

Greenville Area Community Foundation

Financial Statements

December 31, 2019 and 2018



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Independent Auditors' Report

Management and the Board of Trustees
Greenville Area Community Foundation
Greenville, Michigan

We have audited the accompanying financial statements of the Greenville Area Community Foundation, which comprise the statement of financial position as of December 31, 2019 and 2018, and the related statements of activities, cash flows and functional expenses for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Greenville Area Community Foundation as of December 31, 2019 and 2018, and the changes in its net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

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

Yeo & Yeo, P.C.

Alma, Michigan
March 27, 2020

Greenville Area Community Foundation
Statement of Financial Position
December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Assets		
Current assets		
Cash and cash equivalents	\$ 364,511	\$ 417,212
Promises to give, current portion	55,000	82,400
Note receivable	-	283,847
Total current assets	<u>419,511</u>	<u>783,459</u>
Noncurrent assets		
Investments	38,887,109	31,346,385
Beneficial interests in trust	-	532,438
Promises to give, net of current portion	100,000	155,300
Life insurance - cash surrender value	124,181	100,540
Property and equipment, net of accumulated depreciation	<u>168,138</u>	<u>167,567</u>
Total noncurrent assets	<u>39,279,428</u>	<u>32,302,230</u>
Total assets	<u>\$ 39,698,939</u>	<u>\$ 33,085,689</u>
Liabilities and Net Assets		
Current liabilities		
Payroll tax withholdings	\$ 1,862	\$ 6,206
Grants payable	<u>1,660,532</u>	<u>1,647,794</u>
Total current liabilities	<u>1,662,394</u>	<u>1,654,000</u>
Assets held for others (agency)	<u>725,733</u>	<u>667,535</u>
Total liabilities	<u>2,388,127</u>	<u>2,321,535</u>
Net assets		
Without donor restrictions	37,036,631	29,924,376
With donor restrictions	<u>274,181</u>	<u>839,778</u>
Total net assets	<u>37,310,812</u>	<u>30,764,154</u>
Total liabilities and net assets	<u>\$ 39,698,939</u>	<u>\$ 33,085,689</u>

See Accompanying Notes to the Financial Statements

Greenville Area Community Foundation
Statement of Activities
Years Ended December 31, 2019 and 2018

	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, gains (losses) and other support						
Contributions	\$ 925,486	\$ 23,641	\$ 949,127	\$ 412,034	\$ 209,181	\$ 621,215
Administrative fees	5,097	-	5,097	5,035	-	5,035
Change in value of beneficial interest	-	-	-	-	(36,006)	(36,006)
Special event	7,900	-	7,900	8,900	-	8,900
Less: costs of direct benefit to donors	(4,376)	-	(4,376)	(5,550)	-	(5,550)
Funds transferred from agency to endowment	1,455	-	1,455	266	-	266
Net investment return (loss)	7,006,815	-	7,006,815	(2,319,292)	-	(2,319,292)
 Total revenues, gains (losses) and other support	 7,942,377	 23,641	 7,966,018	 (1,898,607)	 173,175	 (1,725,432)
 Net assets released from restrictions						
Restrictions satisfied by payments and time	589,238	(589,238)	-	23,700	(23,700)	-
 Expenses						
Program services						
Grants	1,112,250	-	1,112,250	1,463,723	-	1,463,723
Other program services	350	-	350	1,048	-	1,048
Management and general	247,444	-	247,444	226,601	-	226,601
Fundraising	59,316	-	59,316	54,457	-	54,457
 Total expenses	 1,419,360	 -	 1,419,360	 1,745,829	 -	 1,745,829
 Change in net assets	 7,112,255	 (565,597)	 6,546,658	 (3,620,736)	 149,475	 (3,471,261)
 Net assets - beginning of the year	 29,924,376	 839,778	 30,764,154	 33,545,112	 690,303	 34,235,415
 Net assets - end of the year	 \$ 37,036,631	 \$ 274,181	 \$ 37,310,812	 \$ 29,924,376	 \$ 839,778	 \$ 30,764,154

See Accompanying Notes to the Financial Statements

Greenville Area Community Foundation
Statement of Cash Flows
Years Ended December 31, 2019 and 2018

	2019	2018
Cash flows from operating activities		
Cash received from contributors	\$ 1,587,748	\$ 591,367
Interest and dividends received	883,147	791,098
Grants paid	(1,181,525)	(1,125,335)
Payments for payroll	(236,429)	(208,205)
Payments for investment fees	(37,509)	(37,507)
Payments to vendors	(70,759)	(69,958)
	944,673	(58,540)
Cash flows from investing activities		
Purchase of property and equipment	(9,213)	(8,510)
Collections on note receivable	283,847	278,241
Proceeds from sale of investments	1,008,105	868,090
Purchases of investments	(2,280,113)	(1,957,004)
	(997,374)	(819,183)
Net cash flows used by investing activities		
	(52,701)	(877,723)
Change in cash and cash equivalents		
Cash and cash equivalents - beginning of the year	417,212	1,294,935
Cash and cash equivalents - end of the year	\$ 364,511	\$ 417,212

See Accompanying Notes to the Financial Statements

Greenville Area Community Foundation
Statement of Functional Expenses
Years Ended December 31, 2019 and 2018

	2019				2018			
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
Grants	\$ 1,112,250	\$ -	\$ -	\$ 1,112,250	\$ 1,463,723	\$ -	\$ -	\$ 1,463,723
Payroll								
Salaries and wages	-	157,354	52,452	209,806	-	141,970	47,323	189,293
Employee benefits	-	4,526	1,509	6,035	-	4,147	1,382	5,529
Payroll taxes	-	12,183	4,061	16,244	-	11,003	3,668	14,671
Total payroll	-	174,063	58,022	232,085	-	157,120	52,373	209,493
Office-related expenses								
Postage and shipping	-	1,570	-	1,570	-	2,316	-	2,316
Supplies and office expense	-	6,336	-	6,336	-	5,986	-	5,986
Telephone	-	463	-	463	-	553	-	553
Total office-related expenses	-	8,369	-	8,369	-	8,855	-	8,855
Other expenses								
Conferences	-	1,682	-	1,682	-	1,696	-	1,696
Depreciation	-	8,642	-	8,642	-	8,508	-	8,508
Donor relations	-	-	1,294	1,294	-	-	2,084	2,084
Dues and subscriptions	-	6,243	-	6,243	-	5,823	-	5,823
Insurance	-	3,104	-	3,104	-	3,698	-	3,698
Meetings	-	1,745	-	1,745	-	1,301	-	1,301
Miscellaneous	350	5,034	-	5,384	1,048	6,599	-	7,647
Printing and publicity	-	6,478	-	6,478	-	3,303	-	3,303
Professional service fees	-	21,189	-	21,189	-	19,244	-	19,244
Repairs and maintenance	-	1,496	-	1,496	-	1,737	-	1,737
Travel expenses	-	1,930	-	1,930	-	1,801	-	1,801
Utilities	-	7,469	-	7,469	-	6,916	-	6,916
Total other expenses	350	65,012	1,294	66,656	1,048	60,626	2,084	63,758
Total expenses	\$ 1,112,600	\$ 247,444	\$ 59,316	\$ 1,419,360	\$ 1,464,771	\$ 226,601	\$ 54,457	\$ 1,745,829

See Accompanying Notes to the Financial Statements

Greenville Area Community Foundation
Notes to the Financial Statements
December 31, 2019 and 2018

Note 1 - Nature of Activities and Significant Accounting Policies

The Greenville Area Community Foundation (“the Foundation”) is a collection of local funds given by individuals, corporations, and foundations to enhance and support the quality of life for all the people in the Greenville area.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Basis of Presentation

Net assets, revenues, gains and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net assets without donor restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for a board-designated endowment.

Net assets with donor restrictions – Net assets subject to donor (or certain grantor) imposed restrictions. Some donor imposed restrictions are temporarily in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. The Foundation does not have any net assets whereby the donor imposed restriction is perpetual in nature as of December 31, 2019 and 2018.

The Foundation reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor restricted contributions are

reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified in the statement of activities as net assets released from restrictions.

Fund Accounting

The Foundation has determined that the use of fund accounting to segregate assets, liabilities, net assets, income and expenses although not required by accounting principles generally accepted in the United States of America, is a meaningful practice to continue for internal purposes only. The financial activities of the Foundation are recorded in separate internal funds, described as follows:

Operating Fund

This fund includes resources that represent the portion of expendable funds available for support of Foundation operations and funds expended for equipment.

Pass Through Funds

Pass Through Funds are used to account for assets held by the Foundation that are not endowed, but will be expended in their entirety on a specific project or for a specific cause.

Endowment Funds

This fund consists of funds that have been established by a gift instrument describing either the general or specific purpose for which grants from the individual funds are to be made. The individual funds have been classified and reported as follows:

Discretionary - funds over which the Board has discretionary control and are available for grant making and other purposes.

Agency Endowments - funds restricted by donors to support specific charitable organizations.

Field-of-Interest - funds established to benefit specific but broadly defined, charitable purpose.

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Donor Advised - funds established whereby the donor suggests specific organizations to benefit from the fund. Such donor recommendations are not binding and the Foundation reserves the right to make the final decisions on distributions from such a fund.

Designated - funds established to support a specific community project.

Scholarship - funds established to provide scholarships to individuals.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Foundation considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Concentrations of Credit Risk

As of December 31, 2019, \$99,763 of the \$349,763 cash bank balance was uninsured by the Federal Deposit Insurance Corporation (FDIC).

Beneficial Interests in Trust

The Foundation is a beneficiary of a charitable remainder unitrust. The beneficial interest is measured and reported at the present value of estimated future cash flows expected to be realized by the Foundation using a four year average rate of return of 3.44% for the year ended December 31, 2018. Changes in value each year are reported in the statement of activities. During the 2019 fiscal year, the grantor of this unitrust passed away, and the Foundation received full distribution of the fund's assets.

Promises to Give

Promises to give have been recorded as current or noncurrent assets, depending upon their maturity, and include all amounts pledged to the Foundation. Based upon the nature and reputation of donors, as well as past collection history, pledges are all considered

collectible. No amounts were written off for the years ending December 31, 2019 and 2018.

Investments

Investments are stated at fair value. Donated investments are reflected as contributions at their fair values at date of receipt. Investment income is reported net of direct investment expenses.

Life Insurance – Cash Surrender Value

The Foundation is listed as the beneficiary of a donor's life insurance policy. The cash surrender value of the policy is recorded in the statement of financial position. The initial recording was recorded as a contribution, and subsequent increases in value are recorded as a contribution.

Property and Equipment

Acquired assets are stated at cost and donated assets at fair market value at the time of donation. The Foundation has a \$1,000 capitalization policy. The straight-line method of depreciation is used. Following are the useful lives used to depreciate each category:

Land improvements	3 - 5 years
Building and improvements	10 - 40 years
Furniture and equipment	5 - 15 years

Major improvements are capitalized while ordinary maintenance and repairs are expensed.

Grants Payable

Grants are recognized as liabilities at the time the Board or committees authorize the expenditures, regardless of the year in which the grant is paid. Grants authorized are subject to the spending policy limitations.

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Assets Held for Others

The Foundation has entered into exchange transactions with other not-for-profit organizations and as a result, assets held for others are included in the agency endowment funds. The agency endowment fund agreements between the Foundation and the organizations allow for distributions per the spending policy of the Foundation. The resources received under these agreements are not considered contributions to the Foundation and, therefore, have been classified as a liability.

Functional Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The expenses that are allocated and the method of allocation include the following:

Expense	Method and Allocation
Salaries and wages	Time and effort
Employee benefits	Time and effort
Payroll taxes	Time and effort

Income Tax Status

The Internal Revenue Service has ruled that the Foundation is qualified under Section 501(c)(3) of the Internal Revenue Code and is, therefore, not subject to tax under present federal income tax laws, and also is not a private foundation under the meaning of Section 509(a)(1) of the code. The Foundation files information returns in the U.S. Federal jurisdiction.

Risks and Uncertainties

The Foundation invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position.

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 and disclosures. Accordingly, actual results could differ from those estimates.

Subsequent Events

Management has evaluated subsequent events through March 27, 2020, which is the date the financial statements were available to be issued.

Greenville Area Community Foundation
Notes to the Financial Statements
December 31, 2019 and 2018

Note 2 - Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

	<u>2019</u>	<u>2018</u>
Cash and cash equivalents	\$ 364,511	\$ 417,212
Promises to give	155,000	237,700
Note receivable	-	283,847
Investments	38,887,109	31,346,385
Beneficial interests in trust	-	532,438
	<u>39,406,620</u>	<u>32,817,582</u>
Total financial assets - end of year		
Less: financial assets unavailable for general expenditures within one year, due to:		
Receivables due in more than 1 year	(100,000)	(687,738)
Board designated endowment, net spendable portion	(35,203,743)	(28,803,562)
Assets held for others (agency)	(725,733)	(667,535)
	<u>3,377,144</u>	<u>2,658,747</u>
Financial assets available to meet cash needs for general expenditures within one year		

The Foundation's board designated endowment is subject to an annual spending rate of 6% of the average of 12 rolling quarters up to the December 31st balance of the prior year. Although the Foundation does not intend to spend from the board designated endowment, these amounts could be made available, if necessary, to cover any unexpected expenses above the normal amount appropriated for general expenditures as part of the annual operating budget and grant making budget.

The Foundation has a policy in place on maintaining administrative fund balance, and the grant making policies and procedures allow adequate time to liquidate assets should the need arise. The Foundation's investment policy statement states 80% allocation to equity, therefore, a minimum of 80% of the investment assets have same day liquidity, if needed. If necessary, the board would have to

approve any need above and beyond normal expenditures already approved in the annual budgets, for both operating and grant making.

Note 3 - Investments

Fair value of investments is summarized as follows at December 31:

	<u>2019</u>	<u>2018</u>
Mutual funds - fixed income	\$ 7,704,182	\$ 6,864,124
Mutual funds - domestic stock	19,084,324	14,971,897
Mutual funds - international stock	11,764,655	9,287,075
Money market funds	333,948	223,289
	<u>\$ 38,887,109</u>	<u>\$ 31,346,385</u>

Note 4 - Promises to Give

The Foundation expects promises to give to be collected as follows:

<u>Year Ending December 31,</u>	
2020	\$ 55,000
2021	50,000
2022	50,000
	<u>\$ 155,000</u>

Pledges receivable are presented in the statement of financial position for 2019 as follows:

Promises to give, current portion	\$ 55,000
Promises to give, net of current portion	100,000
	<u>\$ 155,000</u>

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Note 5 - Note Receivable

The Foundation was assigned a note receivable by a donor, collectable from a local business. The face amount of the note at the time of assignment was \$2,180,790. The note matured December 15, 2019 and had a 2% interest rate. All of the assets of the local business served as collateral. The note was paid in full during the 2019 fiscal year.

Note 6 - Property and Equipment

Property and equipment is comprised of the following at December 31:

	2019	2018
Land	\$ 60,000	\$ 60,000
Land improvements	4,932	4,932
Building and improvements	128,335	128,335
Furniture and equipment	22,759	19,211
Less: accumulated depreciation	(47,888)	(44,911)
	<u>\$ 168,138</u>	<u>\$ 167,567</u>

Note 7 - Assets Held for Other (Agency)

The Foundation has adopted guidance to record transfers of assets to a not-for-profit organization that holds contributions for others. Accounting standards have specific requirements for transactions in which a community foundation accepts a contribution from a donor and agrees to transfer those assets, the return on investment of those assets, or both to the donor or another entity that is specified by the donor.

The standard specifically requires that if a not-for-profit organization (NPO) establishes a fund at a community foundation with its own funds and specifies itself as the beneficiary of that fund, the community foundation must account for the transfer of such assets as a liability.

In accordance with accounting standards, a liability has been established for a portion of the fair value of the funds, which is generally equivalent to the present value of future payments which may be made to NPOs.

The following table summarizes activity in such funds as of December 31:

	2019	2018
Funds held as agency - beginning of year	\$ 667,535	\$ 576,682
Contributions	39,224	177,633
Net investment return (loss)	107,539	(35,954)
Grants and administrative expenses	(87,110)	(50,560)
Transfer to nonagency fund	(1,455)	(266)
Funds held as agency - end of year	<u>\$ 725,733</u>	<u>\$ 667,535</u>

Note 8 - Net Assets Without Donor Restrictions

Net assets without donor restrictions consist of the following fund types at December 31:

	2019	2018
Pass through	\$ 104	\$ 22,454
Discretionary	12,881,422	10,689,236
Field of interest	10,148,712	8,536,407
Donor advised	1,923,000	1,353,040
Designated	4,649,261	3,142,657
Scholarship	6,950,179	5,738,836
Administrative	483,953	441,746
	<u>\$ 37,036,631</u>	<u>\$ 29,924,376</u>

Greenville Area Community Foundation
Notes to the Financial Statements
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Note 9 - Net Assets With Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes and periods at December 31:

	2019	2018
Subject to the passage of time		
Pledges receivable	\$ 155,000	\$ 237,700
Less: portion related to assets held for others	(5,000)	(30,900)
Receivable from beneficial interest in trust	-	532,438
Life insurance - cash surrender value	124,181	100,540
	<u>\$ 274,181</u>	<u>\$ 839,778</u>

Note 10 - Net Assets Released from Donor Restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the years ended December 31:

	2019	2018
Passage of time		
Promises to give	\$ 56,800	\$ 23,700
Trust distributions	532,438	-
	<u>\$ 589,238</u>	<u>\$ 23,700</u>

Note 11 - Designated Endowments

The Foundation's net assets without donor restrictions include amounts designated as endowments whereby the Foundation has variance power over those assets. Therefore, the Board treats these funds as designated endowments and they are classified and reported based on the existence or absence of donor imposed restrictions.

Changes in endowment net assets are as follows for the year ended December 31:

	Without Donor Restrictions	
	2019	2018
Beginning of year	\$ 29,924,376	\$ 33,545,112
Contributions	1,868,582	788,643
Distributions	(1,763,142)	(2,090,087)
Net investment return (loss)	7,006,815	(2,319,292)
End of year	<u>\$ 37,036,631</u>	<u>\$ 29,924,376</u>

Interpretation of Relevant Law

The board of trustees of the Foundation has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the date of the donor restricted endowment funds, unless there are explicit donor stipulations to the contrary. At December 31, 2019 and 2018, there were no such donor stipulations. As a result of this interpretation, we retain in perpetuity (a) the original value of initial and subsequent gift amounts including promises to give net of discount and allowance for doubtful accounts donated to the Endowment and (b) any accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor restricted amounts not retained in perpetuity are subject to appropriation for expenditure by us in a manner consistent with the standard of prudence prescribed by UPMIFA. We consider the following factors in making a determination to appropriate or accumulate donor restricted endowment funds: (1) The duration and preservation of the fund; (2) The purposes of the organization and the donor restricted endowment fund; (3) General economic conditions; (4) The possible effect of inflation and deflation; (5) The expected total return from income and the appreciation of investments; (6) Other resources of the organization; and (7) The investment policies of the organization.

Greenville Area Community Foundation
Notes to the Financial Statements
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Risk Objectives and Risk Parameters

The primary objective of the investments for the Foundation will be to provide for long-term growth of principal and income without undue exposure to risk, enabling the Foundation to make grants on a continuing and reasonably consistent basis. The focus will be on long-term capital appreciation, with income generation as a secondary consideration. The Foundation seeks returns over a full market cycle (minimum five years) that equal or exceed the consumer price index plus 5%. Due to the inevitability of short-term market fluctuations, the Foundation does not expect that the investment objective will necessarily be achieved each and every year.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, 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 constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The annual amount available for distribution from any endowed fund is 6% of the average of 12 rolling quarters up to the December 31st balance of the prior year. This spendable amount will be available after January 1st of the current year. Each fund's annual spendable balance is net of the Foundation's administrative service fee. Any spendable balance left as of December 31st of the current year will be moved back into the accumulated earnings account of the fund unless otherwise communicated to the Foundation. New funds will not have a spendable amount until 4 full quarters with the Foundation unless otherwise determined at inception of fund.

Note 12 - Fair Value Measurements

The following tables represent information about the Foundation's assets and liabilities measured at fair value on a recurring basis at December 31, 2019 and 2018, and the valuation techniques used at the Foundation to determine those fair values.

In general, fair values determined by Level 1 inputs use quoted prices in active markets for identical assets or liabilities that the Foundation has the ability to access.

Fair values determined by Level 2 inputs use other inputs that are observable, either directly or indirectly. These Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and other inputs such as interest rates and yield curves that are observable at commonly quoted intervals.

Level 3 inputs are unobservable inputs, including inputs that are available in situations where there is little, if any, market activity for the related asset or liability.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in the entirety are categorized based on the lowest level input that is significant to the valuation. The Foundation's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

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Disclosure concerning assets and liabilities measured at fair value on a recurring basis are as follows as of December 31:

	Fair Value Measurements using:		
	Balance	Level 1	Level 3
2019			
Assets			
Mutual funds - fixed income	\$ 7,704,182	\$ 7,704,182	\$ -
Mutual funds - domestic stock	19,084,324	19,084,324	-
Mutual funds - international stock	11,764,655	11,764,655	-
Money market funds	333,948	333,948	-
	<u>\$ 38,887,109</u>	<u>\$ 38,887,109</u>	<u>\$ -</u>
Liabilities			
Assets held for others	\$ 725,733	\$ -	\$ 725,733

	Fair Value Measurements using:		
	Balance	Level 1	Level 3
2018			
Assets			
Mutual funds - fixed income	\$ 6,864,124	\$ 6,864,124	\$ -
Mutual funds - domestic stock	14,971,897	14,971,897	-
Mutual funds - international stock	9,287,075	9,287,075	-
Money market funds	223,289	223,289	-
Beneficial interest in trust	532,438	-	532,438
	<u>\$ 31,878,823</u>	<u>\$ 31,346,385</u>	<u>\$ 532,438</u>
Liabilities			
Assets held for others	\$ 667,535	\$ -	\$ 667,535

Changes in level 3 assets and liabilities at fair value on a recurring basis:

	Beneficial Interest in Trust	Assets Held for Others
December 31, 2017	\$ 568,444	\$ 576,682
Agency activity (see Note 7)	-	90,853
Unrealized loss	(36,006)	-
December 31, 2018	532,438	667,535
Agency activity (see Note 7)	-	58,198
Transfer out of Level 3	(532,438)	-
December 31, 2019	<u>\$ -</u>	<u>\$ 725,733</u>

The Foundation estimates the fair value of the beneficial interest in remainder unitrust asset based upon the fair value of the assets in the trust unless the facts and circumstances indicate that the fair value would be different. The significant unobservable inputs and amounts used in calculating the beneficial interest in the trust are the fair value of the assets in the trust totaling \$621,952 at December 31, 2018. The Foundation received full distribution of the trust in fiscal year 2019.

Assets held for others characterized as a Level 3 liability consists of agency endowment funds established by not-for-profit organizations with their own funds, for which the Foundation reports a liability for the market value. The Foundation estimates the fair value of these assets held for others at the fair value of the underlying assets unless the facts and circumstances indicate the fair value would be different.

Greenville Area Community Foundation
Notes to the Financial Statements
December 31, 2019 and 2018

Quantitative Information about Level 3 Fair Value Measurements

	Fair Value	Valuation Techniques	Unobservable Input	Range (Weighted Average)
2019				
Beneficial interest in trust	\$ -	N/A	N/A	N/A
2018				
Beneficial interest in trust	\$ 532,438	Income Method	Interest rate Age	3.44% (3.44%) 95 years

Note 13 - Retirement Benefit Plan

The Foundation has a Simple IRA Pension Plan for employees. The plan allows a pretax employee contribution up to \$6,000 per year. The Foundation contributes 3% of eligible employee wages to the plan. The contributions for the years ended December 31, 2019 and 2018 were \$6,035 and \$5,529, respectively.

Note 14 - Subsequent Event

As a result of the global coronavirus pandemic of 2020, many organizations' financial picture has seen an unanticipated change. The duration and full effects of the outbreak are currently unknown, as the global picture continues to change daily. The Foundation's investment balance has significantly declined as a result of an overall decline in the investment market. Currently, it is not possible to estimate the extent of any potential net losses or to determine if any of the change in fair values are other than temporary in nature. Accordingly, no adjustments to the financial statements were made as a result of this subsequent event.

Greenville Area Community Foundation
Operating Fund
Schedule of Changes in Net Assets Without Donor Restrictions
Years Ended December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Revenues		
Administrative fees	\$ 341,503	\$ 340,036
Special event	7,900	8,900
Less: costs of direct benefit to donors	(4,376)	(5,550)
Net investment return	7,877	2,779
	<u>352,904</u>	<u>346,165</u>
Total revenues		
Expenses		
Grants	4,483	5,002
Salaries and wages	209,806	189,293
Employee benefits	6,035	5,529
Payroll taxes	16,244	14,671
Postage and shipping	1,570	2,316
Supplies and office expense	6,336	5,988
Telephone	463	553
Conferences	1,682	1,695
Depreciation	8,642	8,508
Donor relations	1,294	2,084
Dues and subscriptions	6,243	5,823
Insurance	3,104	3,698
Meetings	1,745	1,301
Miscellaneous	5,034	6,599
Printing and publicity	5,932	2,767
Professional service fees	21,189	19,244
Repairs and maintenance	1,496	1,737
Travel expenses	1,930	1,801
Utilities	7,469	6,916
	<u>310,697</u>	<u>285,525</u>
Total expenses		
Change in net assets without donor restrictions - operating fund	42,207	60,640
Net assets without donor restrictions - beginning of the year - operating fund	441,746	381,106
Net assets without donor restrictions - end of the year - operating fund	<u>\$ 483,953</u>	<u>\$ 441,746</u>

Greenville Area Community Foundation
Pass Through and Endowment Funds
Schedule of Changes in Net Assets
Year Ended December 31, 2019

	January 1, 2019	Reclassifications & Transfers In (Out)	Contributions and Other Income	Net Investment Income	Expenses			December 31, 2019
					Program Grants	Administrative Fees	Other Expenses	
Pass Through Fund	\$ 22,454	\$ (10,000)	\$ 250	\$ 214	\$ 12,805	\$ 9	\$ -	\$ 104
Endowment Fund								
Discretionary Funds	\$ 10,689,236	\$ 3,000	\$ 80,074	\$ 2,524,089	\$ 293,359	\$ 121,618	\$ -	\$ 12,881,422
Agency Endowment Funds	667,535	(1,455)	39,224	107,539	82,013	5,097	-	725,733
Field of Interest Funds	8,536,407	-	20,662	2,067,602	377,568	98,391	-	10,148,712
Donor Advised Funds	1,353,040	-	315,838	326,089	56,144	15,823	-	1,923,000
Designated Funds	3,982,435	-	384,471	717,622	127,528	33,558	-	4,923,442
Scholarship Funds	5,738,836	11,455	147,832	1,363,322	244,259	67,007	-	6,950,179
	30,967,489	13,000	988,101	7,106,263	1,180,871	341,494	-	37,552,488
Less donor designations for specific organizations	667,535	(1,455)	39,224	107,539	82,013	5,097	-	725,733
	<u>\$ 30,299,954</u>	<u>\$ 14,455</u>	<u>\$ 948,877</u>	<u>\$ 6,998,724</u>	<u>\$ 1,098,858</u>	<u>\$ 336,397</u>	<u>\$ -</u>	<u>\$ 36,826,755</u>