THE GREATER NEW ORLEANS FOUNDATION

Audits of Combined Financial Statements

December 31, 2019 and 2018

LAPORTE
CPAs & BUSINESS ADVISORS

Contents

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Independent Auditor's Report

To the Board of Directors
The Greater New Orleans Foundation

Report on the Financial Statements

We have audited the accompanying combined financial statements of The Greater New Orleans Foundation (the Foundation) which comprise the combined statements of financial position as of December 31, 2019 and 2018, and the related combined statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the combined financial statements (collectively, 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.

Auditor's 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 audit to obtain reasonable assurance about whether the financial statements are free from 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 auditor's 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 Greater New Orleans Foundation as of December 31, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

LaPorte

A Professional Accounting Corporation

Metairie, LA
June 3, 2020

THE GREATER NEW ORLEANS FOUNDATION
Combined Statements of Financial Position
December 31, 2019 and 2018

	2019	2018
Assets		
Cash and Cash Equivalents	**$ 2,618,750**	$ 348,400
Accounts and Interest Receivable	**100,248**	72,858
Grants Receivable	**1,674,000**	-
Unconditional Promises to Give, Net	**3,230,048**	3,899,519
Investments	**375,976,815**	309,790,587
Assets Held in Charitable Remainder Trusts	**9,713,644**	8,738,367
Beneficial Interests in Remainder Trusts and Lead Trusts	**883,549**	1,019,356
Property and Equipment, Net	**12,341,304**	12,535,786
Real Estate Held	**2,947,500**	2,947,500
Other Assets	**384,320**	371,037
Total Assets	**$ 409,870,178**	$ 339,723,410
Liabilities and Net Assets		
Liabilities		
Accounts Payable	**$ 194,414**	$ 405,915
Grants Payable	**2,435,332**	5,743,431
Liabilities Under Split-Interest Agreements	**3,165,503**	3,001,967
Agency Funds	**22,625,351**	18,294,459
Total Liabilities	**28,420,600**	27,445,772
Net Assets		
Without Donor Restrictions		
Designated by Board for Endowment	**187,630,452**	151,643,842
Available for Grants	**164,444,164**	133,871,786
Operating	**4,348,891**	4,054,463
Invested in Property and Equipment, Net	**12,341,304**	12,535,786
With Donor Restrictions		
Restricted to the Passage of Time	**7,717,535**	7,044,280
Restricted for Specified Purpose	**4,967,232**	3,127,481
Total Net Assets	**381,449,578**	312,277,638
Total Liabilities and Net Assets	**$ 409,870,178**	$ 339,723,410

The accompanying notes are an integral part of these combined financial statements.

THE GREATER NEW ORLEANS FOUNDATION
Combined Statement of Activities
For the Year Ended December 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenues			
Contributions and Grants	$ 38,576,684	$ 4,752,655	$ 43,329,339
Fees, Net	164,291	-	164,291
Net Investment Return	47,358,057	-	47,358,057
Change in Value of Split-Interest Agreements	238,845	673,255	912,100
Other Income	11,838,912	-	11,838,912
Net Assets Released from Restrictions	2,912,904	(2,912,904)	-
Total Support and Revenues	101,089,693	2,513,006	103,602,699
Expenses			
Program Services			
Grants	28,010,286	-	28,010,286
Program Initiatives	3,819,587	-	3,819,587
Supporting Services			
Management and General	1,396,998	-	1,396,998
Development and Fundraising	1,203,888	-	1,203,888
Total Expenses	34,430,759	-	34,430,759
Change in Net Assets	66,658,934	2,513,006	69,171,940
Net Assets, Beginning of Year	302,105,877	10,171,761	312,277,638
Net Assets, End of Year	$ 368,764,811	$ 12,684,767	$ 381,449,578

The accompanying notes are an integral part of these combined financial statements.

THE GREATER NEW ORLEANS FOUNDATION
Combined Statement of Activities
For the Year Ended December 31, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenues			
Contributions and Grants	$ 31,832,354	$ 3,138,398	$ 34,970,752
Fees, Net	165,377	-	165,377
Net Investment Loss	(11,330,318)	-	(11,330,318)
Change in Value of Split-Interest Agreements	179,587	(766,803)	(587,216)
Other Income	146,190	-	146,190
Net Assets Released from Restrictions	2,518,362	(2,518,362)	-
Total Support and Revenues	23,511,552	(146,767)	23,364,785
Expenses			
Program Services			
Grants	23,946,533	-	23,946,533
Program Initiatives	4,025,431	-	4,025,431
Supporting Services			
Management and General	1,167,773	-	1,167,773
Development and Fundraising	927,192	-	927,192
Total Expenses	30,066,929	-	30,066,929
Change in Net Assets	(6,555,377)	(146,767)	(6,702,144)
Net Assets, Beginning of Year	308,661,254	10,318,528	318,979,782
Net Assets, End of Year	$ 302,105,877	$ 10,171,761	$ 312,277,638

The accompanying notes are an integral part of these combined financial statements.

THE GREATER NEW ORLEANS FOUNDATION
Combined Statements of Functional Expenses
For the Years Ended December 31, 2019 and 2018

	Program Services		Supporting Services		
Year Ended December 31, 2019	**Grants Awarded**	**Program Initiatives**	**Management and General**	**Development and Fundraising**	**Total**
Grants	**$ 28,010,286**	**$ -**	**$ -**	**$ -**	**$ 28,010,286**
Salaries and Benefits	**-**	**1,569,971**	**793,163**	**795,938**	**3,159,072**
Professional Fees	**-**	**1,178,703**	**294,396**	**71,086**	**1,544,185**
Other Expenses	**-**	**389,054**	**159,675**	**111,206**	**659,935**
Communications and Development	**-**	**275,305**	**43,271**	**102,667**	**421,243**
Depreciation	**-**	**134,844**	**67,422**	**67,422**	**269,688**
Travel, Education, and Meetings	**-**	**218,396**	**16,388**	**32,886**	**267,670**
Office and Occupancy	**-**	**53,314**	**22,683**	**22,683**	**98,680**
Total Functional Expenses	**$ 28,010,286**	**$ 3,819,587**	**$ 1,396,998**	**$ 1,203,888**	**$ 34,430,759**

	Program Services		Supporting Services		
Year Ended December 31, 2018	Grants Awarded	Program Initiatives	Management and General	Development and Fundraising	Total
Grants	$ 23,946,533	$ -	$ -	$ -	$ 23,946,533
Salaries and Benefits	-	1,470,359	780,691	642,963	2,894,013
Professional Fees	-	1,616,513	160,466	22,812	1,799,791
Other Expenses	-	263,606	104,325	78,125	446,056
Communications and Development	-	352,575	25,244	85,712	463,531
Depreciation	-	131,520	73,651	57,870	263,041
Travel, Education, and Meetings	-	152,958	5,660	25,775	184,393
Office and Occupancy	-	37,900	17,736	13,935	69,571
Total Functional Expenses	$ 23,946,533	$ 4,025,431	$ 1,167,773	$ 927,192	$ 30,066,929

The accompanying notes are an integral part of these combined financial statements.

THE GREATER NEW ORLEANS FOUNDATION
Combined Statements of Cash Flows
For the Years Ended December 31, 2019 and 2018

	2019	2018
Cash Flows from Operating Activities		
Change in Net Assets	**$ 69,171,940**	$ (6,702,144)
Adjustments to Reconcile Change in Net Assets to Net		
Cash Provided by (Used in) Operating Activities		
Net Realized and Unrealized (Gain) Loss on Investments	**(42,927,911)**	16,050,961
In-Kind Donations	**(21,677,182)**	(8,204,857)
Depreciation	**269,688**	263,041
(Increase) Decrease in Assets		
Accounts and Interest Receivable	**(27,390)**	(2,096)
Grants Receivable	**(1,674,000)**	-
Unconditional Promises to Give	**669,471**	477,991
Other Assets	**(13,283)**	(13,658)
Increase (Decrease) in Liabilities		
Accounts Payable	**(211,501)**	80,588
Grants Payable	**(3,308,099)**	(4,362,066)
Liabilities Under Split-Interest Agreements	**163,536**	(415,775)
Agency Funds	**4,330,892**	(529,416)
Net Cash Provided by (Used in) Operating Activities	**4,766,161**	(3,357,431)
Cash Flows from Investing Activities		
(Increase) Decrease in Assets Held in Charitable Remainder Trusts	**(975,277)**	938,739
Decrease in Beneficial Interests in Remainder Trusts and Lead Trusts	**135,807**	223,812
Proceeds from Sale of Investments	**194,315,807**	113,913,368
Purchases of Investments	**(195,896,942)**	(111,927,842)
Purchases of Property and Equipment	**(75,206)**	(23,904)
Net Cash (Used in) Provided by Investing Activities	**(2,495,811)**	3,124,173
Net Increase (Decrease) in Cash and Cash Equivalents	**2,270,350**	(233,258)
Cash and Cash Equivalents, Beginning of Year	**348,400**	581,658
Cash and Cash Equivalents, End of Year	**$ 2,618,750**	$ 348,400

The accompanying notes are an integral part of these combined financial statements.

Note 1. Summary of Significant Accounting Policies

The Greater New Orleans Foundation and its supporting organizations (the Foundation) are a community foundation created to build charitable endowments and to assist the community in many areas. The Foundation administers many individual charitable funds, each established with a gift instrument describing either the general or specific purposes from which grants will be made. The Foundation's spending policy for endowed funds is based on a percentage of a twelve-quarter rolling average. The Foundation improves the quality of life for all citizens of the area, now and for future generations.

Grants - As a catalyst and resource for philanthropy, the Foundation demonstrates strategic grant making that invests in leaders and systematic change, builds irrevocable endowments for the community's changing issues and opportunities, and serves as a flexible and cost-effective vehicle for philanthropists to invest in their community.

Program Initiatives - The Foundation also provides program initiatives in the areas of civic leadership; economic opportunity; environment; workforce; and nonprofit leadership and effectiveness.

Basis of Accounting

The Foundation prepares its combined financial statements in accordance with accounting principles generally accepted in the United States of America, which involves the application of accrual accounting; consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when incurred.

Combined Financial Statements

The combined financial statements of the Foundation include the accounts of The Greater New Orleans Foundation and 11 supporting organizations. All significant interorganizational accounts and transactions have been eliminated. Collectively, the entities are referred to as "the Foundation."

Supporting Organizations

Supporting organizations are affiliated charitable organizations, which enjoy the continuing involvement of their founders yet gain public charity status through their affiliation with the Foundation. During the year ended December 31, 2019, a new supporting organization was added, which resulted in approximately $14.4 million of in-kind donations, which is reported in contributions and grants on the combined statement of activities. The net assets of the supporting organizations at December 31, 2019 and 2018 were $34,700,651 and $17,751,390, respectively, and are included in net assets without donor restrictions.

Basis of Presentation

Financial statement presentation follows the recommendations of the *Not-for-Profit Entities* Topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). In accordance with these standards, the Foundation is required to report information regarding its financial position and activities according to the existence or absence of donor-imposed restrictions.

Note 1. Summary of Significant Accounting Policies (Continued)

Basis of Presentation (Continued)

Net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions - Net assets available for general use and not subject to donor restrictions. This category also includes board-designated net assets.

Net Assets With Donor Restrictions - Net assets representing contributed funds subject to specific donor-imposed restrictions contingent upon a specific purpose or a specific passage of time.

Accounting standards provide that if the governing body of an organization has the ability to remove a donor restriction, the contributions should be classified as net assets without donor restrictions. However, under the Foundation's governing instruments, certain assets are held as endowment funds until such time (if ever) as the governing body deems it prudent and appropriate to expend some part of the principal or appreciation. Accordingly, the combined financial statements classify all net assets that meet these criteria as net assets without donor restrictions, but segregate the endowment funds from the remaining funds that are currently available for grants and administration.

<u>Without Donor Restrictions</u>
Endowment - Board-designated endowed net assets include those for which donors gave the Foundation variance power and a preference that the assets remain in perpetuity with the Foundation. The Board intends to spend from these assets only an amount allowable under its spending policy.

Available for Grants - Available for grants net assets include all non-endowed funds and that portion of endowed funds determined under the Foundation's spending policy to be available for grants.

Operating - Operating net assets include those used to provide supporting services for the Foundation and to produce income to offset administrative and operating expenses.

Investment in Property and Equipment, Net - Property and equipment net assets include all of the capital assets of the Foundation, net of accumulated depreciation.

<u>With Donor Restrictions</u>
Restricted to the Passage of Time and *Restricted for Specified Purpose* - Contributions with donor-stipulated time or purpose restrictions are reported as revenues with donor restrictions. When the restrictions expire, net assets with donor restrictions are released to net assets without donor restrictions and reported in the combined statements of activities as net assets released from restrictions.

Note 1. Summary of Significant Accounting Policies (Continued)

New Donations

New donations are recorded when all events required for the transfer of the assets from the donor to the Foundation have occurred.

Investments

In accordance with the *Not-for-Profit Entities* Topic of the FASB ASC, the Foundation's investments in marketable securities with readily determinable fair values, and all investments in debt securities are valued at their fair value in the combined statements of financial position. Investments also include an allocation to the asset class commonly referred to as alternative investments with net asset value (NAV) investments in private equity funds, hedge funds, and pooled investment funds. The Foundation has significant transparency into the underlying positions of the private equity funds. The Foundation cannot independently assess the value of these underlying positions through a public exchange or over the counter market. These investments are structured as limited liability corporations and are reported at NAV, which approximates fair value.

Net investment return (loss) reported in the combined statements of activities includes interest and dividends, net realized and unrealized gains and losses, and investment expenses. Interest and dividends are accrued when earned. Net realized and unrealized gains and losses are included in the change in net assets in the period in which they occur. Investment expenses are recognized in the period they are charged to the various investment accounts.

Fair Values of Financial Instruments

The Foundation follows the provisions of the *Fair Value Measurement* Topic of the FASB ASC. Accordingly, fair value is defined as 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.

The *Fair Value Measurement* Topic of the FASB ASC establishes a fair value hierarchy for inputs used in measuring fair market value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are those that market participants would use in pricing the asset or liability based on the best information available in the circumstances.

The fair value hierarchy is categorized into three levels based on the inputs as follows:

Level 1 - Pricing inputs are quoted prices in active markets for identical assets or liabilities. A quoted price for an identical asset or liability in an active market provides the most reliable fair value measurement because it is directly observable to the market.

Investments whose values are based on quoted market prices in active markets, and are therefore classified as Level 1, include common stocks, mutual funds, and money market securities.

Note 1. Summary of Significant Accounting Policies (Continued)

Fair Values of Financial Instruments (Continued)

Level 2 - Pricing inputs are other than quoted prices in active markets for identical assets, but the inputs are either directly or indirectly observable. Quoted prices are available, but the assets are traded less frequently and thus valuation is accomplished using similar securities, the parameters of which can be directly observed.

Investments classified as Level 2 trade in markets that are not considered to be active, but are valued based on quoted market prices, dealer quotations, or alternative pricing sources supported by observable inputs. As Level 2 investments include positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information. Investments classified as Level 2 include corporate and government bonds.

Level 3 - Pricing inputs are not observable in the market. Thus, valuation is accomplished using management's best estimate of fair value, with inputs into the determination of fair value that require significant management judgment or estimation.

Investments classified within Level 3 have significant unobservable inputs, as they trade infrequently or not at all. Level 3 instruments include contributions expected to be collected in future periods and convertible notes of a public benefit corporation. When observable prices are not available for these assets, the Foundation uses one or more valuation techniques (e.g., market approach, income approach, or cost approach) for which sufficient and reliable data is available. Within Level 3, the use of the market approach generally consists of using comparable market transactions, while the use of the income approach generally consists of the net present value of estimated future cash flows, adjusted as appropriate for liquidity, credit, market, and/or other risk factors.

The inputs used by the Foundation in estimating the fair value of Level 3 investments include the original transaction price, recent transactions for the same or similar instruments, completed or pending third-party transactions in the underlying investment or comparable issuers, subsequent rounds of financing, recapitalizations and other transactions across the capital structure, offerings in the equity or debt capital markets, and changes in financial ratios or cash flows. Level 3 investments may also be adjusted to reflect illiquidity and/or non-transferability, with the amount of such discount estimated by the Foundation in the absence of market information. The fair value measurement of Level 3 investments does not include transaction costs as an input, although those costs may have been capitalized as part of the security's cost. Due to the lack of observable inputs, assumptions used by the Foundation may significantly impact the resulting fair value and, therefore, the amounts reported in the Foundation's accompanying combined financial statements.

In some instances, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such instances, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement (see Note 12).

Note 1. Summary of Significant Accounting Policies (Continued)

Promises to Give

Contributions are recognized when the donor makes a promise to give to the Foundation that is, in substance, unconditional. Contributions to be received after one year are discounted at an appropriate discount rate. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the year in which the contributions are 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 to net assets without donor restrictions. Management closely monitors outstanding balances throughout the year and writes off all balances that are considered uncollectable. The Foundation believes that all promises to give at December 31, 2019 and 2018 will be fully collected. Accordingly, no allowance for doubtful accounts is recorded.

Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

Property and Equipment, Net

Assets greater than $2,500 are recorded at cost. Depreciation is provided using the straight-line method. Computer and office furniture and equipment are depreciated over a five- to ten-year period. Buildings are depreciated over fifty years.

Grants Payable

Grants payable are grants authorized but unpaid at year-end. The recipients of these grants are subject to routine performance requirements.

Administrative Fees

The Foundation charges administrative fees to the various funds. Gross revenues are reported net of related expenses to the various funds. Net revenues from such assessments totaled $164,291 and $165,377 in 2019 and 2018, respectively.

Cash and Cash Equivalents

The Foundation considers investments in money market accounts to be cash equivalents, except for certain money market accounts maintained with investments at financial institutions which are reported as investments, as disclosed in Note 4.

Endowment Funds

The *Not-for-Profit Entities* Topic of the FASB ASC provides guidance on the net asset classification of endowment funds for a non-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA). This Topic requires additional disclosures about an organization's endowment funds (both donor-restricted endowment funds and board-designated endowment funds), which are disclosed in Note 11.

Note 1. Summary of Significant Accounting Policies (Continued)

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the combined statements of activities. The combined statements of functional expenses present the natural classification detail of expenses by function. Those expenses which cannot be specifically identified by function type are allocated on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and benefits; travel, education, and meetings; communications and development; professional fees; office and occupancy; depreciation; and other expenses, which are allocated to functions based upon head count.

Income Tax

The Foundation is exempt from federal income tax under Section 501(c)(3) of the U.S. Internal Revenue Code and is not a private foundation. Gifts to the Foundation are tax deductible.

Uncertain Tax Positions

Accounting principles generally accepted in the United States of America provide accounting and disclosure guidance about positions taken by an entity in its tax returns that might be uncertain. The Foundation believes it has appropriate support for any tax positions taken, and management has determined that there are no uncertain tax positions that are material to the combined financial statements.

Penalties and interest assessed by income taxing authorities, if any, would be included in income tax expense.

Use of Estimates

The preparation of combined financial statements in conformity with accounting principles generally accepted in the United States of America includes the use of estimates that affect the combined financial statements. Accordingly, actual results could differ from those estimates.

Adoption of New Accounting Pronouncements

In May 2014, the FASB issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*, to supersede nearly all existing revenue recognition guidance under U.S. GAAP. The Foundation has undertaken a comprehensive analysis of the impact of the new standard based on a review of its principal revenue streams with the primary focus being to understand whether the timing and amount of revenue recognized could differ under ASU 2014-09. Since no material revenue streams of the Foundation are derived from contracts with customers, the adoption of ASU 2014-09 has had no material impact on the Foundation's combined financial statements as a whole, and no additional disclosures relating to contracts with customers were required.

Note 1. Summary of Significant Accounting Policies (Continued)

Adoption of New Accounting Pronouncements (Continued)

In June 2018, the FASB issued ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, which provides analysis and guidance on how the entity should identify between the two types of transactions which would then determine which standard to follow (ASU 2014-09 or FASB Subtopic 958-605) in recognizing revenue or expense of the transaction. The Foundation has adopted ASU 2018-08 and has applied the ASU retrospectively to all periods presented. There was no impact on the Foundation's combined financial statements as a whole as a result of the implementation of ASU 2018-08.

Recent Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, which sets out the principles for the recognition, measurement, presentation, and disclosure of leases for both parties to a contract (i.e., lessees and lessors). The new standard requires lessees to apply a dual approach, classifying leases either as finance or operating leases based on the principle of whether or not the lease is effectively a financed purchase by the lessee. This classification will determine whether lease expense is recognized based on an effective interest method or on a straight-line basis over the term of the lease, respectively. A lessee is also required to record a right-of-use asset and a lease liability for all leases with a term greater than 12 months regardless of classification. Leases with a term of 12 months or less will be accounted for similar to existing guidance for operating leases today. The new standard requires lessors to account for leases using an approach that is substantively equivalent to existing guidance for sales-type leases, direct financing leases, and operating leases. As of the date that the combined financial statements were available to be issued, June 3, 2020, the FASB has tentatively decided to amend the effective date of Topic 842 to fiscal years beginning after December 15, 2021. This amendment has not been finalized as of June 3, 2020 and may be changed at a future FASB meeting. The Foundation is in the process of evaluating the impact of this guidance.

Reclassifications

Certain amounts in the prior year combined financial statements have been reclassified in order to be comparable with the current year presentation.

Note 2. Liquidity and Availability

The Foundation's expenses include grants, program initiatives, management and general expenses, and development and fundraising expenses.

Note 2. Liquidity and Availability (Continued)

As of December 31, 2019, financial assets available for general operating purposes within one year of the combined statement of financial position date comprise the following:

Cash and Cash Equivalents	$	199,089
Receivables and Other Assets		365,462
Short-Term Investments		2,198,619
Long-Term Investments Made Available for Current Use		3,704,872
Total	$	6,468,042

In addition to the funds above that are available for general operating purposes, an additional amount of approximately $8.1 million based on the current spending rate of 4% will be made available for granting during 2020, at the Board's discretion.

The Foundation manages its cash available for grant purposes by examining the purpose for which the fund was established. The majority of the funds that are not endowed are invested in the Foundation's short-term pool which includes allocations to money market funds and fixed income securities. These funds are subject to withdrawal at any time.

Endowment funds and other funds that meet certain criteria are generally invested in the long-term investment pool. Due to the nature of endowments being held in perpetuity, the Foundation suspends payouts when the value of an endowment falls below its historic gift balance. For additional information on the endowment spending policy, see Note 11.

Note 3. Promises to Give

Unconditional promises to give at December 31, 2019 and 2018 are as follows:

		2019		2018
Receivable in Less than One Year	**$**	**2,909,774**	$	2,969,139
Receivable in One to Five Years		**90,000**		607,800
Receivable in More than Five years		**300,281**		500,000
Total Unconditional Promises to Give		**3,300,055**		4,076,939
Less Discounts to Net Present Value		**(70,007)**		(177,420)
Unconditional Promises to Give, Net	**$**	**3,230,048**	$	3,899,519

Interest rate assumptions used to calculate the discounts on various promises to give range from 1.59% to 1.92%.

Note 4. Investments

Investments consisted of the following as of December 31, 2019:

December 31, 2019	Fair Market Value	Cost or Assigned Amount
Common Stocks	$ 41,153,875	$ 31,232,511
Equity Mutual Funds	79,368,537	68,240,567
Bond Mutual Funds	29,477,013	27,714,059
Corporate and Government Bonds	40,010,135	39,309,182
Money Market Funds	28,099,388	28,099,388
Limited Liability Entities	73,423,513	53,636,138
Private Equity Funds	25,338,366	23,275,103
Hedge Funds	46,852,203	43,121,591
Pooled Investment Fund	12,253,785	6,844,189
Total	$ 375,976,815	$ 321,472,728

Investments consisted of the following as of December 31, 2018:

December 31, 2018	Fair Market Value	Cost or Assigned Amount
Common Stocks	$ 28,658,084	$ 25,052,406
Equity Mutual Funds	49,530,888	46,693,016
Bond Mutual Funds	17,483,381	18,233,280
Corporate and Government Bonds	42,527,229	43,061,165
Money Market Funds	26,399,433	26,383,785
Limited Liability Entities	60,895,359	53,829,020
Private Equity Funds	26,460,269	23,123,773
Hedge Funds	43,112,977	44,442,005
Pooled Investment Fund	12,862,803	8,827,014
Annuity Policies	1,860,164	1,939,505
Total	$ 309,790,587	$ 291,584,969

Note 5. Property and Equipment, Net

Property and equipment are summarized as follows by major classification at December 31, 2019 and 2018:

	2019	2018
Land	$ 1,960,101	$ 1,960,101
Building	10,658,692	10,658,692
Office Furniture and Equipment	575,060	499,854
Computer Equipment	7,225	7,225
	13,201,078	13,125,872
Less: Accumulated Depreciation	(859,774)	(590,086)
Property and Equipment, Net	$ 12,341,304	$ 12,535,786

Depreciation expense was $269,688 and $263,041 for the years ended December 31, 2019 and 2018, respectively.

Note 6. Agency Funds

Agency funds are funds in which the Foundation acts as a trustee and has a duty to hold and manage assets for the benefit of a specific beneficiary. Activity related to agency funds for the years ended December 31, 2019 and 2018 was as follows:

	2019	2018
Funds Received	$ 3,311,304	$ 3,191,263
Interest and Dividends	212,715	132,202
Gain (Loss) on Investments	2,907,435	(895,611)
Disbursements to Beneficiaries	(2,027,994)	(2,875,490)
Administrative Fees	(72,568)	(81,780)
Net Change	4,330,892	(529,416)
Beginning of Year	18,294,459	18,823,875
End of Year	$ 22,625,351	$ 18,294,459

Note 7. Split-Interest Agreements

The Foundation's split-interest agreements at December 31, 2019 include seven charitable remainder unitrusts, one charitable remainder annuity trust, four charitable gift annuities, and two charitable lead annuity trusts. The Foundation is named trustee on six of the unitrusts, the remainder annuity trust, and the four gift annuities.

Charitable remainder trusts (unitrusts and annuity trusts) provide for the payment of distributions to designated beneficiaries over the trusts' terms. At the end of the trusts' terms, the remaining assets are available for the Foundation's use. The portion of the trust attributable to the present value of the future benefits to be received by the Foundation is recorded as a contribution with donor restrictions in the combined statements of activities in the period the trust is established. Assets held in the charitable remainder trusts were $9,713,644 and $8,738,367 at December 31, 2019 and 2018, respectively, and are reported at fair market value in the Foundation's combined statements of financial position. Changes in fair market value of charitable remainder trusts are reflected as a change in net assets in the Foundation's combined statements of activities. On a quarterly basis, the Foundation reviews the need to revalue the liability to make distributions to the designated beneficiaries based on actuarial assumptions. The present values of the estimated future payments totaled $2,875,275 and $2,705,405 at December 31, 2019 and 2018, respectively, and are calculated using discount rates that range from 2.4% to 10.0% and applicable mortality tables.

The Foundation is the beneficiary of two charitable lead annuity trusts which are held by an unrelated third party. The beneficial interests in the trusts totaled $609,127 and $774,827 at December 31, 2019 and 2018, respectively. The trusts annually pay 5.0% to 9.3% of the respective initial net fair market values of the trusts. These assets are reported at the present value of the estimated future distributions expected to be received by the Foundation in the Foundation's combined statements of financial position.

The net asset value of the charitable remainder trust for which the Foundation is not the trustee was $274,422 and $244,529 at December 31, 2019 and 2018, respectively. This trust is reported as beneficial interests in remainder trusts and lead trusts in the Foundation's combined statements of financial position and is stated at fair market value of the assets held in trust less the present value of future payments to the designated income beneficiaries.

Note 7. Split-Interest Agreements (Continued)

The portion of net assets related to the split-interest agreements that are classified as net assets with donor restrictions at December 31, 2019 and 2018 are as follows:

	2019	2018
Assets Held in Charitable Remainder Trusts	**$ 9,713,644**	$ 8,738,367
Beneficial Interests in Charitable Remainder Trusts and Lead Trusts	**883,549**	1,019,356
Total Assets	**10,597,193**	9,757,723
Liabilities Under Charitable Remainder Trusts	**2,879,658**	2,713,442
Total Liabilities	**2,879,658**	2,713,442
Net Assets with Donor Restrictions	**$ 7,717,535**	$ 7,044,281

The Foundation manages a gift annuity program in which assets were transferred to the Foundation. As of December 31, 2019, the Foundation pays $28,706 annually to the donors until the donors' deaths. The assets of $478,903 and $439,172 at December 31, 2019 and 2018, respectively, are included in investments and the present value of estimated future payments of $285,845 and $296,562 at December 31, 2019 and 2018, respectively, are included in the liabilities under split-interest agreements in the Foundation's combined statements of financial position.

Note 8. Net Assets With Donor Restrictions

Net assets with donor restrictions as of December 31, 2019 and 2018 have the following donor restrictions on them:

	2019	2018
Restricted for Specified Purpose		
Program Funds	**$ 4,636,896**	$ 2,694,470
Hurricane Relief	**330,336**	433,010
Restricted to the Passage of Time		
Split-Interest Agreements	**7,717,535**	7,044,281
Total	**$ 12,684,767**	$ 10,171,761

Note 9. Release of Net Assets With Donor Restrictions

Net assets were released from restrictions by meeting the time restrictions or by incurring expenses satisfying the restricted purposes for the years ended December 31, 2019 and 2018 as follows:

	2019	2018
Restrictions Accomplished:		
Program Funds Grants and Fees	**$ 2,810,230**	$ 2,410,253
Hurricane Relief Grants and Fees	**102,674**	103,639
Split-Interest - Other	**-**	4,470
Total	**$ 2,912,904**	$ 2,518,362

Note 10. Pension Plan

The Foundation has a defined contribution pension plan for all employees. Employees are eligible to participate in the plan after completing six months of service. This plan specifies that the Foundation contribute on behalf of the employees based on their annual compensation. The Foundation's contribution was 8% of the employees' compensation for 2019 and 2018. Contributions were $179,736 and $168,094 for the years ended December 31, 2019 and 2018, respectively.

Note 11. Endowment Funds

As of December 31, 2019 and 2018, respectively, the Board of Directors had designated $187,630,452 and $151,643,842 of net assets for endowment purposes. Since these amounts resulted from an internal designation and are not donor-restricted, they are classified and reported as net assets without donor restrictions.

The Foundation follows a total return spending policy for its endowment funds. Endowment funds are invested for maximum total return (within acceptable risk parameters), without distinction between income and capital gains. The market value of the fund is measured over the past 12 quarters, and a percentage of the average of those values is made available for grants. This method appropriately puts the focus on the long-term growth of the fund. This, in turn, encourages the appropriate use of equities in the fund, helping the fund to grow at a rate greater than inflation. The annual percentage for 2019 and 2018 distributions is 4%. This percentage is evaluated each year and adjusted as necessary.

Note 11. Endowment Funds (Continued)

The primary financial objective for the Foundation is to increase the real (inflation-adjusted) purchasing power of endowment assets and income after accounting for endowment spending, inflation, and costs of investment management. Endowment assets are invested in a well-diversified asset mix, which includes equity securities, fixed income securities, and alternative investments, that is intended to meet this objective. The Foundation has established a 5% real rate of return objective for the Foundation's portfolio. Actual returns in any given year may vary from this amount. Investment assets and the allocation among asset classes and strategies are managed to not expose the endowment assets to unacceptable levels of risk.

Composition of and changes in endowment net assets for the years ended December 31, 2019 and 2018 were as follows:

	2019	2018
Endowment Net Assets, Beginning of Year	**$ 151,643,842**	$ 162,948,453
Net Investment Return (Loss)	**39,926,279**	(6,872,617)
Contributions	**3,694,209**	2,214,520
Amounts Appropriated for Expenditure	**(7,833,747)**	(7,300,227)
Other Transfers	**199,869**	653,713
Endowment Net Assets, End of Year	**$ 187,630,452**	$ 151,643,842

Note 12. Fair Value of Financial Instruments

The Foundation's assets recorded at fair value have been categorized based upon a fair value hierarchy in accordance with the *Fair Value Measurement* Topic of the FASB ASC. See Note 1 for a description of the Foundation's policies and valuation procedures.

Note 12. Fair Value of Financial Instruments (Continued)

The valuation of the Foundation's assets measured at fair value on a recurring basis at December 31, 2019 and 2018 are as follows:

December 31, 2019	**Level 1**	**Level 2**	**Level 3**	**Net Balance**
Common Stocks	**$ 41,153,875**	**$ -**	**$ -**	**$ 41,153,875**
Equity Mutual Funds	**79,368,537**	**-**	**-**	**79,368,537**
Bond Mutual Funds	**29,477,013**	**-**	**-**	**29,477,013**
Corporate and Government Bonds	**-**	**39,435,236**	**574,899**	**40,010,135**
Money Market Funds	**28,099,388**	**-**	**-**	**28,099,388**
Unconditional Promises to Give, Net	**-**	**-**	**3,230,048**	**3,230,048**
Total Assets in the Fair Value Hierarchy	**$ 178,098,813**	**$ 39,435,236**	**$ 3,804,947**	**221,338,996**
Assets Measured at Net Asset Value[(a)]				**157,867,867**
Total				**$ 379,206,863**

December 31, 2018	Level 1	Level 2	Level 3	Net Balance
Common Stocks	$ 28,658,084	$ -	$ -	$ 28,658,084
Equity Mutual Funds	49,530,888	-	-	49,530,888
Bond Mutual Funds	17,483,381	-	-	17,483,381
Corporate and Government Bonds	-	41,937,229	590,000	42,527,229
Money Market Funds	26,399,433	-	-	26,399,433
Annuity Policies	-	1,860,164	-	1,860,164
Unconditional Promises to Give, Net	-	-	3,899,519	3,899,519
Total Assets in the Fair Value Hierarchy	$ 122,071,786	$ 43,797,393	$ 4,489,519	170,358,698
Assets Measured at Net Asset Value[(a)]				143,331,408
Total				$ 313,690,106

(a) In accordance with Subtopic 820-10, certain investments that were measured at net asset value (NAV) per share (or its equivalent) have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the line items presented in the combined statements of financial position.

The FASB issued a standard update pertaining to *Fair Value Measurements and Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share*. Fair values are determined by the use of calculated net asset value per ownership share.

Note 12. Fair Value of Financial Instruments (Continued)

The Foundation's investments at December 31, 2019 that feature NAV per share are as follows:

Category of Investment	Adjusted Fair Value Calculated Using NAV	Number of Funds	Remaining Life	Unfunded Commitments	Redemption Terms	Redemption Restrictions and Terms in Place at Year End
Private Equity Funds [(a)]	$ 25,338,366	21	1 - 10 Years	$ 8,733,717	Redemption not permitted during the life of the fund; distributions may be made at the discretion of the general partners	N/A
Hedge Funds [(b)]	46,852,203	17	Open Ended	-	Full redemption with 90 day notice; 25% redeemed quarterly	Lockup of third tranche expires on 2 year anniversary (June 2021)
Limited Liability Entities [(c)]	73,423,513	11	Open Ended	4,683,619	Current	N/A
Pooled Investment Fund [(d)]	12,253,785	1	Open Ended	2,293,700	Quarterly redemptions with 180 day notice after initial lockup	Annual distribution election; minimum of 50% withdrawn paid in cash within 30 days; remainder up to 2 years
Total	$ 157,867,867			$ 15,711,036		

(a) Each fund has a different objective, mainly to provide returns materially greater than the MSCI world index or to generate a net IRR of inflation plus 500 basis points over the life of the fund.

(b) The main objective of these funds is to generate over rolling three-year periods an annualized return equal to or greater than 91-day Treasury bills plus 5%, net of all costs.

(c) These are various entities structured to provide limited liability for their investors. The entities were formed as funds primarily holding equity securities to provide returns to their investors.

(d) The fund is a core endowment solution with exposure to a globally diverse mix of public and private assets. The fund measures its performance versus a constructed index.

Note 12. Fair Value of Financial Instruments (Continued)

The changes in investments and unconditional promises to give measured at fair value for which the Foundation has used Level 3 inputs to determine fair value are as follows:

December 31, 2019	**Level 3 Beginning Balance**	**Net Realized and Unrealized Gains (Losses)**	**Net Payments and Gifts**	**Net Purchases and Sales**	**Net Transfers In (Out) of Level 3**	**Level 3 Ending Balance**
Unconditional Promises to Give, Net	**$ 3,899,519**	**$ 107,412**	**$ (776,883)**	**$ -**	**$ -**	**$ 3,230,048**
Corporate and Treasury Bonds	**590,000**	**(15,101)**	**-**	**-**	**-**	**574,899**
Total	**$ 4,489,519**	**$ 92,311**	**$ (776,883)**	**$ -**	**$ -**	**$ 3,804,947**

December 31, 2018	Level 3 Beginning Balance	Net Realized and Unrealized Gains (Losses)	Net Payments and Gifts	Net Purchases and Sales	Net Transfers In (Out) of Level 3	Level 3 Ending Balance
Unconditional Promises to Give, Net	$ 4,377,510	$ -	$ (477,991)	$ -	$ -	$ 3,899,519
Corporate and Treasury Bonds	540,000	-	-	-	50,000	590,000
Total	$ 4,917,510	$ -	$ (477,991)	$ -	$ 50,000	$ 4,489,519

The following disclosure is made in accordance with the requirements of the *Financial Instruments* Topic of the FASB ASC. Financial instruments are defined as cash and contractual rights and obligations that require settlement, directly or indirectly, in cash. Listed below are the carrying amounts of financial instruments which approximate fair value:

	December 31, 2019		December 31, 2018	
	Carrying Amount	**Fair Value**	Carrying Amount	Fair Value
Financial Assets				
Cash and Cash Equivalents	**$ 2,618,750**	**$ 2,618,750**	$ 348,400	$ 348,400
Accounts and Interest Receivable	**100,248**	**100,248**	72,858	72,858
Grants Receivable	**1,674,000**	**1,674,000**	-	-
Unconditional Promises to Give, Net	**3,230,048**	**3,230,048**	3,899,519	3,899,519
Investments	**375,976,815**	**375,976,815**	309,790,587	309,790,587
Assets Held in Charitable Remainder Trusts	**9,713,644**	**9,713,644**	8,738,367	8,738,367
Beneficial Interests in Charitable Remainder Trusts and Lead Trusts	**883,549**	**883,549**	1,019,356	1,019,356
Financial Liabilities				
Accounts Payable	**$ 194,414**	**$ 194,414**	$ 405,915	$ 405,915
Grants Payable	**2,435,332**	**2,435,332**	5,743,431	5,743,431
Liabilities Under Split-Interest Agreements	**3,165,503**	**3,165,503**	3,001,967	3,001,967

The carrying value of cash and cash equivalents, interest receivable, accounts payable, and grants payable approximates fair value because of the terms and relatively short maturity of these financial instruments.

Note 13. Related Party Transactions

The majority of the board members and committee members of the Foundation also serve as board members of entities receiving grants and support from the Foundation. Each board member completes a conflict of interest declaration form annually. Those board members and committee members who have conflicts abstain from voting on grants if the beneficiary is one of these entities.

Note 14. Concentrations

The Foundation maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The amount in excess of the federally insured limits was approximately $24,127,816 and $18,482,000 for the years ended December 31, 2019 and 2018, respectively. The Foundation has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

For the year ended December 31, 2019, contributions from one donor totaled approximately $14,400,000, representing approximately 32% of its contribution revenue. For the year ended December 31, 2018, contributions from one donor totaled approximately $9,000,000, representing approximately 25% of its contribution revenue.

Note 15. Subsequent Events

Management has evaluated subsequent events through the date that the combined financial statements were available to be issued, June 3, 2020, and determined that the following event occurred that required disclosure:

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a “Public Health Emergency of International Concern”, and on March 10, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had, and are expected to continue to have, an adverse impact on the economies and financial markets of many countries, including the geographical area in which the Foundation operates. While it is unknown how long these conditions will last and what the complete financial effect will be to the Foundation, to date, the Foundation has experienced significant decreases in the fair value of certain investments. Additionally, it is reasonably possible that estimates made in the combined financial statements have been, or will be, materially and adversely impacted in the near-term as a result of these conditions, including the fair value of investments.

No further subsequent events occurring after June 3, 2020 have been evaluated for inclusion in these combined financial statements.