u>	<u>-</u>	<u>53,296,034</u>
<b>Net assets</b>					
Without donor restrictions:					
Designated for donor advised	128,342,957	-	13,814,471	-	142,157,428
Designated for management	14,458,104	43,617,847	1,644,316	-	59,720,267
Designated for field of interest	138,615,519	-	1,433,620	-	140,049,139
Designated for designated organizations	53,143,739	-	3,759,078	-	56,902,817
Designated for scholarships	19,633,485	-	8,797,215	-	28,430,700
Designated for discretionary	5,627,290	-	1,833,129	-	7,460,419
Designated for special projects	525,261	-	-	-	525,261
Total net assets without donor restrictions	<u>360,346,355</u>	<u>43,617,847</u>	<u>31,281,829</u>	<u>-</u>	<u>435,246,031</u>
With donor restrictions:					
Restricted for charitable trusts - temporary	2,503,325	-	54,267	-	2,557,592
Total net assets with donor restrictions	<u>2,503,325</u>	<u>-</u>	<u>54,267</u>	<u>-</u>	<u>2,557,592</u>
Total net assets	<u>362,849,680</u>	<u>43,617,847</u>	<u>31,336,096</u>	<u>-</u>	<u>437,803,623</u>
Total liabilities and net assets	<u>\$ 413,957,163</u>	<u>\$ 43,887,160</u>	<u>\$ 33,255,334</u>	<u>\$ -</u>	<u>\$ 491,099,657</u>

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

*Consolidating Statement of Activities*

*For the year ended December 31, 2023*

	<b>Coastal Community Foundation</b>	<b>Frances P. Bunnelle Foundation</b>	<b>Waccamaw Community Foundation</b>	<b>Eliminations</b>	<b>Consolidated Total</b>
<b>Revenues, gains and other support</b>					
Contributions	\$ 50,119,300	\$ 124,815	\$ 5,376,666	\$ -	\$ 55,620,781
Less contributions received for other organizations	<u>(2,586,384)</u>	<u>-</u>	<u>(27,111)</u>	<u>-</u>	<u>(2,613,495)</u>
Net contributions	47,532,916	124,815	5,349,555	-	53,007,286
Investment income, net	38,247,281	5,665,150	3,120,595	-	47,033,026
Change in value of split-interest agreements	303,859	-	4,127	-	307,986
Change in value of gift annuity	(54,733)	-	-	-	(54,733)
Increase in life insurance, cash surrender value	90,799	-	-	-	90,799
Rental income	79,030	-	-	-	79,030
Other income	428,872	201	101	-	429,174
Administrative fees	4,047,390	-	497,076	(214,855)	4,329,611
Total revenues, gains and other support	<u>90,675,414</u>	<u>5,790,166</u>	<u>8,971,454</u>	<u>(214,855)</u>	<u>105,222,179</u>
<b>Expenses</b>					
Grants made	22,159,880	1,899,379	3,030,643	-	27,089,902
Less grants made for other organizations	<u>(1,174,298)</u>	<u>-</u>	<u>(101,633)</u>	<u>-</u>	<u>(1,275,931)</u>
Net grants made	20,985,582	1,899,379	2,929,010	-	25,813,971
Grants program expenses	869,041	188,176	183,267	-	1,240,484
Total grants expenses	21,854,623	2,087,555	3,112,277	-	27,054,455
Other program expenses	3,869,250	973,736	105,007	-	4,947,993
Total program expenses	25,723,873	3,061,291	3,217,284	-	32,002,448
Management and general	5,223,592	340,887	640,262	(214,855)	5,989,886
Fundraising and development	1,027,576	-	141,695	-	1,169,271
Total expenses	<u>31,975,041</u>	<u>3,402,178</u>	<u>3,999,241</u>	<u>(214,855)</u>	<u>39,161,605</u>
Increase in net assets before transfers	58,700,373	2,387,988	4,972,213	-	66,060,574
Interfund transfers, net	<u>(11,940)</u>	<u>19,000</u>	<u>(29,895)</u>	<u>-</u>	<u>(22,835)</u>
Increase in net assets	58,688,433	2,406,988	4,942,318	-	66,037,739
<b>Net assets, beginning of year</b>	304,161,247	41,210,859	26,393,778	-	371,765,884
<b>Net assets, end of year</b>	<u>\$ 362,849,680</u>	<u>\$ 43,617,847</u>	<u>\$ 31,336,096</u>	<u>\$ -</u>	<u>\$ 437,803,623</u>