

AUDITED FINANCIAL STATEMENTS

EASTERN CAROLINA COMMUNITY FOUNDATION
Florence, South Carolina

December 31, 2021

CONTENTS

Audited Financial Statements

Independent Auditors' Report	Page	3
Statements of Financial Position.....		5
Statements of Activities		6
Statements of Cash Flows		7
Statement of Functional Expenses – December 31, 2021.....		8
Statement of Functional Expenses – December 31, 2020.....		9
Notes to Financial Statements.....		10

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Eastern Carolina Community Foundation
Florence, South Carolina

Opinion

We have audited the accompanying financial statements of Eastern Carolina Community Foundation (a nonprofit organization), which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, cash flows and functional expenses for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Eastern Carolina Community Foundation, as of December 31, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Eastern Carolina Community Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 judgement made by a reasonable user based on the financial statements.

Auditor's Responsibilities for the Audit of the Financial Statements--Continued

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 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 Eastern Carolina Community 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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Eastern Carolina Community 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.

Burch, Oxner, Seale Co., CPAs, PA

Florence, South Carolina

August 30, 2022

Eastern Carolina Community Foundation

Statements of Financial Position

	December 31,	
	<u>2021</u>	<u>2020</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 339,894	\$ 216,765
Investments--Note B	17,360,224	13,093,833
Prepaid expenses	10,730	1,509
Property and equipment, net--Note C	<u>3,851</u>	<u>4,517</u>
TOTAL ASSETS	<u><u>\$ 17,714,699</u></u>	<u><u>\$ 13,316,624</u></u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 4,127	\$ 1,383
Line of credit--Note G	-	15,900
Current maturities of long-term debt--Note H	-	11,400
Funds held for others - agency funds	<u>10,564,864</u>	<u>6,812,078</u>
TOTAL CURRENT LIABILITIES	<u>10,568,991</u>	<u>6,840,761</u>
LONG-TERM DEBT , less current maturities--Note H	<u>-</u>	<u>4,699</u>
	<u>10,568,991</u>	<u>6,845,460</u>
NET ASSETS		
NET ASSETS		
Without restrictions		
Foundation Funds--Note E	7,029,053	6,414,734
Administrative Funds	<u>116,655</u>	<u>56,430</u>
TOTAL NET ASSETS	<u>7,145,708</u>	<u>6,471,164</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 17,714,699</u></u>	<u><u>\$ 13,316,624</u></u>

See notes to financial statements.

Eastern Carolina Community Foundation

Statements of Activities

	Year Ended December 31,	
	<u>2021</u>	<u>2020</u>
REVENUES		
Contributions	\$ 871,879	\$ 1,799,032
Investment income, net	586,288	729,895
Other income	<u>16,103</u>	<u>7</u>
TOTAL REVENUES	<u>1,474,270</u>	<u>2,528,934</u>
EXPENSES		
Grants	630,942	321,424
Salaries and benefits	71,265	52,878
Professional and administrative fees	30,334	24,392
Supplies and other	55,907	26,291
Fundraising	9,818	3,924
Interest	794	831
Depreciation	<u>666</u>	<u>144</u>
TOTAL EXPENSES	<u>799,726</u>	<u>429,884</u>
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	674,544	2,099,050
Net assets without donor restrictions at beginning of year	<u>6,471,164</u>	<u>4,372,114</u>
NET ASSETS WITHOUT DONOR RESTRICTIONS AT END OF YEAR	<u>\$ 7,145,708</u>	<u>\$ 6,471,164</u>

See notes to financial statements.

Eastern Carolina Community Foundation

Statements of Cash Flows

	Year Ended December 31,	
	<u>2021</u>	<u>2020</u>
CASH FLOW FROM OPERATING ACTIVITIES:		
Increase in net assets	\$ 674,544	\$ 2,099,050
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	666	144
Net realized and unrealized gains on investments	(664,316)	(832,160)
Forgiveness of paycheck protection program (PPP) loan	(16,099)	-
Increase in prepaid expenses	(9,221)	(1,509)
Increase in accounts payable and accrued expenses	2,744	427
Increase in funds managed for other organizations	<u>3,752,786</u>	<u>1,031,580</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>3,741,104</u>	<u>2,297,532</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	-	(4,661)
Net purchases and sales of investments	<u>(3,602,075)</u>	<u>(2,210,630)</u>
NET CASH USED BY INVESTING ACTIVITIES	<u>(3,602,075)</u>	<u>(2,215,291)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net proceeds (payments) from line of credit	(15,900)	114
Proceeds from long-term debt	<u>-</u>	<u>16,099</u>
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	<u>(15,900)</u>	<u>16,213</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	123,129	98,454
Beginning cash and cash equivalents	<u>216,765</u>	<u>118,311</u>
ENDING CASH AND CASH EQUIVALENTS	<u>\$ 339,894</u>	<u>\$ 216,765</u>
Supplemental Data:		
Interest paid	<u>\$ 794</u>	<u>\$ 831</u>

See notes to financial statements.

Eastern Carolina Community Foundation
Statement of Functional Expenses
Year Ended December 31, 2021

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Grants	\$ 630,942	\$ -	\$ -	\$ 630,942
Salaries and benefits	-	35,632	35,633	71,265
Professional and administrative fees	-	30,334	-	30,334
Supplies and other	-	55,907	-	55,907
Fundraising	-	-	9,818	9,818
Interest	-	794	-	794
	<hr/>	<hr/>	<hr/>	<hr/>
Expenses before depreciation	630,942	122,667	45,451	799,060
Depreciation	-	666	-	666
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenses	<u>\$ 630,942</u>	<u>\$ 123,333</u>	<u>\$ 45,451</u>	<u>\$ 799,726</u>

See notes to financial statements.

Eastern Carolina Community Foundation
Statement of Functional Expenses
Year Ended December 31, 2020

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Grants	\$ 321,424	\$ -	\$ -	\$ 321,424
Salaries and benefits	-	26,439	26,439	52,878
Professional and administrative fees	-	24,392	-	24,392
Supplies and other	-	26,291	-	26,291
Fundraising	-	-	3,924	3,924
Interest	-	831	-	831
	<hr/>	<hr/>	<hr/>	<hr/>
Expenses before depreciation	321,424	77,953	30,363	429,740
Depreciation	-	144	-	144
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenses	<u>\$ 321,424</u>	<u>\$ 78,097</u>	<u>\$ 30,363</u>	<u>\$ 429,884</u>

See notes to financial statements.

Eastern Carolina Community Foundation

Notes to Financial Statements

December 31, 2021 and 2020

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Operation

Eastern Carolina Community Foundation (the Foundation) is a nonprofit organization founded in 2006 established to meet the changing needs of the Pee Dee. The purpose of the Foundation is to serve the needs and interests of the residents of Chesterfield, Darlington, Dillon, Florence, Marlboro, Marion and Williamsburg counties.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting. Under the accrual basis of accounting, revenue and related assets are recognized when earned, and expenses are recognized when the obligation is incurred.

Basis of Presentation

The Foundation is required to report information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions. A description of the two net asset categories follows:

- Without donor restrictions net assets - net assets that are not subject to donor-imposed restrictions, as well as funds designated for specific purposes by action of the Board of Directors.
- With donor restrictions net assets - net assets subject to donor-imposed restrictions, including underwater endowments that may or will be met either by actions of the Foundation and/or the passage of time. When a restriction expires, with donor restrictions net assets are reclassified to without donor restrictions net assets and reported in the statement of activities as net assets released from restrictions.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. The actual outcome of the estimates could differ from the estimates made in the preparation of the financial statements.

Cash and Cash Equivalents

Cash and cash equivalents consist of bank demand deposits and short-term, highly liquid investments which are readily convertible to cash within ninety days of purchase. For the statement of cash flows, the Foundation considers all unrestricted with an initial maturity of three months or less to be cash equivalents.

Investments

Investments are carried at estimated fair value on the statement of financial position. Fair values of investments are estimated based on quoted market prices where available. Investments consist of shares of registered investment companies (mutual funds). Realized gains and losses on dispositions are based on the net proceeds and the adjusted cost of the investments sold using the average cost of the investments sold. Unrealized gains and losses are included in the change in net assets in the statements of activities.

Eastern Carolina Community Foundation

Notes to Financial Statements--Continued

December 31, 2021 and 2020

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES--Continued

Property and Equipment

Property and equipment are recorded at cost less accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Maintenance and repairs are expensed as incurred.

Donations of property and equipment are recorded as contributions at fair value at the date of donation. Such donations are reported as increases in net assets without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are recorded as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Foundation reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Foundation reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

Contributions

Unconditional donor promises to give cash and other assets are reported at fair value at the date there is sufficient verifiable evidence documenting that a promise was made by the donor and received by the Foundation. The promises are reported as restricted support if received with donor stipulations that sufficiently limit the use of the donated assets.

When a donor 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 are reported on the statement of activities as net assets released from restrictions.

Income Taxes

The Foundation is exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code and therefore has made no provision for federal income taxes in the accompanying financial statements. In addition, the Foundation has been determined by the Internal Revenue Service not to be a "private foundation" within the meaning of Section 509(a) of the Internal Revenue Code. The Foundation incurred no unrelated business income for the year ended December 31, 2021 and 2020.

The Foundation files income tax returns in the U.S. federal jurisdiction and the state of South Carolina.

Because the Foundation is exempt from taxation under Internal Revenue Code 501(c)(3), the Foundation is generally not exposed to interest and penalties related to income taxes. When applicable, the Foundation recognizes interest and penalties paid related to tax obligations and benefits in management and general expenses.

Revenue Recognition

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. The Foundation accounts for its contributions per Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) 720-25. In accordance with FASB ASC 720-25, contributions received are recorded as net assets without donor restrictions and net assets with donor restrictions support depending on the existence and/or nature of any donor restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their

Eastern Carolina Community Foundation

Notes to Financial Statements--Continued

December 31, 2021 and 2020

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES--Continued

Revenue Recognition - - Continued

use is restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on net assets (i.e. the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

Investment income is invested for various funds and organizations. The revenue from investment income comes from dividends, interest, unrealized and realized gains and losses on investments.

We recognize contributions when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and right of return, are not recognized until the conditions on which they depend have been substantially met.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefitted.

Credit and Market Risk

Financial instruments that potentially expose the Foundation to concentrations of credit and market risk consist primarily of cash and cash equivalents, marketable securities, and alternative investments. Cash and cash equivalents are maintained at financial institutions whose deposits are insured by the Federal Deposit Insurance Corporation up to \$250,000 or the Securities Investors Protection Corporation up to \$500,000. Certain accounts are also covered by the financial institutions' additional insurance for account balances in excess of \$500,000. Deposits may at times exceed the federally insured limits, and credit exposure is limited to deposits at any one institution in excess of this limit. The Foundation has not experienced any losses on its cash and cash equivalents. Uninsured cash balances as of December 31, 2021 and 2020, were approximately \$97,952 and \$285,179. 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.

Funds Held for Others

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

Donated Assets

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

Donated Services

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

Eastern Carolina Community Foundation

Notes to Financial Statements--Continued

December 31, 2021 and 2020

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES--Continued

Net Assets

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

Spending Policy

The Foundation has adopted a policy whereby it limits the amount of spending that may be utilized for grant purposes from endowments to a range of 3% to 6% (3.5% in 2021 and 2020) of the average daily balance of investments over the prior twenty quarters. However, in no event shall the distribution exceed 3.0% of the average daily balance of the last quarter. This policy enables the Foundation to preserve and strengthen its investment base for the future.

NOTE B - FAIR VALUE OF FINANCIAL INSTRUMENTS

Accounting principles generally accepted in the United States of America provide a framework for measuring fair value (FASB ASC 820). 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 under FASB ASC 820 are described below:

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

Level 2 Inputs to the valuation methodology include:

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

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

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

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

Eastern Carolina Community Foundation

Notes to Financial Statements--Continued

December 31, 2021 and 2020

NOTE B - FAIR VALUE OF FINANCIAL INSTRUMENTS--Continued

Following is a description of the valuation methodologies used for assets measured at fair value:

- *Shares of registered investment companies:* Valued at net asset value (NAV) of shares held by the Foundation at year end.
- *Money Market Funds:* Value based on inputs derived from observable market data based on US currency.

The method described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future 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 set forth by level, within the fair value hierarchy, the Foundation's assets at fair value as of December 31, 2021:

	<u>Assets at Fair Value as of December 31, 2021</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Shares of registered investment companies	\$ 17,359,534	\$ -	\$ -	\$ 17,359,534
Money Market Funds	-	690	-	690
Total assets at fair value	<u>\$ 17,359,534</u>	<u>\$ 690</u>	<u>\$ -</u>	<u>\$ 17,360,224</u>

The following table set forth by level, within the fair value hierarchy, the Foundation's assets at fair value as of December 31, 2020:

	<u>Assets at Fair Value as of December 31, 2020</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Shares of registered investment companies	\$ 12,799,330	\$ -	\$ -	\$ 12,799,330
Money Market Funds	-	294,503	-	294,503
Total assets at fair value	<u>\$ 12,799,330</u>	<u>\$ 294,503</u>	<u>\$ -</u>	<u>\$ 13,093,833</u>

Eastern Carolina Community Foundation

Notes to Financial Statements--Continued

December 31, 2021 and 2020

NOTE C - PROPERTY AND EQUIPMENT

Property and equipment consist of the following as of December 31:

	<u>2021</u>	<u>2020</u>
Leasehold improvements	\$ 3,011	\$ 3,011
Furniture, fixtures and equipment	<u>7,172</u>	<u>7,172</u>
	10,183	10,183
Less: accumulated depreciation	<u>6,332</u>	<u>5,666</u>
	<u>\$ 3,851</u>	<u>\$ 4,517</u>

NOTE D - LEASE OBLIGATIONS

Effective November 1, 2011, the Foundation began renting office space in a building from a third party. Under the terms of the lease agreement, the Foundation is required to pay monthly rent equal to one-half of the common area maintenance expenses of the building. The original lease terminated on October 31, 2013, and the Foundation exercised the third of three renewal options for an additional two-year period. Estimated future minimum lease payments under this lease as of December 31, 2021, are as follows:

Year Ending December 31,

2022	<u>\$ 6,900</u>
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Total rent expense during the year ended December 31, 2021 and 2020 was \$13,495 and \$7,500, respectively.

NOTE E - FUND CLASSIFICATION

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

Foundation Funds

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

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

Scholarship – Scholarship funds are available for the purpose of providing scholarships for high school and college students

Eastern Carolina Community Foundation

Notes to Financial Statements--Continued

December 31, 2021 and 2020

NOTE E - FUND CLASSIFICATION - Continued

Foundation Funds--Continued

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

Green Leaf – Green Leaf funds grow over time from their first “green leaf” donation of at least \$1,000 until they reach full size in five years.

Management Endowment – Management Endowment funds are designated for 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.”

Administrative Funds

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

Additional Information

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

Listing of Net Assets Without Donor Restrictions – Foundation Funds

A breakdown of the net assets without donor restrictions – Foundation funds for the year ended December 31, 2021, follows:

<u>Fund Type</u>	<u>December 31, 2021</u>		
	<u>Endowed</u>	<u>Non-Endowed</u>	<u>Total</u>
Discretionary	\$ -	\$ 3,502	\$ 3,502
Donor advised	5,611,625	42,366	5,653,991
Scholarship	501,074	-	501,074
Designated	813,912	602	814,514
Green Leaf	-	5,762	5,762
Management	50,210	-	50,210
Total	<u>\$ 6,976,821</u>	<u>\$ 52,232</u>	<u>\$ 7,029,053</u>

Eastern Carolina Community Foundation

Notes to Financial Statements--Continued

December 31, 2021 and 2020

NOTE E - FUND CLASSIFICATION - Continued

A breakdown of the net assets without donor restrictions – Foundation funds for the year ended December 31, 2020, follows:

Fund Type	December 31, 2020		
	Endowed	Non-Endowed	Total
Discretionary	\$ -	\$ 10,524	\$ 10,524
Donor advised	5,355,519	84,620	5,440,139
Scholarship	273,998	-	273,998
Designated	637,898	358	638,256
Green Leaf	-	5,612	5,612
Management	46,205	-	46,205
Total	\$ 6,313,620	\$ 101,114	\$ 6,414,734

NOTE F - INTERNAL FEES CHARGED TO FUNDS

The Foundation enters into agreements with donors when a fund is established that includes an internal administrative fee. The current fee schedules range from 1% to 1.5% of annual average daily balance of the market value of the fund based on the type of fund and services required. Green Leaf Funds is \$100 annual fee, assessed as \$25 per quarter.

NOTE G - LINE OF CREDIT

The Foundation has a \$20,000 line of credit with a bank to be drawn as needed through November 30, 2022. The line carries an interest rate of 5.25% and is unsecured as of December 31, 2021 and 2020. Under the terms of this agreement, the Foundation agreed to make monthly interest payments with the entire principal amount plus all accrued interest due and payable at terms end. As of December 31, 2021 and 2020, \$0 and \$15,900 of the line of credit had been drawn down.

NOTE H - NOTES PAYABLE

	December 31,	
	<u>2021</u>	<u>2020</u>
In April 2020, the Foundation received a Paycheck Protection Program (PPP) loan as provided under the CARES (Coronavirus Aid, Relief, and Economic Security) Act, and administered by the federal Small Business Administration (SBA) in the amount of \$16,099. This loan bears interest at 1.0% and is repayable over a specified period depending on the timing of the loan, financial institution used, and the CARES Act guidance. The loan was forgiven.	\$ -	\$ 16,099
	-	16,099
Less current portion	-	11,400
	<u>\$ -</u>	<u>\$ 4,699</u>

Eastern Carolina Community Foundation

Notes to Financial Statements--Continued

December 31, 2021 and 2020

NOTE I - LIQUIDITY

The following chart represents the Foundation's financial assets available to meet cash needs for general expenditures within one year of December 31, 2021. Amounts not available for expenditure within one year include long-term investment of endowment funds and investments subject to contractual restriction.

Financial assets at year-end*	
Cash and cash equivalents	\$ 339,894
Investments	<u>17,360,224</u>
Total financial assets	<u>17,700,118</u>
Funds held for others - agency funds	<u>(10,564,864)</u>
Financial assets available to meet cash needs for general expenditures	<u>\$ 7,135,254</u>

* Total assets, less nonfinancial assets (e.g. real property)

As part of the Foundation's liquidity management, it structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Foundation invests cash in excess of daily requirements in short-term investments.

NOTE J - CONTINGENCIES

In December 2019, a novel strain of coronavirus was reported in Wuhan, China. The World Health Organization has declared the outbreak to constitute a "Public Health Emergency of International Concern." The COVID-19 outbreak is disrupting supply chains and affecting production and sales across a range of industries. The extent of the impact of COVID-19 on the Foundation's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on the Foundation's donors, employees, and vendors, all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact the Foundation's financial condition or results of operations is uncertain.

The Foundation has obtained funding through the Small Business Administration (SBA) to assist the Company during the COVID-19 pandemic. This funding is detailed in Note H above.

NOTE K - SUBSEQUENT EVENTS

Subsequent events have been evaluated through the financial statements date and up to the date the financial statements were available to be issued.