

**COASTAL COMMUNITY FOUNDATION**

**INDEPENDENT AUDITORS' REPORT AND  
FINANCIAL STATEMENTS**

**For the Year Ended December 31, 2021**

# COASTAL COMMUNITY FOUNDATION

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Coastal Community Foundation  
Encinitas, California

### Opinion

We have audited the accompanying financial statements of Coastal Community Foundation (a nonprofit corporation), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses, and cash flows for the year 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 Coastal Community Foundation as of December 31, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

We conducted our audit 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 Coastal Community Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating 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 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 Coastal 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 judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment 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 Coastal 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 Coastal 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.

*Lavine, Lofgren, Morris & Engelberg, LLP*

La Jolla, California  
September 19, 2022

# COASTAL COMMUNITY FOUNDATION

## Statement of Financial Position As of December 31, 2021

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### ASSETS

#### Current assets:

Cash	\$ 2,438,976
Gifts receivable	1,150
Investment pool, at fair value	<u>8,662,774</u>

**Total current assets** 11,102,900

Security deposit	<u>900</u>
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**Total assets** \$ 11,103,800

### LIABILITIES AND NET ASSETS

Due to other agencies	<u>1,921,032</u>
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**Total liabilities** 1,921,032

#### Commitments

#### Net assets:

##### Without donor restrictions:

Undesignated	5,970,664
Board-designated endowment	<u>38,246</u>

Total net assets without donor restrictions 6,008,910

With donor restrictions	<u>3,173,858</u>
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**Total net assets** 9,182,768

**Total liabilities and net assets** \$ 11,103,800

See accompanying notes to financial statements  
and independent auditors' report.

# COASTAL COMMUNITY FOUNDATION

## Statement of Activities

For the Year Ended December 31, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenue, gains, and other support:			
Contributions	\$ 2,307,068	\$ 55,608	\$ 2,362,676
Trustee fees	133,832	-	133,832
Investment return, net	322,564	321,914	644,478
Net assets released from restrictions	<u>252,683</u>	<u>(252,683)</u>	<u>-</u>
<b>Total revenue, gains and other support</b>	<u>3,016,147</u>	<u>124,839</u>	<u>3,140,986</u>
Expenditures:			
Program services	1,075,621	-	1,075,621
Management and general	69,595	-	69,595
Fundraising	<u>20,245</u>	<u>-</u>	<u>20,245</u>
<b>Total expenses</b>	<u>1,165,461</u>	<u>-</u>	<u>1,165,461</u>
<b>Increase in net assets</b>	1,850,686	124,839	1,975,525
Net assets, beginning of year	<u>4,158,224</u>	<u>3,049,019</u>	<u>7,207,243</u>
Net assets, end of year	<u>\$ 6,008,910</u>	<u>\$ 3,173,858</u>	<u>\$ 9,182,768</u>

See accompanying notes to financial statements  
and independent auditors' report.

# COASTAL COMMUNITY FOUNDATION

## Statement of Functional Expenses For the Year Ended December 31, 2021

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	Program Services	Supporting Services		Total
		Management & General	Fundraising	
Grant expense	\$ 986,600	\$ -	\$ -	\$ 986,600
Salaries, wages, and payroll taxes	71,616	39,569	12,726	123,911
Occupancy expense	7,851	4,485	1,684	14,020
Professional fees	1,414	6,679	3,305	11,398
Licenses and permits	-	8,817	-	8,817
Insurance	-	5,478	-	5,478
Telephone	1,698	577	465	2,740
Office expense	1,140	1,155	-	2,295
Website	1,637	-	546	2,183
Employee benefits	-	1,823	-	1,823
Dues and subscriptions	1,135	319	365	1,819
Printing and publications	878	75	338	1,291
Postage and delivery	744	80	320	1,144
Marketing and promotion	605	216	43	864
Community outreach	225	-	399	624
Other	78	322	54	454
<b>Total expenses</b>	<b>\$ 1,075,621</b>	<b>\$ 69,595</b>	<b>\$ 20,245</b>	<b>\$ 1,165,461</b>

See accompanying notes to financial statements  
and independent auditors' report.

# COASTAL COMMUNITY FOUNDATION

## Statement of Cash Flows For the Year Ended December 31, 2021

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Cash flows from operating activities:	
Increase in net assets	\$ 1,975,525
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Net realized and unrealized gains on investments	(662,748)
Receipt of stock contributions	(226,464)
Changes in operating assets and liabilities:	
Proceeds from near immediate sale of contributed stocks	193,102
Gifts receivable	2,221
In-kind gift held for auction	47,914
Due to other agencies	<u>812,522</u>
<b>Net cash provided by operating activities</b>	<u>2,142,072</u>
Cash flows from investing activities:	
Purchases of investments	(912,341)
Proceeds from sales of investments	<u>993,843</u>
<b>Net cash provided by investing activities</b>	<u>81,502</u>
<b>Increase in cash and cash equivalents</b>	2,223,574
Cash as of December 31, 2020	<u>215,402</u>
Cash as of December 31, 2021	<u><u>\$ 2,438,976</u></u>

See accompanying notes to financial statements  
and independent auditors' report.



# COASTAL COMMUNITY FOUNDATION

## Notes to Financial Statements For the Year Ended December 31, 2021

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### NOTE 1. NATURE OF FOUNDATION

Coastal Community Foundation (the "Foundation") is a public not-for-profit community foundation formed in 1987. The Foundation is dedicated to promoting philanthropy in San Diego north coastal communities by offering donors a wide variety of options for giving. The Foundation administers endowed and non-endowed funds for the purpose of making grants to support nonprofit programs, education, and community needs.

### NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Basis of Accounting and Financial Statement Presentation

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 ("U.S. GAAP").

The Foundation follows the provision of Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 958-205, *Not-for-Profit Entities: Presentation of Financial Statements*, which requires that information regarding an entity's financial position and activities be classified as net assets without donor restrictions and net assets with donor restrictions as follows:

- *Net assets without donor restrictions* represent expendable funds available for operations, which are not otherwise limited by donor restrictions. These net assets may be used at the discretion of Coastal Community Foundation's management and board of directors.
- *Net assets with donor restrictions* consist of contributed funds subject to donor-imposed restrictions contingent upon specific performance of a future event or a specific passage of time before the Foundation may spend the funds. Other donor-imposed restrictions are perpetual in nature, requiring that the assets be maintained in perpetuity usually for the purpose of generating investment income to fund current operations.

When a restriction is met or expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

#### Cash and Cash Equivalents

Certain highly liquid investments are included in the investment pool, due to their nature as a long-term investment or the Foundation's intention to invest or reinvest such funds. For purposes of the statement of cash flows, money market funds and short-term investments purchased with initial maturities of three months or less that are not classified as part of the investment pool are considered cash equivalents. As of December 31, 2021, cash consists of cash on hand and amounts deposited in the Foundation's bank account.

#### Investments

Investments are reported at fair value, the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Donated investments are recorded at their fair values, as determined on the date of gift, with realized gains or losses recorded when the securities are sold. The Foundation's policy, generally, is to sell donated investments nearly immediately upon receipt.

# COASTAL COMMUNITY FOUNDATION

## Notes to Financial Statements For the Year Ended December 31, 2021

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### NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Investments (Continued)

Investment return (including realized and unrealized gains and losses on investments, interest and dividends, and net of investment expenses) is included in revenue and support in the accompanying statement of activities and classified as without donor restrictions or with donor restrictions until appropriated, unless required by donor to be held in perpetuity.

The Foundation's board of directors has adopted an investment policy which provides for investment activities including cash, fixed income (domestic and foreign), and equity (domestic and foreign). Professional investment management firms are contracted by the Foundation to provide investment management and consulting services. The Foundation's investment policy emphasizes low-cost, passive, long-term investments.

Marketable securities consist of global equity and debt securities recorded at fair market value. Realized gains or losses on the sale of marketable securities are calculated using the specific-identification method. Unrealized gains and losses represent the change in the fair market value.

#### Contributions

Contributions received are recorded as (i) increases in net assets without donor restrictions, or (ii) increases in net assets with donor restrictions, depending on the existence and/or nature of any donor restrictions.

Support that is restricted by a donor is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires, (that is, when a stipulated time restriction ends or a purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the statement of activities as net assets released from restrictions. Contributions with restrictions that are perpetual in nature are recorded at their fair value at the time of the gift. Realized and unrealized gains and losses on those assets are recorded as with donor restrictions until appropriated by the Foundation and do not impact the original principal of the contribution.

#### Grants

Unconditional grants are recognized as an expense in the period in which they are approved by the Foundation's Board. Grants that are conditioned on future uncertain events are expensed when those conditions are substantially met. There are no grants that were approved by the Board and not paid as of December 31, 2021.

#### Income and Excise Taxes

The Foundation is exempt from federal and state income taxes under Section 501(c)(3) and is classified as a public foundation under Section 509(a) of the Internal Revenue Code and Section 23701d of the California Tax Code. The Foundation, however, may be subject to tax on income which is not related to its exempt purpose. For the year ended December 31, 2021, the Foundation believes it has no such taxable unrelated business income. In addition, management believes that it has not taken any significant uncertain tax positions and that its tax positions would be sustained in the event of examination by federal or state taxing authorities. Accordingly, no provision for income taxes has been included in the statement of activities.

# COASTAL COMMUNITY FOUNDATION

## Notes to Financial Statements For the Year Ended December 31, 2021

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### NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Income and Excise Taxes (Continued)

All tax-exempt entities are subject to examination by federal, state, and other applicable agencies. There are currently no audits of the Foundation's tax returns in process and the Foundation believes it is no longer subject to such examinations for fiscal years ending prior to 2018 (Federal) and 2017 (California).

#### Functional Allocation of Expenses

The Foundation allocates its expenses on a functional basis among its various programs and support services. Expenditures which can be identified with a specific program or support service are allocated directly, according to their natural expenditure. Costs that are common to more than one function are allocated among the program and supporting services on the basis of time records, space utilized, and estimates made by the Foundation's management.

Expenses that are allocated include the following:

<u>Expense</u>	<u>Method of Allocaton</u>
Personnel expense	Time and effort
Occupancy expense	Time and effort
Professional fees	Time and effort
Telephone	Time and effort
Office expense	Management estimate
Website	Management estimate
Dues and subscriptions	Management estimate
Printing and publications	Management estimate
Postage and delivery	Management estimate
Other	Management estimate
Marketing and promotion	Time and effort
Community outreach	Time and effort

#### Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenue and support and expenses during the reporting period. Accordingly, actual results could differ from those assumptions and estimates.

#### Recent Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842), which requires a lessee to recognize in the statement of financial position a liability to make lease payments (lease liability) and a right-of-use-asset representing its right to use the underlying asset for the lease term. The new standard will be effective for the year ended December 31, 2022. The Company is currently evaluating the effect that implementation of the new standard will have on its financial position, result of operations, and cash flows.

#### Subsequent Events

Subsequent events were evaluated through the date of the independent auditors' report, which is the date these financial statements were available to be issued.

# COASTAL COMMUNITY FOUNDATION

## Notes to Financial Statements For the Year Ended December 31, 2021

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### NOTE 3. CONCENTRATIONS AND RISKS

#### Cash and Cash Equivalents

The Foundation has deposits in financial institutions that may at times exceed federally insured or other protected limits. The Foundation manages the risk by using institutions management believes to be of high quality. The Foundation has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk with respect to cash and cash equivalents.

#### Investment Risk

The Foundation invests in various types of marketable securities and money market funds. The Foundation has established guidelines relative to diversification and maturities that target certain safety and liquidity risk levels. These guidelines are periodically reviewed and modified to take advantage of trends in yields and interest rates.

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

#### Donors

During 2021, one donor, whose contributions were directed to a donor advised fund, accounted for 67% of the Foundation's contributions during the year. The Foundation generally relies on support from the general public as well as from other charitable organizations.

### NOTE 4. INVESTMENTS

Investments are reported at fair value. Fair value is defined as the exchange price that would be received for an asset or paid for a liability in the principal or most advantageous market. The Foundation applies fair value measurements to assets and liabilities that are required to be recorded at fair value under U.S. GAAP. FASB ASC 820, *Fair Value Measurements and Disclosures*, provides the framework for measuring fair value. That framework provides a fair value 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 as follows:

Level 1 – Inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets 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, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the same term of the financial instrument.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement. A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

# COASTAL COMMUNITY FOUNDATION

## Notes to Financial Statements For the Year Ended December 31, 2021

### NOTE 4. INVESTMENTS (Continued)

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 maximize the use of observable inputs and minimize the use of unobservable inputs. There have been no changes in valuation methodologies used at December 31, 2020 and December 31, 2021. The following is a description of the valuation methodologies used for investments measured at fair value at December 31, 2021:

*Mutual and Exchange-Traded Funds:* Valued at the daily closing price as reported by the fund. Mutual and exchange-traded funds held by the Foundation are registered with the Securities and Exchange Commission. The funds are required to publish their daily net asset value and to transact at that price. The mutual and exchange-traded funds held by the Foundation are deemed to be actively traded.

*U.S. Government Securities (U.S. Treasury Notes, Bonds, and Inflation-Protected Securities):* The value is based on similar securities trading in an inactive, secondary market, due to the frequency of treasury auctions and the active market for each security being supplanted with each subsequent offering.

The following table sets forth, by level within the fair value hierarchy, the components of the Foundation's investment pool at fair value as of December 31, 2021:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash and money market funds	\$ 664,335	\$ -	\$ -	\$ 664,335
Mutual and exchange-traded funds	7,457,992	-	-	7,457,992
U.S. government securities	-	540,447	-	540,447
<b>Total investments</b>	<u>\$ 8,122,327</u>	<u>\$ 540,447</u>	<u>\$ -</u>	<u>\$ 8,662,774</u>

The following schedule summarizes the Foundation's investment return and classification in the statements of activities for the year ended December 31, 2021:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Interest and dividends	\$ 72,972	\$ 57,452	\$ 130,424
Net realized and unrealized gains	330,732	332,016	662,748
Investment fees	(11,191)	(10,178)	(21,369)
Management fees	(69,949)	(57,376)	(127,325)
<b>Investment return, net</b>	<u>\$ 322,564</u>	<u>\$ 321,914</u>	<u>\$ 644,478</u>

# COASTAL COMMUNITY FOUNDATION

## Notes to Financial Statements For the Year Ended December 31, 2021

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### NOTE 5. FINANCIAL ASSETS AVAILABLE WITHIN ONE YEAR

The Organization's financial assets available for general expenditures within one year of the December 31, 2021 statement of financial position are as follows:

Cash	\$ 2,438,976
Gifts receivable	1,150
Investment pool, at fair value	<u>8,662,774</u>
Total financial assets at year-end	11,102,900
Less: Investment pool not available within one year due to:	
Investments held for others (agency funds)	(1,921,032)
Investments held for donor-imposed restrictions	<u>(3,173,858)</u>
Financial assets available within one year	<u>\$ 6,008,010</u>

The Foundation regularly monitors the availability of resources required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. The Foundation has various sources of liquidity at its disposal, including cash and cash equivalents and marketable securities.

For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Foundation considers all expenditures related to its ongoing activities of administering endowed and non-endowed funds for the purposes of making grants to other nonprofit organizations, including the conduct of services undertaken to support those activities, to be general expenditures.

In addition to financial assets available to meet general expenditures over the next 12 months, the Foundation strives to operate with on a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources.

### NOTE 6. ENDOWMENT FUNDS

As required by US GAAP, net assets associated with endowment funds are classified and reported based on existence or absence of donor-imposed restrictions. As of December 31, 2021, the Foundation's endowment funds consist of a board designated endowment that is classified as a net asset without donor restrictions and donor-restricted endowment funds classified as net assets with donor restrictions.

The Board of Directors of the Foundation utilizes guidance on the net asset classification of donor-restricted endowment funds in accordance with the Uniform Prudent Management of Institutional Funds Act of 2006 ("UPMIFA"). The Foundation interprets UPMIFA as requiring the preservation of the fair value of the original gifts as of the gift date of donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as with donor restrictions (a) the original fair value of gifts donated to the permanent endowment, (b) the original fair value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The value of assets in excess of original gifts in donor restricted endowment funds are classified as net assets with donor restrictions until appropriated for expenditure by the Foundation in a manner consistent with the standard prudence prescribed by UPMIFA.

# COASTAL COMMUNITY FOUNDATION

## Notes to Financial Statements For the Year Ended December 31, 2021

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### NOTE 6. ENDOWMENT FUNDS (Continued)

From time to time, the fair value of the assets associated with the individual donor restricted endowment funds may fall below historical gift value. At December 31, 2021, the Foundation had no endowment funds with deficiencies.

The Foundation considers the following factors in making a determination to invest or appropriate donor-restricted endowment funds:

1. The duration and preservation of the fund
2. The purposes of the Foundation and the donor-restricted endowment fund
3. General economic conditions
4. The possible effects of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of the Foundation
7. The investment policies of the Foundation

The Foundation has investment and spending policies for endowment assets designed to provide a predictable stream of funding for operations and granting. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity. Under the investment policy, as approved by the Board, the endowment funds are invested in a manner which attempts to achieve a reasonable rate of return consistent with the risk levels established by the Investment Committee for all permanently restricted endowment assets.

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).

# COASTAL COMMUNITY FOUNDATION

## Notes to Financial Statements For the Year Ended December 31, 2021

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### NOTE 6. ENDOWMENT FUNDS (Continued)

Endowment funds are maintained in pooled investment portfolios. Interest, dividends, and realized and unrealized gains and losses in the investment pools are allocated monthly to the endowment funds in proportion to each fund's share in the investment pools. Each fund's value is established at the end of each fiscal year, and the Board decides on the prudent amount to be distributed not to exceed 4% of the fund assets.

The changes in endowment net assets with donor restrictions for the year ended December 31, 2021 are as follows:

	<u>Board- Designated</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 35,876	\$ 2,285,215	\$ 2,321,091
Contributions	100	21,395	21,495
Investment return (loss):			
Interest and dividends	697	45,046	45,743
Net realized and unrealized gains	3,950	263,047	266,997
Investment and management fees	(877)	(50,718)	(51,595)
Total investment return, net	<u>3,770</u>	<u>257,375</u>	<u>261,145</u>
Amounts appropriated for expenditure	<u>(1,500)</u>	<u>(84,325)</u>	<u>(85,825)</u>
Endowment net assets, end of year	<u>\$ 38,246</u>	<u>\$ 2,479,660</u>	<u>\$ 2,517,906</u>

### NOTE 7. NET ASSETS AND DONOR RESTRICTIONS

Net assets with donor restrictions as of December 31, 2021 are as follows:

Field of interest funds	\$ 521,409
Scholarship funds	168,611
Endowment funds:	
Field of interest funds	446,472
Scholarship funds	765,662
Donor-advised funds	1,119,727
Other endowment funds	147,799
Other designated funds	<u>4,178</u>
Net assets with donor restrictions	<u>\$ 3,173,858</u>



# COASTAL COMMUNITY FOUNDATION

## Notes to Financial Statements For the Year Ended December 31, 2021

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### NOTE 7. NET ASSETS AND DONOR RESTRICTIONS (Continued)

Net assets released from donor restrictions upon satisfaction of donor specifications during the year ended December 31, 2021 are as follows:

Field of interest funds	\$	110,858
Scholarship funds		7,500
Endowment funds:		
Field of interest funds		14,275
Scholarship funds		26,400
Donor-advised funds		43,300
Other endowment funds		350
Other designated funds		<u>50,000</u>
Total restrictions released	\$	<u>252,683</u>

### NOTE 8. DUE TO OTHER AGENCIES

Amounts due to other agencies at December 31, 2021 represent both endowed and non-endowed funds established by unaffiliated nonprofit organizations for their own benefit, or for the benefit of an affiliate, with the Foundation as custodian. Contributions received and grants made within these funds are not included in the statement of activities.

The following schedule summarizes the activities within the fund liability for the year ended December 31, 2021:

Due to other agencies, beginning of year	\$	981,732
Contributions		810,042
Interest and dividends		24,173
Net realized and unrealized gains		126,778
Grants		(11,100)
Expenses		<u>(10,593)</u>
Due to other agencies, end of year	\$	<u>1,921,032</u>

### NOTE 9. EMPLOYEE BENEFIT PLAN

Effective January 15, 2021, the Foundation sponsors a SIMPLE IRA plan available to all employees. The plan provides for employee deferrals and an employer match up to 3% of an employee's salary. Employees covered by the Plan are fully vested in their employee deferrals, the employer match, and earnings. Employer contributions made to the Plan for the year ended December 31, 2021 were \$1,823.

# COASTAL COMMUNITY FOUNDATION

## Notes to Financial Statements For the Year Ended December 31, 2021

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### NOTE 10. OPERATING LEASE

The Foundation leases office space under a noncancelable operating lease expiring in May 2023. During 2021, rental expense was \$12,848. Future minimum rental payments as of December 31, 2021 are \$13,712 in 2022 and \$5,908 in 2023.

### NOTE 11. COVID-19

In December 2019, a novel strain of coronavirus was reported to have surfaced in China. On March 11, 2020, the World Health Organization declared COVID-19, the illness caused by the coronavirus, a pandemic. The spread of this virus beyond China and within the United States of America ("U.S.") caused business disruption and volatility in financial markets throughout 2021 as a result of mandated closings of businesses designated as non-essential and certain other social distancing measures across the U.S. The effects of the pandemic are ongoing, and uncertainty remains surrounding the continued necessity of restrictions and the long-term effectiveness of vaccines. As such, management is unable to estimate the impacts if any, of the pandemic on the Foundation's future operations. The financial statements contain no adjustments relating to the potential future effects of the pandemic.