

**THE COMMUNITY FOUNDATION FOR  
THE CENTRAL SAVANNAH RIVER AREA  
AND AFFILIATES**

CONSOLIDATED FINANCIAL STATEMENTS

*As of and for the Year Ended December 31, 2019 and 2018*

*And Report of Independent Auditor*

**THE COMMUNITY FOUNDATION FOR THE  
CENTRAL SAVANNAH RIVER AREA AND AFFILIATES  
TABLE OF CONTENTS**

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<b>REPORT OF INDEPENDENT AUDITOR .....</b>	<b>1-2</b>
<b>CONSOLIDATED FINANCIAL STATEMENTS</b>	
Consolidated Statements of Financial Position .....	3
Consolidated Statements of Activities .....	4
Consolidated Statements of Cash Flows .....	5
Notes to the Consolidated Financial Statements.....	6-22

## Report of Independent Auditor

To the Board of Directors  
The Community Foundation for the  
Central Savannah River Area and Affiliates  
Augusta, Georgia

We have audited the accompanying consolidated financial statements of The Community Foundation for the Central Savannah River Area and Affiliates (the "Foundation"), which comprise the consolidated statements of financial position as of December 31, 2019 and 2018, and the related consolidated statements of activities and cash flows for the year then ended, and the related notes to the consolidated financial statements.

### **Management's Responsibility for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of The Community Foundation for the Central Savannah River Area and Affiliates as of December 31, 2019 and 2018, 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.

**Emphasis of Matter**

As discussed in Note 15 to the consolidated financial statements, in January 2020 the World Health Organization declared COVID-19 to constitute a “public health emergency of international concern”. The consolidated financial statements do not include any adjustments that might result from the outcome. Our opinion is not modified with respect to this matter.

A handwritten signature in black ink that reads "Chung Bekant LLP". The signature is written in a cursive, flowing style.

Augusta, Georgia  
June 25, 2020

**THE COMMUNITY FOUNDATION FOR THE  
CENTRAL SAVANNAH RIVER AREA AND AFFILIATES  
CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

DECEMBER 31, 2019 AND 2018

	<b>2019</b>	<b>2018</b>
<b>ASSETS</b>		
Current Assets:		
Cash and cash equivalents	\$ 851,249	\$ 1,120,334
Total Current Assets	<u>851,249</u>	<u>1,120,334</u>
Noncurrent Assets:		
Investments	89,788,053	75,130,664
Other investments	14,600,000	14,600,000
Property held for investment	774,182	1,324,182
Furniture, fixtures, and equipment, net of accumulated depreciation	<u>11,726</u>	<u>14,370</u>
Total Noncurrent Assets	<u>105,173,961</u>	<u>91,069,216</u>
<b>Total Assets</b>	<u><u>\$ 106,025,210</u></u>	<u><u>\$ 92,189,550</u></u>
<b>LIABILITIES AND NET ASSETS</b>		
Current Liabilities:		
Deferred rent revenue	\$ 118,113	\$ 19,727
Deferred contribution revenue	-	25,000
Total Current Liabilities	<u>118,113</u>	<u>44,727</u>
Long-Term Liabilities:		
Other liabilities	9,296	81,547
Assets held for others	<u>26,210,035</u>	<u>21,389,356</u>
Total Long-Term Liabilities	<u>26,219,331</u>	<u>21,470,903</u>
Total Liabilities	<u>26,337,444</u>	<u>21,515,630</u>
Net Assets:		
Without donor restrictions:		
Undesignated	35,897,024	33,514,596
Donor advised	38,118,968	32,612,125
Field of interest	3,584,719	2,865,067
Scholarship	1,336,467	1,072,717
Designated by the Board	<u>225,000</u>	<u>225,000</u>
Total Without Donor Restrictions	79,162,178	70,289,505
With donor restrictions:		
Perpetual in nature	<u>525,588</u>	<u>384,415</u>
Total Net Assets	<u>79,687,766</u>	<u>70,673,920</u>
<b>Total Liabilities and Net Assets</b>	<u><u>\$ 106,025,210</u></u>	<u><u>\$ 92,189,550</u></u>

**THE COMMUNITY FOUNDATION FOR THE  
CENTRAL SAVANNAH RIVER AREA AND AFFILIATES  
CONSOLIDATED STATEMENT OF ACTIVITIES**

*YEAR ENDED DECEMBER 31, 2019 AND 2018*

	<b>2019</b>	<b>2018</b>
<b>Changes in net asset without donor restrictions:</b>		
Support:		
Contributions	\$ 6,378,248	\$ 10,391,687
Investment return, net	8,953,302	(1,581,348)
Donor administrative fees	134,422	121,311
	<u>15,465,972</u>	<u>8,931,650</u>
Investment activity related to property held for investment:		
Gain (loss) on property held for investment	(38,165)	550,000
Expenses related to property held for investment	(29,413)	(113,394)
Rental income from property held for investment	226,837	225,546
	<u>159,259</u>	<u>662,152</u>
Net assets released from restrictions:		
Satisfaction of program restrictions	622,125	623,700
Total net asset released from restriction	<u>622,125</u>	<u>623,700</u>
Total revenues, gains, and other support without donor restrictions	<u>16,247,356</u>	<u>10,217,502</u>
Expenses:		
Program expenses	6,888,094	7,204,409
Management and general expenses	311,720	283,925
Fundraising expenses	174,870	125,472
Total expenses	<u>7,374,684</u>	<u>7,613,806</u>
Change in net assets without donor restrictions	<u>8,872,672</u>	<u>2,603,696</u>
<b>Changes in net assets with donor restrictions:</b>		
Contributions	704,000	630,500
Investment return, net	63,567	(13,481)
Donor administrative fees	(4,268)	(3,878)
Net assets released from restrictions	<u>(622,125)</u>	<u>(623,700)</u>
Change in net assets with donor restrictions	<u>141,174</u>	<u>(10,559)</u>
Change in net assets	9,013,846	2,593,137
Net assets, beginning of year	<u>70,673,920</u>	<u>68,080,783</u>
Net assets, end of year	<u>\$ 79,687,766</u>	<u>\$ 70,673,920</u>

**THE COMMUNITY FOUNDATION FOR THE  
CENTRAL SAVANNAH RIVER AREA AND AFFILIATES  
CONSOLIDATED STATEMENT OF CASH FLOWS**

*YEAR ENDED DECEMBER 31, 2019 AND 2018*

	<b>2019</b>	<b>2018</b>
<b>Cash flows from operating activities:</b>		
Cash received from contributions	\$ 7,057,248	\$ 11,047,187
Cash received from assets held for others	1,822,344	837,104
Transfer of administrative fees from investments to cash and cash equivalents	652,087	573,086
Cash received from rental income	250,000	132,000
Cash paid for supporting services	(662,272)	(562,752)
Cash paid for expenses related to property held for investment	(8,251)	(4,406)
Cash paid from assets held for others	(679,144)	(895,088)
Unrestricted and donor-advised grants paid	(6,735,033)	(7,055,061)
Net cash from operating activities	<u>1,696,979</u>	<u>4,072,070</u>
<b>Cash flows from investing activities:</b>		
Purchases of investments	(24,425,345)	(23,183,925)
Proceeds from sales of investments	21,947,446	19,419,891
Proceeds from sale of property held for investment	511,835	-
Net cash from investing activities	<u>(1,966,064)</u>	<u>(3,764,034)</u>
Net increase (decrease) in cash and cash equivalents	(269,085)	308,036
Cash and cash equivalents at beginning of year	1,120,334	812,298
Cash and cash equivalents at end of year	<u>\$ 851,249</u>	<u>\$ 1,120,334</u>

# THE COMMUNITY FOUNDATION FOR THE CENTRAL SAVANNAH RIVER AREA AND AFFILIATES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2019 AND 2018

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### Note 1—Nature of activities

The Community Foundation for the Central Savannah River Area (the “Foundation”) was incorporated in 1995 as the Greater Augusta Community Foundation, Inc. The name was changed to CSRA Community Foundation, Inc. in 1998, and in 2003 to The Community Foundation for the Central Savannah River Area. The Foundation is a nonprofit organization, and its stated purpose is to receive and accept property to be administered exclusively for charitable purposes, primarily in or for the benefit of the community of Augusta, Georgia and its surrounding communities, collectively known as the Central Savannah River Area (“CSRA”).

### Note 2—Summary of significant accounting policies

*Consolidated Financial Statements* – The consolidated financial statements include the accounts of the Foundation and its affiliates, CSRA Foundation Property Holdings, Inc. and CSRA Foundation Property Holdings 2, Inc., which are nonprofit organizations formed to act as supporting organizations for the Foundation. The purpose of CSRA Foundation Property Holdings, Inc. and CSRA Foundation Property Holdings 2, Inc. is to receive and accept property on behalf of the Foundation and to distribute the proceeds from the sale of such property to the Foundation.

*Basis of Presentation and Use of Estimates* – The Foundation prepares its consolidated financial statements in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”). The consolidated financial statements include estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The valuation of investments is particularly subject to change.

*Support and Expenses* – Contributions received are measured at their fair values and are reported as an increase in net assets. The Foundation reports gifts of cash and other assets as support with donor restrictions if they are received with donor stipulations that limit the use of the donated assets or if they are designated as support for future periods. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities as net assets released from restrictions.

The Foundation reports gifts of goods and equipment as support without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as support with donor restrictions. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Foundation reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Expenses are recorded when incurred in accordance with the accrual basis of accounting and reported on a functional basis within the consolidated statement of activities.

*Net Asset Classifications* – Georgia’s enacted version of the Uniform Prudent Management of Institutional Funds Act (“UPMIFA”) imposes a duty on the Foundation to use good faith and prudent care in adopting investment and spending policies to preserve endowment assets while providing income and appreciation to meet the donors’ intention in perpetuity.

**THE COMMUNITY FOUNDATION FOR THE  
CENTRAL SAVANNAH RIVER AREA AND AFFILIATES**  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2019 AND 2018

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**Note 2—Summary of significant accounting policies (continued)**

Net assets without donor restrictions are net assets available for general use and not subject to donor restrictions. Funds designated for donor-advised grants are available for distribution upon recommendation by the donor.

Net assets with donor restrictions are net assets that are contributions and endowment investment earnings subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature that may or will be met, either by actions of the Foundation and/or the passage of time. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

The Foundation's governing documents and fund agreements give the Foundation's board variance power to modify donor instructions that are incapable of fulfillment or inconsistent with the charitable needs of the community. As a result of variance power, most contributions are classified as net assets without donor restrictions for financial statement purposes.

Consistent with the National Standards for U.S. Community Foundations, the Foundation classifies its net assets without donor restrictions (noting that all are subject to the aforementioned variance power) as follows:

*Undesignated:* Administrative and other funds available for the Foundation's general use.

*Donor Advised:* Funds that have at least three characteristics: (1) a donor(s) or person(s) appointed or designated by the donor has, or reasonably expects to have, advisory privileges with respect to the fund's distributions; (2) the fund is separately identified by reference to contributions of the donor(s); and (3) the fund is owned and controlled by the Foundation or one of the Foundation's sponsoring organizations. A fund possessing these characteristics may be exempt from the donor advised fund classification if it grants to one single public charity or government unit or if the fund meets certain requirements applicable to scholarship funds.

*Field-of-Interest:* Funds that are used for a specific charitable purpose.

*Scholarship:* Donor advised funds that are to be used for various scholarships.

*Board Designated:* Funds designated by the board to provide seed funds in assisting in starting endowments for non-profit organizations.

*Recent Accounting Pronouncements* – In May 2014, Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2014-09, *Revenue from Contracts with Customers*. This standard, along with all subsequent amendments to the ASU (collectively, "Accounting Standards Codification 606"), creates a single framework for recognizing revenue from contracts with customers that fall within its scope of exchange transactions. There were no impacts to the financial statements and underlying accounting as a result of this implementation, which has been applied retrospectively to the 2019 and 2018 financial statements.

The Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2018-08, *Not-for-Profit Entities (Topic 958) – Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This ASU clarifies and improves the scope and the accounting guidance for contributions received and contributions made. During the year ended December 31, 2019, the Community Foundation fully adopted this standard.

**THE COMMUNITY FOUNDATION FOR THE  
CENTRAL SAVANNAH RIVER AREA AND AFFILIATES**  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2019 AND 2018

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**Note 2—Summary of significant accounting policies (continued)**

*Donated Services* – Certain officers of the Foundation provide legal services and annual informational return preparation services free of charge. No amounts have been recorded for these services as management believes these amounts are immaterial to the Foundation’s consolidated financial statements.

*Cash and Cash Equivalents* – The Foundation places its cash and cash equivalents on deposit with financial institutions in the United States. The Federal Deposit Insurance Corporation covers \$250,000 for substantially all depository accounts. The Foundation from time to time may have amounts on deposit in excess of the insured limits. As of December 31, 2019, the Foundation had approximately \$809,499 which exceeded these insured amounts.

*Investments* – Investments in certificates of deposit, money market funds, and marketable securities with readily determinable fair values and all investments in debt securities are measured at fair value based on quoted market prices. If a quoted market price is not available, fair value is estimated using quoted market prices for similar investment securities. At December 31, 2019 and 2018, investments include \$26,210,035 and \$21,389,356, respectively held for the benefit of other not-for-profit entities.

*Furniture, Fixtures, and Equipment* – The Foundation capitalizes all expenditures for fixed assets acquisitions in excess of \$100. Furniture, fixtures, and equipment are recorded at cost and are being depreciated using the straight-line method of depreciation over the following estimated useful lives:

Equipment and software	3 – 10 years
Office furniture and fixtures	3 – 10 years
Leasehold improvements	5 years

*Assets Held for Others* – The Foundation accounts for its assets held for others in accordance with U.S. GAAP, under which assets held for others are required to be recorded as a liability on the Foundation’s consolidated statement of financial position. Also, amounts received from or disbursed on behalf of others are not reported as revenues or expenses of the Foundation.

*Tax Status* – The Foundation is a nonprofit public charity exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (“IRC”). As a result, no provision for income taxes is reflected in the accompanying consolidated financial statements. The Foundation is not a private foundation as defined in Section 509 of the IRC.

The Foundation has evaluated the effect of U.S. GAAP guidance on Accounting for Uncertainty in Income Taxes. The Foundation is tax exempt under Section 501(c)(3) of the IRC. The Foundation is subject to federal income tax on unrelated business income. Management believes the Foundation continues to satisfy the requirements of a tax-exempt organization. Management has evaluated all other tax positions that could have a significant effect on the consolidated financial statements and determined the Foundation had no uncertain income tax positions at December 31, 2019 and 2018.

*Future Pronouncements* – In February 2016, FASB issued ASU 2016-02, *Leases*. The standard requires all leases with lease terms over 12 months to be capitalized as a right of use asset and lease liability on the balance sheet at the date of lease commencement. Leases will be classified as either finance or operating. This distinction will be relevant for the pattern of expense recognition in the consolidated statement of activities. This standard will be effective for the calendar year ending December 31, 2022. The Foundation is currently in the process of evaluating the impact of adoption of this ASU on the consolidated financial statements. See Note 7 for the Foundation’s lease commitments.

**THE COMMUNITY FOUNDATION FOR THE  
CENTRAL SAVANNAH RIVER AREA AND AFFILIATES**  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2019 AND 2018

**Note 3—Functional expenses**

The table below presents expenses by both their nature and function for the year ended December 31, 2019.

	<u>Program Activities</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Expenses 2019</u>
Charitable distributions	\$ 6,735,033	\$ -	\$ -	\$ 6,735,033
Salary and employee benefits	131,171	131,787	161,668	424,626
Professional fees	-	69,591	-	69,591
Dues and subscriptions	-	9,007	-	9,007
Payroll taxes	9,030	8,877	10,783	28,690
Repairs and maintenance	-	4,411	-	4,411
Training and conferences	10,114	-	-	10,114
Insurance	-	6,584	-	6,584
Marketing and web development	-	11,290	252	11,542
Equipment rent	-	50,822	-	50,822
Office supplies	-	5,889	-	5,889
Printing	-	156	-	156
Janitorial	-	3,229	-	3,229
Depreciation	-	2,644	-	2,644
Postage	-	2,181	-	2,181
Professional development	162	2,606	1,768	4,536
Miscellaneous	2,536	2,067	-	4,603
Fees and licenses	-	378	-	378
Auto expense	48	201	399	648
Total expenses	<u>\$ 6,888,094</u>	<u>\$ 311,720</u>	<u>\$ 174,870</u>	<u>\$ 7,374,684</u>

The consolidated financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated are allocated on the basis of estimates of time and effort.

**THE COMMUNITY FOUNDATION FOR THE  
CENTRAL SAVANNAH RIVER AREA AND AFFILIATES**  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2019 AND 2018

**Note 3—Functional expenses (continued)**

The table below presents expenses by both their nature and function for the year ended December 31, 2018.

	<u>Program Activities</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Expenses 2018</u>
Charitable distributions	\$ 7,055,061	\$ -	\$ -	\$ 7,055,061
Salary and employee benefits	132,819	118,903	117,527	369,249
Professional fees	-	63,128	-	63,128
Dues and subscriptions	-	29,667	-	29,667
Office rent	-	27,084	-	27,084
Payroll taxes	6,709	8,221	6,713	21,643
Repairs and maintenance	-	9,834	-	9,834
Training and conferences	6,474	569	-	7,043
Insurance	-	5,674	-	5,674
Telephone and fax	-	4,479	-	4,479
Marketing and web development	2,355	1,706	73	4,134
Equipment rent	-	3,875	-	3,875
Office supplies	-	3,495	-	3,495
Printing	637	1,274	637	2,548
Janitorial	-	2,484	-	2,484
Depreciation	-	1,748	-	1,748
Postage	354	707	354	1,415
Miscellaneous	-	593	-	593
Fees and licenses	-	484	-	484
Auto expense	-	-	168	168
Total expenses	<u>\$ 7,204,409</u>	<u>\$ 283,925</u>	<u>\$ 125,472</u>	<u>\$ 7,613,806</u>

The consolidated financial statements report certain categories of expenses that are attributable to more than one program of supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated are allocated on the basis of estimates of time and effort.

**THE COMMUNITY FOUNDATION FOR THE  
CENTRAL SAVANNAH RIVER AREA AND AFFILIATES**  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2019 AND 2018

**Note 4—Liquidity and availability of resources**

The Foundation's financial assets available for general expenditure that is, without donor or other restrictions limiting their use, within one year of the consolidated statement of financial position date are as follows:

	<u>2019</u>	<u>2018</u>
Cash and cash equivalents	\$ 596,450	\$ 456,328
Investments	4,146,573	2,530,700
	<u>\$ 4,743,023</u>	<u>\$ 2,987,028</u>

As part of the Foundation's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. 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 management and general activities and fundraising to be general expenditures. As disclosed in Note 3, the Foundation's program activities expenses consist primarily of charitable distributions. The Foundation does not consider charitable distributions to be part of its general expenditures. To help manage unanticipated liquidity needs, the Foundation has a liquidity access line with an available amount of \$10,000,000 at December 31, 2019 and 2018 which it could draw upon. See Note 14 for Foundation's liquidity access line.

**Note 5—Investments**

Investments carried at fair value consisted of the following at December 31:

		<u>2019</u>		<u>2018</u>
Equity securities and equity funds	52%	\$ 46,989,979	51%	\$ 38,293,110
Fixed income investments	28%	24,752,980	34%	25,741,188
Alternative investments	15%	13,655,236	12%	9,037,324
Total securities		<u>85,398,195</u>		<u>73,071,622</u>
Certificates of deposit	0%	205,233	2%	199,878
Money market funds	5%	4,184,625	2%	1,859,164
Total certificates and money market funds		<u>4,389,858</u>		<u>2,059,042</u>
Total investments		<u>\$ 89,788,053</u>		<u>\$ 75,130,664</u>

**THE COMMUNITY FOUNDATION FOR THE  
CENTRAL SAVANNAH RIVER AREA AND AFFILIATES**  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2019 AND 2018

**Note 5—Investments (continued)**

The following table summarizes the fair value measurements of certain alternative investments that calculate net asset value per share as of December 31, 2019:

	<u>Fair Value</u>	<u>Redemption Frequency (If currently eligible)</u>	<u>Redemption Notice Period</u>
		Annually - last day of each year or quarterly - last day of each quarter	100 days
Multi-strategy hedge fund <sup>(a)</sup>	\$ 4,870,506		
Managed futures hedge fund <sup>(b)</sup>	2,744,346	Monthly	None
			Second to last business day of the applicable month
Real estate fund <sup>(c)</sup>	<u>2,883,397</u>	Monthly	
Total	<u>\$ 10,498,249</u>		

There were no unfunded commitments related to the investments above that calculate net asset value as of December 31, 2019.

The following table summarizes the fair value measurements of certain alternative investments that calculate net asset value per share as of December 31, 2018:

	<u>Fair Value</u>	<u>Redemption Frequency (If currently eligible)</u>	<u>Redemption Notice Period</u>
		Annually - last day of each year or quarterly - last day of each quarter	100 days
Multi-strategy hedge fund <sup>(a)</sup>	\$ 4,691,788		
Managed futures hedge fund <sup>(b)</sup>	<u>2,745,446</u>	Monthly	None
Total	<u>\$ 7,437,234</u>		

There were no unfunded commitments related to the investments above that calculate net asset value as of December 31, 2018.

**THE COMMUNITY FOUNDATION FOR THE  
CENTRAL SAVANNAH RIVER AREA AND AFFILIATES**  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2019 AND 2018

**Note 5—Investments (continued)**

- (a) *Multi-Strategy Hedge Funds* – This category employs a fund of hedge funds portfolio construction. The investment strategy attempts to achieve capital appreciation with limited volatility through an actively managed, opportunistic, multi-strategy portfolio of hedge fund investments. The fund uses a range of strategies including long/short equity, equity special situations, event-driven/distressed credit, asset backed securities, relative value, and global macro to diversify risk.
- (b) *Managed Futures Hedge Fund* – This category employs a fund of futures focused portfolio construction. The fund seeks to achieve capital appreciation through compound growth. The fund invests in globally exchange-traded futures, options and forwards, cash equities, currency forwards traded over the counter, and other related instruments such as contract for difference on equities and exchange traded funds in order to construct a diversified portfolio.
- (c) *Real Estate Fund* – This category employs a fund of real estate funds portfolio construction. The investment strategy attempts to achieve capital appreciation through proactive investment and asset management and provide investments in commercial real estate with lower volatility than listed public real estate companies. The fund invests in primarily stabilized, income-generating commercial real estate in the United States. The fund invests in a range of asset types including multi-family, industrial, net leases, hotel, retail, and other assets, including storage properties. To a lesser extent, the fund also invest in real estate debt and other securities to provide current income and a source of liquidity for share repurchase plan, cash management, and other purposes.

The following schedule summarizes investment return in the consolidated statement of activities for the year ended December 31:

	<u>2019</u>	<u>2018</u>
Investment income	\$ 1,418,495	\$ 1,414,335
Realized gains	560,095	3,001,967
Unrealized gains (losses)	7,423,935	(5,628,392)
Less investment management expenses	<u>(385,656)</u>	<u>(382,739)</u>
Investment return, net	<u>\$ 9,016,869</u>	<u>\$ (1,594,829)</u>

**Note 6—Property and equipment**

Property and equipment consisted of the following at December 31:

	<u>2019</u>	<u>2018</u>
Equipment and software	\$ 19,068	\$ 19,068
Office furniture and fixtures	8,865	8,865
Leasehold improvements	<u>53,960</u>	<u>53,960</u>
	81,893	81,893
Less accumulated depreciation	<u>(70,167)</u>	<u>(67,523)</u>
	<u>\$ 11,726</u>	<u>\$ 14,370</u>

**THE COMMUNITY FOUNDATION FOR THE  
CENTRAL SAVANNAH RIVER AREA AND AFFILIATES**  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2019 AND 2018

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**Note 7—Leases**

The Foundation leases office space and equipment under various operating leases. The Foundation's lease for its office space ends on January 1, 2024. The equipment lease expires on February 28, 2023. As of December 31, 2019 and 2018, the office space lease agreement provides for monthly rent of \$3,098. Total lease expense for the years ended December 31, 2019 and 2018, amounted to \$50,688 and \$30,959 respectively.

Future minimum lease payments for the Foundation's rental of office space and various equipment as of December 31, 2019 were as follows:

**Years Ending December 31,**

2020	\$	40,530
2021		40,530
2022		40,530
2023		37,730
	\$	<u>159,320</u>

**Note 8—Fair value measurements of assets and liabilities**

The Foundation has adopted the provision of FASB ASC 820, *Fair Value Measurements and Disclosures*, which requires fair value measurement be classified and disclosed in one of the following three categories:

*Level 1* – Quoted prices are available in active markets for identical investments as of the reporting date. The types of investments which would generally be included in Level 1 include listed equity securities, mutual funds, and money market funds. As required by U.S. GAAP, the Foundation, to the extent that it holds such investments, does not adjust the quoted price for these investments, even in situations where the Foundation holds a large position and a sale could reasonably impact the quoted price.

*Level 2* – Pricing inputs are observable for the investments, either directly or indirectly, as of the reporting date, but are not the same as those used in Level 1; inputs include comparable market transactions, pricing of similar instruments, values reported by the administrator, and pricing expectations based on internal modeling. Fair value is determined through the use of models or other valuation methodologies. The types of investments which would generally be included in this category include publicly traded securities with restrictions on disposition, corporate obligations, and U.S. government and agency treasury inflation indices.

*Level 3* – Pricing inputs are unobservable for the investment and include situations where there is little, if any, market activity for the investments. The types of investments which would generally be included in this category include debt and equity securities issued by private entities and partnerships. The inputs into the determination of fair value require significant judgment or estimation. Inputs include recent transactions, earnings forecasts, market multiples, and future cash flows.

**THE COMMUNITY FOUNDATION FOR THE  
CENTRAL SAVANNAH RIVER AREA AND AFFILIATES**  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2019 AND 2018

**Note 8—Fair value measurements of assets and liabilities (continued)**

The tables below summarize the valuation of the Foundation's financial assets and liabilities measured at fair value on a recurring basis as of December 31, 2019 and 2018, based on the level of input utilized to measure fair value.

Securities with measurement at fair value on a recurring basis:

	Fair Value Measurement at December 31, 2019			
	Level 1	Level 2	Level 3	Total
Investments:				
Equities:				
Common stocks, technology industry	\$ 8,457,016	\$ -	\$ -	\$ 8,457,016
Common stocks, consumer discretionary industry	4,085,201	-	-	4,085,201
Common stocks, financial industry	5,544,442	-	-	5,544,442
Common stocks, consumer goods industry	4,997,977	-	-	4,997,977
Common stocks, healthcare industry	4,588,560	-	-	4,588,560
Common stocks, other industries <sup>(a)</sup>	12,080,628	-	-	12,080,628
Private equity investments	-	-	1,033,245	1,033,245
Mutual funds	16,921	-	-	16,921
ETF- Equity	6,185,989	-	-	6,185,989
Total equities	<u>45,956,734</u>	<u>-</u>	<u>1,033,245</u>	<u>46,989,979</u>
Fixed Income:				
Agency securities	-	1,726,692	-	1,726,692
Corporate bonds, other industries <sup>(a)</sup>	-	6,213,526	-	6,213,526
Government bonds	-	1,164,228	-	1,164,228
Mutual funds	12,976,601	-	-	12,976,601
Real estate trusts	2,671,933	-	-	2,671,933
Total fixed income	<u>15,648,534</u>	<u>9,104,446</u>	<u>-</u>	<u>24,752,980</u>
Alternative investments, master limited partnership funds	-	3,156,987	-	3,156,987
Alternative investments, hedge funds	-	-	-	7,614,852
Alternative investments, real estate investment trust	-	2,883,397	-	2,883,397
Total investments, recurring basis	<u>\$ 61,605,268</u>	<u>\$ 12,261,433</u>	<u>\$ 1,033,245</u>	<u>\$ 85,398,195</u>

<sup>(a)</sup> The individual industries included in common stocks, other and corporate bonds, other represents less than 5% of total investments at December 31, 2019.

**THE COMMUNITY FOUNDATION FOR THE  
CENTRAL SAVANNAH RIVER AREA AND AFFILIATES  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

DECEMBER 31, 2019 AND 2018

**Note 8—Fair value measurements of assets and liabilities (continued)**

	Fair Value Measurement at December 31, 2018			
	Level 1	Level 2	Level 3	Total
Investments:				
Equities:				
Common stocks, technology industry	\$ 7,373,421	\$ -	\$ -	\$ 7,373,421
Common stocks, consumer discretionary industry	2,700,071	-	-	2,700,071
Common stocks, financial industry	3,143,595	-	-	3,143,595
Common stocks, consumer goods industry	4,927,732	-	-	4,927,732
Common stocks, healthcare industry	3,505,605	-	-	3,505,605
Common stocks, other industries <sup>(a)</sup>	8,983,867	-	-	8,983,867
Private equity investments	-	-	1,033,245	1,033,245
Mutual funds	2,606,633	-	-	2,606,633
ETF- Equity	4,018,941	-	-	4,018,941
Total equities	<u>37,259,865</u>	<u>-</u>	<u>1,033,245</u>	<u>38,293,110</u>
Fixed Income:				
Agency securities	-	718,488	-	718,488
Corporate bonds, other industries <sup>(a)</sup>	-	6,585,073	-	6,585,073
Government bonds	-	1,202,844	-	1,202,844
Mutual funds	15,542,029	-	-	15,542,029
Real estate trusts	1,692,754	-	-	1,692,754
Total fixed income	<u>17,234,783</u>	<u>8,506,405</u>	<u>-</u>	<u>25,741,188</u>
Alternative investments, master limited partnership funds	-	1,600,090	-	1,600,090
Alternative investments, hedge funds	-	-	-	7,437,234
Total investments, recurring basis	<u>\$ 54,494,648</u>	<u>\$ 10,106,495</u>	<u>\$ 1,033,245</u>	<u>\$ 73,071,622</u>

<sup>(a)</sup> The individual industries included in common stocks, other and corporate bonds, other represents less than 5% of total investments at December 31, 2018.

All equities and fixed income assets have been valued using a market approach. There have been no changes in valuation techniques and related inputs.

**THE COMMUNITY FOUNDATION FOR THE  
CENTRAL SAVANNAH RIVER AREA AND AFFILIATES**  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2019 AND 2018

**Note 8—Fair value measurements of assets and liabilities (continued)**

Level 3 Measurements

The fair value for the Foundation's private equity investment has been valued using unadjusted third party quotations. The fair value for the Foundation's private equity investment is measured based on the arm's length sale of the Foundation's preferred stock assuming conversion of all preferred stock into common stock.

The table below presents information about recurring fair value measurements that use significant unobservable inputs (Level 3 measurements):

	<b>Private Equity Investment</b>
<b>January 1, 2018</b>	<b>\$ 1,033,245</b>
Transfer out of Level 3	-
Total gains or losses for the year	-
Purchases, sales, settlements, and contributions:	
Contributions	-
<b>December 31, 2018</b>	<b>\$ 1,033,245</b>
Transfer out of Level 3	-
Total gains or losses for the year	-
Purchases, sales, settlements, and contributions:	
Contributions	-
<b>December 31, 2019</b>	<b>\$ 1,033,245</b>

In 2009, the Foundation received approximately \$3,200,000 in property contributions. The contributions consisted of 46.13 acres of land located at Jennings Road, Augusta, Georgia and a 2/3 interest in the Regency shopping center which is located on Jennings Road. The Foundation sold approximately 43 acres of the land located on Jennings Road with an allocated cost basis of \$525,818 during the year ended December 31, 2016. In connection with this sale, the Foundation received \$100,000 during the year ended December 31, 2016, and will also receive a piece of land located at 1762 Lumpkin Road from the County Board of Education of Richmond County when the Brownfields Limitation of Liability letter is issued from the Environmental Protection Division. The fair market value of the land will be recognized when the Brownfields Limitation of Liability letter is received from the Environmental Protection Division. A loss of \$425,818 was recognized during the year ended December 31, 2016 related to the sale of the Jennings Road property. During the year ended December 31, 2018, the Brownfields Limitation of Liability letter was received from the Environmental Protection Division and the fair market value of the Lumpkin Road property of \$550,000 was recorded which also resulted in a gain. The gain of \$550,000 is recorded as a gain of property held for investment in the consolidated statement of activities. During the year ended December 31, 2019, the Lumpkin Road property sold for approximately \$511,835 which resulted in a loss. The loss of \$38,165 is recorded as a loss of property held for investment in the consolidated statement of activities.

**THE COMMUNITY FOUNDATION FOR THE  
CENTRAL SAVANNAH RIVER AREA AND AFFILIATES**  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2019 AND 2018

**Note 8—Fair value measurements of assets and liabilities (continued)**

Changes in property held for investment for the year ended December 31, 2019 were as follows:

	<b>Regency Shopping Center</b>	<b>Jennings Road Property</b>	<b>Lumpkin Road Property</b>	<b>Total</b>
<b>Balance at January 1, 2018</b>	\$ 700,000	\$ 74,182	\$ -	\$ 774,182
Contributions	-	-	550,000	550,000
Basis in property sold	-	-	-	-
Impairment loss	-	-	-	-
<b>Property held for investment, December 31, 2018</b>	<b>\$ 700,000</b>	<b>\$ 74,182</b>	<b>\$ 550,000</b>	<b>\$ 1,324,182</b>
Contributions	-	-	-	-
Proceeds received	-	-	(511,835)	(511,835)
Loss on sale	-	-	(38,165)	(38,165)
<b>Property held for investment, December 31, 2019</b>	<b>\$ 700,000</b>	<b>\$ 74,182</b>	<b>\$ -</b>	<b>\$ 774,182</b>

**Note 9—Other investments**

During the year ended December 31, 2017, the Foundation became a member of Reading Mall, LLC (the "LLC"). The Foundation and a member of the Foundation's board are the two members of the LLC. The Foundation's board member is the managing member of the LLC. The Foundation does not have the ability to exhibit significant influence even though the Foundation is the sole recipient of the income distributed from the LLC, as it is not the managing member. Therefore, the Foundation's interest in the LLC is accounted for using the cost method. The fair value at the date contributed was used for the basis of the cost of the investment. At December 31, 2019 and 2018, total contributions of capital have been \$-0-, and distributions from the LLC have been \$-0-. At December 31, 2019 and 2018, the total cost and carrying amount of the Foundation's investment, was \$14,600,000.

In connection with the contribution of this property, the Foundation entered into a management agreement with a management company owned by a board member.

**Note 10—Endowment funds**

The Foundation's endowment consists of approximately 84 individual funds established for a variety of purposes including endowment funds with donor restrictions (6), endowment funds without donor restrictions (21), funds held for the benefit of others (57), and funds designated by the Board of Directors to function as endowments. Net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

**THE COMMUNITY FOUNDATION FOR THE  
CENTRAL SAVANNAH RIVER AREA AND AFFILIATES**  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2019 AND 2018

**Note 10—Endowment funds (continued)**

The Board of Directors of the Foundation has interpreted UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulation to the contrary. As a result of this interpretation, the Foundation retains in perpetuity (a) the original value of gifts donated to the permanent endowment, (b) the original 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.

Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA. The Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

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

Endowment net assets consisted of the following at December 31, 2019:

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Donor-restricted endowment funds	\$ 15,875,335	\$ 358,490	\$ 16,233,825
Board-designated endowment funds	50,000	-	\$ 50,000
Total endowed net assets	<u>\$ 15,925,335</u>	<u>\$ 358,490</u>	<u>\$ 16,283,825</u>

Endowment net assets consisted of the following at December 31, 2018:

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Donor-restricted endowment funds	\$ 12,796,223	\$ 319,518	\$ 13,115,741
Board-designated endowment funds	75,000	-	\$ 75,000
Total endowed net assets	<u>\$ 12,871,223</u>	<u>\$ 319,518</u>	<u>\$ 13,190,741</u>

**THE COMMUNITY FOUNDATION FOR THE  
CENTRAL SAVANNAH RIVER AREA AND AFFILIATES  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

DECEMBER 31, 2019 AND 2018

**Note 10—Endowment funds (continued)**

Changes in endowment net assets for the year ended December 31, 2019 were as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>Endowment net assets, January 1, 2019</b>	\$ 12,871,223	\$ 319,518	\$ 13,190,741
Transfer based on donor intent	(146,457)	-	(146,457)
Contributions	229,140	1,000	230,140
Investment return, net	2,337,595	55,200	2,392,795
Charitable distributions	(306,192)	(13,715)	(319,907)
Appropriation of endowment assets for expenditure	940,026	(3,513)	936,513
<b>Endowment net assets, December 31, 2019</b>	<u>\$ 15,925,335</u>	<u>\$ 358,490</u>	<u>\$ 16,283,825</u>

Changes in endowment net assets for the year ended December 31, 2018 were as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>Endowment net assets, January 1, 2018</b>	\$ 8,323,696	\$ 318,469	\$ 8,642,165
Contributions	5,364,386	27,500	5,391,886
Investment loss, net	(507,177)	(12,173)	(519,350)
Charitable distributions	(307,111)	(11,000)	(318,111)
Appropriation of endowment assets for expenditure	(2,571)	(3,278)	(5,849)
<b>Endowment net assets, December 31, 2018</b>	<u>\$ 12,871,223</u>	<u>\$ 319,518</u>	<u>\$ 13,190,741</u>

Net assets with donor restrictions perpetual in nature that are held outside of the endowment were \$167,098 and \$64,897 at December 31, 2019 and 2018, respectively.

*Funds with Deficiencies* – From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Foundation to retain as a fund of perpetual duration. There were no deficiencies at December 31, 2019 and 2018.

*Return Objectives and Risk Parameters* – The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity or for a donor-specified period as well as board-designated funds. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce investment returns of 8% or greater in the balanced pool and 1.5% or greater in the short-term bond pool. The following benchmark is used to evaluate the aggregate portfolio performance of the balanced pool: Stylized blend of 49% Russell 3000 Index, 10% HFRI Fund of Funds Index, 15.5% Barclays Capital Aggregate Bond Index, 10% Citi Non-US World Government Bond Index, 8% ACWI ex-US Index, 5% Barclay CTA Index, and 2.5% Barclay Corp High Yield Index. The Merrill Lynch 1-Year Treasury Index is used to evaluate the aggregate portfolio performance of the short-term bond pool.

**THE COMMUNITY FOUNDATION FOR THE  
CENTRAL SAVANNAH RIVER AREA AND AFFILIATES**  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2019 AND 2018

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**Note 10—Endowment funds (continued)**

*Strategies Employed for Achieving Objectives* – To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that places emphasis on investments in domestic equity securities, international equity securities, fixed income securities, and alternative investments in order to achieve its long-term return objectives within prudent risk constraints. The target asset allocation parameters are 49% domestic equity securities, 8% international securities, 28% fixed income securities, and 15% alternative investments.

*Spending Policy and How the Investment Objectives Relate to Spending Policy* – The Foundation has a *Spending Rule Policy* of appropriating for distribution each year of unrestricted funds of not more than 4.5% of the annual July 31 market value of the unrestricted endowment funds averaged over the most recent three-year period. Accordingly, the Foundation expects the current spending policy to allow its endowment to maintain its purchasing power by growing at a rate equal to planned payouts. Additional real growth will be provided through new gifts and any excess investment return.

**Note 11—Employee benefit plan**

The Foundation contributes to a simplified employee pension plan on behalf of its employees. During the year ended December 31, 2019 and 2018, contributions to the plan totaled \$35,737 and \$33,156, respectively.

**Note 12—Related party transactions**

During the year ended December 31, 2019 and 2018, the Foundation received contributions from board members and their employers in the amount of approximately \$118,000 and \$91,000, respectively.

During the year ended December 31, 2009, the Foundation received a contribution of real property from board members in the amount of approximately \$3,291,000. In connection with the contribution of this property, the Foundation entered into a management agreement with a management company owned by a board member. Management fees, including commissions for placing tenants, paid to the management company under this agreement were approximately \$12,000 during the year ended December 31, 2019 and 2018.

The management agreement provides for reimbursement by the Foundation of any expenditure paid by the management company on behalf of the Foundation. Amounts due from the Foundation to the management company related to these expenses were approximately \$10,000 and \$48,000 at December 31, 2019 and 2018, respectively, and are included in other liabilities in the consolidated statement of financial position. Amounts due from the Foundation to board members related to these expenses were approximately \$-0- and \$25,000 at December 31, 2019 and 2018, respectively, and are included in other liabilities in the consolidated statement of financial position.

The management company receives rental income on behalf of the Foundation and pays expenses related to the real property on behalf of the Foundation. Rental income in excess of expenses is submitted to the Foundation periodically throughout the year. Cash received by the Foundation from the management company in excess of net income as of December 31, 2019 and 2018, totaled \$118,113 and \$19,727, respectively, and is included in deferred rent revenue on the consolidated statement of financial position.

**THE COMMUNITY FOUNDATION FOR THE  
CENTRAL SAVANNAH RIVER AREA AND AFFILIATES**  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*DECEMBER 31, 2019 AND 2018*

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**Note 13—Commitments**

During the year ended December 31, 2015, the Foundation pledged \$250,000 to a not-for-profit organization for the construction and renovation of a building. The outstanding commitment to be fulfilled at December 31, 2019 was \$50,000, to be paid out in in the next year.

**Note 14—Liquidity access line**

At December 31, 2019 and 2018, the Foundation had a liquidity access line with an available amount of \$10,000,000 with an open maturity. The liquidity access line bears interest based on the weekly periodic rate plus 2.25%, and was 3.299% and 4.020% as of December 31, 2019 and 2018, respectively. The liquidity access line is collateralized by the Foundation's investments held with the financial institution. The liquidity access line did not have an outstanding balance at December 31 2019 and 2018.

**Note 15—Subsequent events**

In response to the worldwide spread of coronavirus ("COVID-19"), management of the Company has implemented a number of practices designed to protect the safety and well-being of its employees and customers including adoption of the applicable portions of the President's Coronavirus Guidelines for America (the "Guidelines"). Adoption of the Guidelines has resulted in, among other things, a significant number of the Foundation's personnel working remotely as well as a renewed emphasis in employee communications with respect to office hygiene and social distancing for those employees whose responsibilities require them to be physically present at office locations.

While the Foundation's operations were impacted by an estimated investment loss ranging from approximately \$8 million to \$10 million, the extent to which COVID-19 may impact the Foundation's future operations will depend upon future developments which are highly uncertain and cannot be predicted at this time. In response to this uncertainty, the Foundation secured financing through the Payroll Protection Program of the CARES Act totaling \$76,800. Management is continuously monitoring the Foundation's financial performance and related cash position and liquidity and developing and implementing plans designed to maintain the Foundation's financial position should the breadth and duration of the business disruptions related to COVID-19, as well as its impact on the U.S. economy and business confidence, continue for an extended period of time.

The Foundation has evaluated subsequent events through June 25, 2020, which was the date the consolidated financial statements were available to be issued. As of this date, there were no material subsequent events that required recognition or additional disclosure in the consolidated financial statements.