

COMMUNITY FOUNDATION OF THE LOWCOUNTRY, INC.
AND AFFILIATES

COMBINED FINANCIAL STATEMENTS

For the years ended
June 30, 2013 and 2012

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Independent Auditors' Report

To the Board of Trustees of
The Community Foundation of the Lowcountry, Inc. and Affiliates
Hilton Head Island, South Carolina

We have audited the accompanying combined financial statements of Community Foundation of the Lowcountry, Inc. (a nonprofit organization) and affiliates, which are comprised of the combined statement of financial position as of June 30, 2013 and 2012, and the related combined statements of activities and cash flows 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 combined 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.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combined 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 combined 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 combined 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 combined financial statements referred to above present fairly, in all material respects, the financial position of Community Foundation of the Lowcountry, Inc. and affiliates as of June 30, 2013 and 2012, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Lucas & Associates CPAs, P.C.

Lucas & Associates CPAs, P.C.

Savannah, Georgia
September 26, 2013

COMMUNITY FOUNDATION OF THE LOWCOUNTRY, INC. AND AFFILIATES
COMBINED STATEMENTS OF FINANCIAL POSITION
JUNE 30,

	2013		2012
<u>ASSETS</u>			
Cash and cash equivalents	\$ 2,383,584	\$	1,979,721
Pledges receivable, net	153,450		187,475
Assets held - charitable remainder trusts	2,120,693		2,204,305
Investments	49,354,872		43,955,833
The Jim and Margaret Krum Foundation, Inc.	9,321,179		8,583,978
Property and equipment, net	570,595		612,536
Other assets	35,272		1,346
TOTAL ASSETS	\$ 63,939,645	\$	57,525,194
<u>LIABILITIES</u>			
Accounts payable and accrued expenses	\$ 67,198	\$	41,639
Grants payable	2,175,750		425,470
Deferred grant revenue	0		37,100
Annuities payable	2,555,559		1,790,005
Liability under unitrust agreements	0		928,037
Funds held for others - agency endowments	3,077,863		2,475,689
TOTAL LIABILITIES	\$ 7,876,370	\$	5,697,940
<u>NET ASSETS</u>			
Unrestricted	\$ 56,063,275	\$	51,827,254
Temporarily restricted	0		0
Permanently restricted	0		0
TOTAL NET ASSETS	\$ 56,063,275	\$	51,827,254
TOTAL LIABILITIES AND NET ASSETS	\$ 63,939,645	\$	57,525,194

See Accountants' Report and Notes to Financial Statements

COMMUNITY FOUNDATION OF THE LOWCOUNTRY, INC. AND AFFILIATES
COMBINED STATEMENTS OF ACTIVITIES
For the Years Ended June 30,

	2013	2012
CHANGES IN UNRESTRICTED NET ASSETS		
REVENUES		
Contributions received	\$ 5,527,618	\$ 20,680,838
Net realized gains/(losses)	2,510,138	448,553
Net unrealized gains/(losses)	2,427,777	(1,401,267)
Interest and dividend income	1,850,674	989,377
Rental income	23,098	26,470
Other	598,050	448,648
TOTAL REVENUES	\$ <u>12,937,355</u>	\$ <u>21,192,619</u>
 EXPENSES AND SUPPORT		
Grants paid	\$ 6,919,200	\$ 4,234,331
Salaries and benefits	630,011	597,550
Professional and administrative fees	749,412	529,971
Supplies and other	254,127	295,356
Fundraising	78,517	133,675
Changes in value of split interest agreements	28,127	93,906
Depreciation	41,940	37,803
TOTAL EXPENSES	\$ <u>8,701,334</u>	\$ <u>5,922,592</u>
 Increase (decrease) in unrestricted net assets	 \$ <u>4,236,021</u>	 \$ <u>15,270,027</u>
 Increase (decrease) in net assets	 4,236,021	 15,270,027
 Net assets at beginning of year	 \$ <u>51,827,254</u>	 \$ <u>36,557,227</u>
 Net assets at end of year	 \$ <u><u>56,063,275</u></u>	 \$ <u><u>51,827,254</u></u>

See Accountants' Report and Notes to Financial Statements

COMMUNITY FOUNDATION OF THE LOWCOUNTRY, INC. AND AFFILIATE
COMBINED STATEMENTS OF CASH FLOWS
For the Years Ended June 30,

	<u>2013</u>	<u>2012</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from contributions	\$ 5,524,543	\$ 5,914,449
Cash received for rental income	23,098	26,470
Cash received from interest and dividend income	1,850,674	989,377
Cash received from other	598,050	448,648
Cash paid for grants	(5,168,920)	(4,203,691)
Cash paid for general and administrative expenses	(1,641,916)	(1,407,681)
Cash paid for fundraising	(78,517)	(133,675)
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>\$ 1,107,012</u>	<u>\$ 1,633,897</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Net purchases and sales of investments	\$ (703,149)	\$ (1,197,148)
NET CASH FLOWS FROM INVESTING ACTIVITIES	<u>\$ (703,149)</u>	<u>\$ (1,197,148)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
NET CASH FLOWS FROM FINANCING ACTIVITIES	<u>\$ 0</u>	<u>\$ 0</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	\$ 403,863	\$ 436,749
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>\$ 1,979,721</u>	<u>\$ 1,542,972</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 2,383,584</u>	<u>\$ 1,979,721</u>
 Reconciliation of change in net assets to net cash flows from operating activities:		
Change in net assets	\$ 4,236,021	\$ 15,270,025
Adjustments:		
Decrease in accounts receivable	34,025	100,622
(Increase) in other assets	(33,926)	(1,346)
Securities received as gifts	(4,867,847)	(13,823,307)
Increase in accounts payable and accrued expenses	25,559	20,163
Increase in grants payable	1,750,280	30,640
Increase (decrease) in deferred revenue	(37,100)	37,100
Net cash flows from operating activities	<u>\$ 1,107,012</u>	<u>\$ 1,633,897</u>

See Accountants' Report and Notes to Financial Statements

COMMUNITY FOUNDATION OF THE LOWCOUNTRY, INC. AND AFFILIATES
NOTES TO COMBINED FINANCIAL STATEMENTS

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION AND PRINCIPLES OF ACCOUNTING

The combined financial statements include the accounts of the Community Foundation of the Lowcountry, Inc. (“CFL”) and its supporting organizations, the Hilton Head Island Foundation, Inc. (“HHIF”), and the Jim and Margaret Krum Foundation, Inc., collectively referred to as the “Foundation”. All balances and transactions between the three entities have been eliminated in combination.

The Foundation is a community foundation and is governed by a board of private citizens from its service area. The Board of Trustees of the CFL elects the trustees and President/CEO of the HHIF. The purpose of the HHIF is to serve the needs and interests of the residents of the Greater Hilton Head Island community. The purpose of the CFL is to serve the needs and interests of the residents of four South Carolina counties including Beaufort, Colleton, Hampton and Jasper.

The Jim and Margaret Krum Foundation, Inc. contributes to the CFL’s exempt purposes by making grants directly to the Foundation and to organizations which are, or could be, supported by the Foundation consistent with its own charitable purposes.

BASIS OF PRESENTATION

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

FINANCIAL STATEMENT PREPARATION

The accompanying financial statements are presented in accordance with accounting principles generally accepted in the United States of America (GAAP), as codified by the Financial Accounting Standards Board. In accordance with GAAP, the Foundation reports information regarding its net assets and activities as unrestricted, temporarily restricted, or permanently restricted, depending on the existence and/or nature of any external restrictions. Currently, the Foundation has no restricted assets.

See Accountants’ Report

COMMUNITY FOUNDATION OF THE LOWCOUNTRY, INC. AND AFFILIATES
NOTES TO COMBINED FINANCIAL STATEMENTS

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

ESTIMATES

The preparation of combined financial statements, in conformity with accounting principles generally accepted in the United States of America, 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 combined financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

INCOME TAXES

The Internal Revenue Service has determined that the Foundation is exempt from income taxes as an organization described in Section 501(c)(3) of the Internal Revenue code and is classified as a public charity under Section 170(b)(1)(A)(vi).

CASH AND CASH EQUIVALENTS

Cash and cash equivalents presented in the statement of cash flows represent cash on hand and demand deposits at financial institutions with an original maturity of three months or less.

INVESTMENTS

Investments in debt and equity securities are reported at fair market value, except for short-term highly liquid investments that have a remaining maturity at the time they are purchased of one year or less. These investments are carried at amortized cost. The fair value is estimated by external investment managers, as market values are not readily ascertainable. These estimates involve assumptions and estimation methods that are reviewed by management. Actual valuations could differ from those estimates.

Interest, dividends, and gains and losses, both realized and unrealized, on investments are included in the Combined Statement of Activities.

CONTRIBUTIONS

Contributions are recorded at their estimated fair value and are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes.

See Accountants' Report

COMMUNITY FOUNDATION OF THE LOWCOUNTRY, INC. AND AFFILIATES
NOTES TO COMBINED FINANCIAL STATEMENTS

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

PLEDGES RECEIVABLE

Unconditional promises to give that are expected to be received within one year are recorded at estimated net realizable value. Unconditional promises to give that are expected to be received in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates for United States government securities having maturities that correspond to the years in which the promises are expected to be received.

Amortization of discounts is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met.

The Foundation uses the allowance method to determine the uncollectible portion of unconditional promises to give. The allowance to uncollectible contributions is based upon management's estimates, including such factors as, overall economic conditions, current and historical loss experience, and recent contribution activity.

PROPERTY AND EQUIPMENT

Property and equipment are reported at cost, if purchased, or fair value at the date of donation. Depreciation is computed on a straight-line basis over the estimated useful life of the assets, ranging from three to twenty-five years.

GRANTS PAYABLE

Grants are recorded when specifically authorized by the Board of Trustees of the Foundation and when the grant award is communicated to the grantee.

ANNUITIES PAYABLE

The Foundation has received certain unconditional promises to provide the future contributions in the form of deferred giving arrangements, including charitable remainder annuity trusts, charitable remainder unitrusts, and pooled income funds. The various deferred giving agreements stipulate the payment of stated annuity amounts, as well as the requirements for the eventual use of the principal of the donated funds.

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.

See Accountants' Report

COMMUNITY FOUNDATION OF THE LOWCOUNTRY, INC. AND AFFILIATES
NOTES TO COMBINED FINANCIAL STATEMENTS

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 combined financial statements for donated services. The Foundation pays for most services requiring 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.

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: unrestricted and temporarily restricted. 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 Trustees 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 unrestricted net assets for financial statement purposes.

SPLIT-INTEREST AGREEMENTS

The Foundation administers various charitable remainder trusts and charitable lead trusts. A charitable remainder trust provides for the payment of distributions to designated beneficiaries over the trust's term (usually the designated beneficiary's lifetime). At the end of the trust's term, the remaining assets are available for the Foundation's use. Under the charitable lead trust, the Foundation receives distributions from the trust until the agreement terminates. At that time, the remaining assets of the trust are paid out to the donor or other named beneficiaries.

The fair value of the trusts' assets has been included in the Foundation's Combined Statements of Financial Position and a corresponding liability has been recorded to reflect the present value of required lifetime payments to the named beneficiaries using a discount rate of 2.6% for the year ended June 30, 2013. A range of 2.6%-9% has been used in prior periods.

See Accountants' Report

COMMUNITY FOUNDATION OF THE LOWCOUNTRY, INC. AND AFFILIATES
NOTES TO COMBINED FINANCIAL STATEMENTS

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Also, various donors have established trusts with financial institutions, naming the Foundation as the beneficiary of these charitable remainder trusts. Under the terms of the split-interest agreements, at the time of the donor's death, the trusts terminate and trust assets are distributed to the Foundation. Based on donor life expectancy and the use of a discount rate of 2.6%, the present value of future assets expected to be received by the Foundation is included in the Foundation's Combined Statements of Financial Position. Changes in the value of the assets and amortization of the discount on the estimated present value of future benefits are included in the change in value of charitable remainder trusts in the Combined Statement of Activities.

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 5.0% of the average daily balance of investments over the prior twenty quarters. However, in no event shall the distribution exceed 5.0% 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 – CONCENTRATIONS OF CREDIT RISK ARISING FROM CASH DEPOSITS IN EXCESS OF INSURED LIMITS

The Foundation maintains cash balances at several financial institutions in excess of FDIC insured limits. Based on the credit rating of this institution, management believes there is no significant credit risk related to deposits.

NOTE C – DATE OF MANAGEMENT'S REVIEW

In preparing the financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through September 26, 2013.

NOTE D – INVESTMENTS

The carrying amounts of investments are included in the Foundation's Combined Statements of Financial Position as follows:

	2013	2012
Assets held – charitable remainder trusts	\$ 2,120,693	\$ 2,204,305
Investments	49,354,872	43,955,833
	<u>\$ 51,475,565</u>	<u>\$ 46,160,138</u>

See Accountants' Report

COMMUNITY FOUNDATION OF THE LOWCOUNTRY, INC. AND AFFILIATES
NOTES TO COMBINED FINANCIAL STATEMENTS

NOTE D – INVESTMENTS (continued)

Investments at June 30 are classified as follows:

	2013	2012
Marketable Equitable Securities	\$ 28,789,165	\$ 27,273,500
Fixed Income	9,786,708	9,936,700
Other	10,778,999	6,745,633
	<u>\$ 49,354,872</u>	<u>\$ 43,955,833</u>

Net investment income is comprised of the following for the years ending June 30, 2013 and 2012:

	2013	2012
Net realized gains/(losses)	\$ 2,510,138	\$ 448,553
Net unrealized gains/(losses)	2,427,777	(1,401,267)
Interest and dividend income	1,850,674	989,377
	<u>\$ 6,788,589</u>	<u>\$ 36,663</u>

NOTE E – FAIR VALUE MEASUREMENT

Financial Accounting Standards Board (FASB) Accounting Standards Codification (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 described as follows:

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:

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

See Accountants' Report

COMMUNITY FOUNDATION OF THE LOWCOUNTRY, INC. AND AFFILIATES
NOTES TO COMBINED FINANCIAL STATEMENTS

NOTE E – FAIR VALUE MEASUREMENTS (continued)

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

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

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

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2013 and 2012.

Investment Securities: Value at the net asset value (NAV) of shares held by the Foundation at year end. These typically include investments in marketable equity and fixed income securities.

Money Market Funds: Value based on inputs derived from observable market data based on US currency.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth, by level, with the fair value hierarchy, the Foundation's assets at fair value as of June 30, 2013 and 2012:

	Assets at Fair Value as of June 30, 2013			
	Level 1	Level 2	Level 3	Total
Investment Securities	\$ 38,575,873	\$ 10,778,999	\$ 0	\$ 49,354,872
Money Market Funds	2,383,584	0	0	2,383,584
Total assets at fair value	<u>\$ 40,959,457</u>	<u>\$ 10,778,999</u>	<u>\$ 0</u>	<u>\$ 51,738,456</u>

See Accountants' Report

COMMUNITY FOUNDATION OF THE LOWCOUNTRY, INC. AND AFFILIATES
NOTES TO COMBINED FINANCIAL STATEMENTS

NOTE E – FAIR VALUE MEASUREMENTS (continued)

Assets at Fair Value as of June 30, 2012				
	Level 1	Level 2	Level 3	Total
Investment Securities	\$ 37,210,200	\$ 6,745,633	\$ 0	\$ 43,955,833
Money Market Funds	1,979,721	0	0	1,979,721
Total assets at fair value	\$ 39,189,921	\$ 6,745,633	\$ 0	\$ 45,935,554

The Foundation did not have any level 3 assets for the years ended June 30, 2013 and 2012.

NOTE F – PLEDGES RECEIVABLE

The Foundation's pledges receivable consists of unconditional promises to give as of June 30 as follows:

	2013	2012
Receivable in less than one year	\$ 0	\$ 18,275
Receivable in one to five years	13,450	29,200
Receivable in six or more years	300,000	300,000
Pledges receivable, gross	313,450	347,475
Less: discount	(160,000)	(160,000)
Pledges receivable, net	153,450	187,475

NOTE G – FIXED ASSETS

Property and equipment consist of the following at June 30:

	2013	2012
Land	\$ 160,000	\$ 160,000
Building	944,608	944,608
Furniture and equipment	87,414	87,414
	1,192,022	1,192,022
Less: accumulated depreciation	(621,427)	(579,487)
	\$ 570,595	\$ 594,535

NOTE H – OPERATING LEASES

The Foundation leases office space to various tenants at various terms with a cumulative annual rental revenue of \$23,098 for the year ended June 30, 2013 and \$26,070 for the year ended June 30, 2012.

See Accountants' Report

COMMUNITY FOUNDATION OF THE LOWCOUNTRY, INC. AND AFFILIATES
NOTES TO COMBINED FINANCIAL STATEMENTS

NOTE H – OPERATING LEASES (continued)

The Foundation leases various office equipment from various organizations with payments ranging from approximately \$1,980 to \$11,622 annually, expiring at various times through June 2015.

Lease expense for the years ended June 30, 2013 and 2012 amounted to approximately \$16,371 and \$13,300, respectively.

NOTE I – EMPLOYEES' RETIREMENT SAVINGS PLAN

The Foundation sponsors a defined contribution retirement savings plan for all regular, full-time employees who are twenty-one years of age and have completed one year of service. Under the plan, employees may contribute up to 15% of their annual compensation. The Foundation may also contribute a discretionary amount of the participants' compensation each year. The Foundation contributed approximately \$21,614 and \$21,000 to the plan during the years ending June 30, 2013 and 2012, respectively.

NOTE J – FUND CLASSIFICATION

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

Net assets (Spendable) - Spendable Assets are those assets that are available for grant making. These include assets in nonendowed funds, assets which have been contributed specifically to the "available to spend" portion of endowed funds, and that portion of endowed assets made spendable by the Spending Policy Calculation as described in the Investment and Spending Policy.

Net assets (Accumulated Earnings) - As each Fund is invested, earnings and losses may accrue. All earnings/losses default to the spendable assets of non-endowed funds, and to the non-spendable assets of endowed funds.

Net assets (Nonspendable) - This classification is the total of all historic gifts to an endowment fund that have not been designated as Spendable, less the cumulative amount of those assets made spendable by the spending policy calculation each year.

See Accountants' Report

COMMUNITY FOUNDATION OF THE LOWCOUNTRY, INC. AND AFFILIATES
NOTES TO COMBINED FINANCIAL STATEMENTS

NOTE J – FUND CLASSIFICATION (continued)

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.

At June 30, 2013 and 2012, the balances of these internally imposed restrictions were:

	2013	2012
Net assets - spendable	\$ 14,926,096	\$ 16,070,794
Net assets - accumulated earnings	13,843,936	10,798,858
Net assets – nonspendable endowment	27,284,381	24,957,602
Total net assets	\$ <u>56,063,275</u>	\$ <u>51,827,254</u>

NOTE K – 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 2% of annual average daily balance of the market value of the fund based on the type of fund and services required. Minimum administrative fee is \$100 annually.

See Accountants’ Report