

AUDITED FINANCIAL STATEMENTS  
*FOOTHILLS COMMUNITY FOUNDATION*  
June 30, 2024

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June 30, 2024

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
Foothills Community Foundation

### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

#### *Opinion*

We have audited the financial statements of Foothills Community Foundation (the "*Foundation*"), which comprise the statement of financial position as of June 30, 2024, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as of June 30, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinion*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Foundation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### *Other Matter*

The financial statements of the Foundation for the year ended June 30, 2023, before the restatement described in Note B, were audited by another auditor whose report dated January 7, 2024, expressed an unmodified opinion on those statements. As part of our audit of the June 30, 2024 financial statements, we also audited the adjustments described in Note B that were applied to restate the 2023 financial statements. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedures to the 2023 financial statements of the entity other than with respect to the adjustments and, accordingly, we do not express an opinion or any other form of assurance on the 2023 financial statements as a whole.

### *Responsibilities of Management for the Financial Statements*

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for one year after the date that the financial statements are issued.

### *Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

## REPORT ON SUPPLEMENTARY INFORMATION

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

Columbia, South Carolina  
February 28, 2025

*The Holler Group, P.A.*

## AUDITED FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION  
*FOOTHILLS COMMUNITY FOUNDATION*  
June 30, 2024

ASSETS

Current Assets

Cash and cash equivalents	\$	467,370
Total Current Assets		467,370

Noncurrent Assets

Long-term investments	41,641,939
Property and equipment, net	3,626
Total Noncurrent Assets	41,645,565

TOTAL ASSETS	\$	42,112,935
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LIABILITIES AND NET ASSETS

Current Liabilities

Accounts payable and accrued expenses	\$	7,874
Funds held for agency endowments		1,751,444
Total Liabilities		1,759,318

Net Assets

Without donor restrictions	
Unrestricted funds	9,151,349
Funds subject to variance power	31,202,268
Total Net Assets	40,353,617

TOTAL LIABILITES AND NET ASSETS	\$	42,112,935
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The accompanying notes are an integral part of these financial statements.

STATEMENT OF ACTIVITIES  
FOOTHILLS COMMUNITY FOUNDATION  
For the Year Ended June 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
OPERATING REVENUES, GAINS AND OTHER SUPPORT			
Contributions	\$ 1,855,443	\$	\$ 1,855,443
Less: contributions to agency endowments	(156,457)		(156,457)
Rental loss, net	(63,869)		(63,869)
Pooled investment income	4,351,594		4,351,594
Less: pooled investment income to agency endowments	(321,827)		(321,827)
Interest income	306,597		306,597
Dividend income	43,468		43,468
Gain on sale of building	897,887		897,887
Change in value of split-interest agreements	600,375		600,375
Net realized gain on investments	38,128		38,128
Net unrealized gain on investments	229,843		229,843
Net assets released from restrictions	0		0
Total Operating Revenues, Gains and Other Support	7,781,182	0	7,781,182
EXPENSES			
Program services	3,785,717		3,785,717
Supporting services			
Management and general	240,857		240,857
Fundraising	21,462		21,462
Total Expenses	4,048,036	0	4,048,036
CHANGE IN NET ASSETS	3,733,146	0	3,733,146
Net assets at beginning of year, as restated	36,620,471	0	36,620,471
NET ASSETS AT END OF YEAR	\$ 40,353,617	\$ 0	\$ 40,353,617

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

STATEMENT OF FUNCTIONAL EXPENSES  
 FOOTHILLS COMMUNITY FOUNDATION  
 For the Year Ended June 30, 2024

	Program Services	Supporting Services		Total
		Management and General	Fundraising	
Salaries	\$ 152,219	\$ 88,469	\$ 19,515	\$ 260,203
Payroll taxes	12,089	7,026	1,550	20,665
Fringe benefits	3,098	1,801	397	5,296
Total Personnel	167,406	97,296	21,462	286,164
Donations and grants	4,442,179			4,442,179
Less: grants to agency endowments	(870,291)			(870,291)
Accounting and professional		51,707		51,707
Advertising and marketing		22,234		22,234
Computer expense	18,431	9,495		27,926
Dues and subscriptions		241		241
Depreciation		1,744		1,744
Development	13,974			13,974
Conferences and education		650		650
Fees and licenses		5,170		5,170
Management fee		7,516		7,516
Office supplies and expense		4,205		4,205
Postage	2,002	222		2,224
Miscellaneous		8,653		8,653
Printing	12,016	1,335		13,351
Closing costs		30,389		30,389
TOTAL EXPENSES	\$ 3,785,717	\$ 240,857	\$ 21,462	\$ 4,048,036

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

STATEMENT OF CASH FLOWS  
*FOOTHILLS COMMUNITY FOUNDATION*  
For the Year Ended June 30, 2024

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$	3,733,146
Adjustments to reconcile the change in net assets to to net cash provided by operating activities:		
Depreciation		27,051
Net realized gain on investments		(38,128)
Net unrealized gain on investments		(229,843)
Gain on sale of property		(897,887)
Change in value of annuity obligations		(575,841)
Change in operating assets and liabilities:		
Decrease in prepaid expenses		5,766
Decrease in accounts payable and accrued expenses		(31,801)
Decrease in funds held for agency endowments		(436,554)
NET CASH PROVIDED BY OPERATING ACTIVITIES		<u>1,555,909</u>

CASH FLOWS FROM INVESTING ACTIVITIES

(Purchases) sales of investments	(4,795,274)
Proceeds from the sale of fixed assets	<u>2,900,000</u>
NET CASH USED IN INVESTING ACTIVITIES	<u>(1,895,274)</u>

CASH FLOWS FROM FINANCING ACTIVITIES

Payments on obligations under charitable gift annuity	<u>(23,019)</u>
NET CASH USED IN FINANCING ACTIVITIES	<u>(23,019)</u>

NET CHANGE IN CASH AND CASH EQUIVALENTS (362,384)

Cash and cash equivalents at beginning of year 829,754

CASH AND CASH EQUIVALENTS AT END OF YEAR \$ 467,370

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

NOTES TO THE FINANCIAL STATEMENTS  
FOOTHILLS COMMUNITY FOUNDATION  
June 30, 2024

NOTE A -- NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Foothills Community Foundation, (the “*Foundation*”) is a non-profit entity incorporated under the laws of the State of South Carolina in September 1999. The mission of the Foundation is to retain and nurture charitable wealth in three South Carolina counties of Anderson, Oconee and Pickens for the perpetual benefit of the people in those communities. The Foundation receives and administers gifts, grants and bequests for charitable purposes in the areas of humanities, arts, education, the environment, health and social services. The Foundation is primarily supported by contributions from various donors, which include individuals, families, corporations and other not-for-profit organizations.

Summary of Significant Accounting Policies

Basis of Accounting: The accompanying financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America and the Not-for-Profit Entities Topic of the FASB Accounting Standards Codification (“ASC”) provide that if the governing body of an organization has the unilateral power to redirect the use of a donor’s contribution to another beneficiary, such contributions must be classified as net assets without donor restrictions. The Board of Directors (the “*Board*”) of the Foundation has the ability known as variance power; however, the Board would generally intend to exercise this authority only if the stated purpose of a contribution becomes no longer applicable and incapable of fulfillment. Accordingly, the Foundation’s financial statements classify the majority of funds, including the corpus of certain donor advised funds, as net assets without donor restrictions, but segregate for internal management and record keeping the portion that is held as donor advised from the funds that are currently available for grants administration.

Interpretation of Relevant Law with Regulating Body: The Foundation’s Board has determined that the Foundation is not subject to the net asset classification of funds requirements of ASC 958-205 because: (1) the Board retains complete variance power pursuant to its governing instruments and fund agreements over the spending purpose and amount (including principal) for substantially all assets owned by the Foundation, and (2) the Board has never earmarked or otherwise designated any portion of the Foundation’s assets as a donor restricted endowment that is not subject to expenditure if circumstances warrant.

Basis of Presentation: The Foundation’s net assets and its support and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions using two classifications: without donor restrictions and with donor restrictions. Most contributions, including those with donor-imposed restrictions, are subject to the variance power established by the Foundation’s governing documents. The variance power allows the Board of Directors to modify donor instructions that are incapable of fulfillment or inconsistent with the charitable needs of the community. As a result of the variance power, most contributions are classified as net assets without donor restrictions for financial statement purposes.

NOTES TO THE FINANCIAL STATEMENTS  
FOOTHILLS COMMUNITY FOUNDATION

NOTE A -- NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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 variance power) as follows:

*Designated* – Represent unrestricted funds given by contributions with stipulation that the funds be used for a specific not-for-profit organization or project, and the Foundation has been given the authority to change a designation if the Foundation decides that conditions and circumstances have so changed that literal compliance with the original designation is unnecessary, undesirable, impractical or impossible.

*Donor advised* – Represent funds given by contributors who may from time to time suggest that the Board consider a request for a particular grant distribution. The contributors may make recommendations as to which charities should receive grants. These recommendations are advisory only and are subject to the Board's approval.

*Field-of-interest* – Represent funds available for expenditure at the Board's discretion, but only in the particular field of concern specified in the fund agreement.

*Scholarship* – Are available for the purpose of providing scholarships for high school and college students.

*Fiscal sponsorship* – Represent funds given by contributors for a particular project/organization that may not yet have tax exempt status.

*Discretionary* – Represent unrestricted funds available for expenditure at the Board's discretion.

*Special purpose* – Represent funds given by contributors with the stipulation that the funds be used to administer a specific program which is delineated in the grant or fund contract. The Foundation acts as the administrator for these funds.

*Unrestricted* - Funds in which the donor does not provide a restriction of use.

Cash and Cash Equivalents: The Foundation considers all cash accounts, which are not subject to withdrawal restrictions or penalties, and all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents, except for mutual funds which is determined to be an investment.

Cash that is designated for specific purposes is not included with cash that is available for operations and is included in noncurrent assets.

Investments: Investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair values in the statement of financial position. Fair value is 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. See note E for the discussion of fair value.

NOTES TO THE FINANCIAL STATEMENTS  
FOOTHILLS COMMUNITY FOUNDATION

NOTE A -- NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Interest income is recorded on the accrual basis, net of investment expenses. Dividends are recorded on the ex-dividend date. Net appreciation (depreciation) (i.e. realized and unrealized gains and losses on investments) is included in the statement of activities, net of investment expenses, as increases or decreases in net assets without donor restrictions unless such income or appreciation is restricted by donor or law.

Pooled Investments: The Board has the ultimate responsibility for its investment funds and related investment returns. The Foundation's pooled funds are invested under an asset allocation policy that is expected to provide returns adequate to enable the Foundation to make grants and pay operating expenses. Under its current policy, the Foundation's pooled funds are invested in a manner intended to produce results that exceed certain relevant market indices over a specified time horizon.

To satisfy its long-term rate of return objectives, the Foundation exercises due care to diversify pooled investment fund assets through its strategies to achieve the stated objectives for the Foundation in accordance with the asset allocation policy. Actual investment returns in any given year will fluctuate. Investment transactions are reported on a trade-date basis. Realized gains and losses of equity and debt securities are determined by specific identification. Realized gains and losses of mutual funds are determined by average cost basis of shares sold.

Property and Equipment: Property and equipment acquisitions greater than \$300 are capitalized at cost. Cost of additions and major improvements are also capitalized. Expenditures for maintenance and repairs are charged directly to operations as incurred. Depreciation is charged to operations over the estimated useful lives of the assets, ranging from three to seven years using the straight-line method.

Revenue Recognition: Gifts, grants, and other income are recorded as revenue and support when received by the Foundation. Such revenue and support are recorded at fair value. The Foundation's policy is to include revenue and support in revenue and support without donor restrictions if the restriction is satisfied in the year the revenue and support is received. Revenue and support are available for use unless specifically restricted by the donor. Investment income is recognized when earned. Contributed services are recorded as contributions at their fair value if such services create or enhance nonfinancial assets, would have been purchased if not provided by contribution, or require specialized skills and are provided by individuals possessing such specialized skills. In addition, the appropriate value of donated services of individuals are recorded as an expense when such services qualify for cost reimbursement from third-party providers. The Foundation had no significant contributed services recorded in 2024.

In-kind Services and Materials: In-kind services and material are recorded at the fair market value of the donation received. In-Kind services are recognized if the services create or enhance nonfinancial assets or require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. Donated marketable securities and other noncash donations are recorded as contributions at their estimated fair values at the date of donation.

NOTES TO THE FINANCIAL STATEMENTS  
*FOOTHILLS COMMUNITY FOUNDATION*

NOTE A -- NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Functional Expense Allocation: The costs of providing the Foundation's various programs and other activities have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Accordingly, certain costs have been allocated among program services and management and general based on management's judgement.

Advertising: Advertising and marketing costs are expensed as they are incurred, which is generally when the advertising and promotion first takes place. Advertising and marketing costs for the year ended June 30, 2024 was \$22,234.

Income Taxes: The Foundation has received a determination letter from the Internal Revenue Service (IRS) indicating it is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and is exempt from federal income tax under Internal Revenue Code ("IRC") Section 501(a) as an organization described in IRC Section 501(c)(3), qualifies for the charitable contribution deduction under IRC Section 170(b)(1)(A)(iv), and has been determined not to be a private foundation under IRC Sections 509(a)(1) and (3), respectively. Management is not aware of any transactions which would jeopardize their tax-exempt status.

Accounting principles generally accepted in the United States of America requires management to evaluate tax positions taken by the Foundation and to recognize a tax liability (or asset) if the Foundation has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS. Management has analyzed the tax positions taken by the Foundation and has concluded that as of June 30, 2024, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Foundation is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. U.S. state jurisdictions have statutes of limitations that generally range from three to five years.

Use of Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and changes therein, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The significant estimates in these financial statements relate to the estimation of fair value of investments, estimated useful life of fixed assets, and functional expense classification. Actual results could differ from those estimates.

Subsequent Events: Management has evaluated subsequent events through February 28, 2025, which represents the date the financial statements were available to be issued.

NOTES TO THE FINANCIAL STATEMENTS  
FOOTHILLS COMMUNITY FOUNDATION

NOTE B -- CHANGES TO PREVIOUSLY ISSUED FINANCIAL STATEMENTS

During the year ended June 30, 2024, the Foundation determined errors in the previous fiscal year that required a restatement of the Foundation's net assets as previously reported. As a result of the errors, corrections related to funds held for agency endowments (understated by \$1,098,034) and annuity obligations (overstated by \$130,507) were required. The effect of correcting these errors is shown in the table below:

Net assets at June 30, 2023, as previously reported	\$	37,587,998
Correction to funds held for agency endowments		(1,098,034)
Correction to annuity obligations		130,507
Net assets at June 30, 2023, as restated	\$	<u>36,620,471</u>

Additionally, the classification of net assets with donor restrictions was reclassified to net assets without donor restrictions due to variance power of the Foundation.

NOTE C -- CONCENTRATION OF CREDIT RISK

The Foundation maintains cash accounts at various institutions that at times may exceed amounts insured. Accounts at each financial institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. Carrying value is placed at actual year-end bank balances. All amounts were federally insured by the FDIC at June 30, 2024.

NOTE D -- INVESTMENTS

Individual Funds

Approximately 23% of the Foundation's investments are held in individual funds at two investment houses and are tracked individually for income and charitable withdrawals. The investments held in the individual funds are summarized as follows at June 30, 2024:

	<u>Cost</u>	<u>Fair Value</u>
Short-term investments		
Money market funds	\$ 677,826	\$ 677,826
Fixed income investments		
Treasury bills and corporate bonds - domestic	10,231,087	10,249,369
Mutual funds	45,558	46,871
Equity investments		
Exchange traded funds	149,745	178,868
Publicly traded equities	512,481	531,871
TOTAL INDIVIDUAL FUNDS	<u>\$ 11,616,697</u>	<u>\$ 11,684,805</u>

NOTES TO THE FINANCIAL STATEMENTS  
FOOTHILLS COMMUNITY FOUNDATION

NOTE D -- INVESTMENTS – Continued

Pooled Funds

Approximately 77% of the Foundation’s investments are held in a pooled fund allocated into an investment strategy as directed by the Foundation’s Board. The allocated assets of each individual fund share in the overall earnings each month. The timing of the donations and charitable withdrawals into or out of each individual fund are taken into account when earnings are calculated. The current investment strategy agreed upon by the Foundation’s Board is a 60/40 split between equity investments and fixed income investments. The investments held in the pooled funds are summarized as follows at June 30, 2024:

	<u>Cost</u>	<u>Fair Value</u>
Short-term investments		
Money market funds	\$ 479,827	\$ 479,827
Fixed income investments		
Treasury bills	8,680,472	8,789,496
Equity investments		
Exchange traded funds	3,470,148	3,631,549
Publicly traded equities	15,968,335	16,413,753
Alternative investments		
Real estate funds	642,509	642,509
TOTAL POOLED FUNDS	<u>\$ 29,241,291</u>	<u>\$ 29,957,134</u>

Investment income is comprised of the following at June 30, 2024:

Dividends and interest	\$ 350,065
Pooled income	4,029,767
Realized gains	38,128
Unrealized gains	229,843
Management fees	(284,308)
TOTAL INVESTMENT INCOME, NET	<u>\$ 4,363,495</u>

NOTE E -- FAIR VALUE MEASUREMENTS

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1) and the lowest priority to unobservable inputs (level 3). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

- Level 1      Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access.

NOTES TO THE FINANCIAL STATEMENTS  
FOOTHILLS COMMUNITY FOUNDATION

NOTE E -- FAIR VALUE MEASUREMENTS – Continued

- Level 2            Inputs to the valuation methodology include:
- quoted prices for similar assets or liabilities in active markets;
  - quoted prices for identical or similar assets or liabilities in inactive markets;
  - inputs other than quoted prices that are observable for the asset or liability; and
  - inputs that are derived principally from or corroborated by observable market data by correlation or other means.

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

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

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

Following is a description of the valuation methodologies used for assets and liabilities measured at fair value. There have been no changes in methodologies used at June 30, 2024.

Short-Term Investments: Short-term investments include cash equivalents and fixed income investments with maturities of less than one year. Short-term investments are valued using observable market data and are categorized as Level 1 to the degree that they can be valued based on quoted market prices in active markets. Although these cash equivalents are readily available, it is the intent of the Foundation to hold these cash equivalents for investment purposes and therefore has classified them as investments.

Equity Investments: Equity investments consist of corporate stocks and daily traded mutual funds. Securities held in corporate stocks and daily traded mutual funds are generally valued based on quoted market prices in active markets obtained from exchange or dealer markets for identical assets, and are accordingly categorized as Level 1, with no valuation adjustments applied. Corporate stocks that are traded in inactive markets are categorized as Level 2.

Fixed Income Investments: Fixed income investments consist of treasury bills, domestic corporate bonds and daily traded mutual funds. All investments in debt securities are valued based on quoted market prices in active markets and are categorized as Level 1.

Alternative Investments: Alternative investments consist of real estate investment trusts which is valued based on net asset value (NAV) and traded on major stock exchanges. Therefore, these investments are categorized as Level 1.

NOTES TO THE FINANCIAL STATEMENTS  
FOOTHILLS COMMUNITY FOUNDATION

NOTE E -- FAIR VALUE MEASUREMENTS – Continued

Funds Held for Agency Endowments: The carrying amounts is based upon the underlying investments of the funds which are presented at fair value and is categorized as Level 1.

The following tables set forth, by level within the fair value hierarchy, the Foundation’s assets and liabilities at fair value as of June 30, 2024:

	Level 1	Level 2	Level 3	Total
<b>ASSETS</b>				
Short-term investments				
Money market funds	\$ 1,157,653			\$ 1,157,653
Fixed income investments				
Treasury bills and corporate bonds – domestic	19,038,865			19,038,865
Mutual funds	46,871			46,871
Equity investments				
Exchange traded funds	3,810,417			3,810,417
Publicly traded equities	16,945,624			16,945,624
Alternative investments				
Real estate investment trust	642,509			642,509
TOTAL ASSETS AT FAIR VALUE	<u>\$ 41,641,939</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 41,641,939</u>
<b>LIABILITIES</b>				
Funds held as agency endowments	\$ 1,751,444			\$ 1,751,444
TOTAL LIABILITIES AT FAIR VALUE	<u>\$ 1,751,444</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,751,444</u>

NOTE F -- PROPERTY AND EQUIPMENT

Property and equipment consist of the following as of June 30, 2024:

Furniture and equipment	\$ 57,409
Less accumulated depreciation	(53,783)
TOTAL PROPERTY AND EQUIPMENT, NET	<u>\$ 3,626</u>

Depreciation expense was \$27,051 for the year ending June 30, 2024.

NOTES TO THE FINANCIAL STATEMENTS  
FOOTHILLS COMMUNITY FOUNDATION

NOTE G -- CHARITABLE GIFT ANNUITIES

Donors have contributed assets to the Foundation in exchange for a promise by the Foundation to pay a fixed amount for a specified period of time to the donor or to individuals or organizations designated by the donor. Under the terms of the agreement, no trust exists, as the assets received are held by and the liability is an obligation of the Foundation. The present value of payments to beneficiaries under these agreements is calculated using discount rates representing risk-free rates in existence at the date of the gift. As of June 30, 2024 there were no remaining charitable gift annuities.

NOTE H -- FUNDS HELD FOR AGENCY ENDOWMENTS

Generally accepted accounting principles establishes standards for transactions in which an organization accepts a contribution from a donor and agrees to transfer those assets, the return on investment of those assets or both to another entity that is specified by the donor. The principles specifically require that, if a not-for-profit organization establishes a fund at a community foundation with its own funds and specifies itself as the beneficiary of that fund, that community foundation must account for the transfer of such assets as a liability rather than a contribution. The Foundation refers to such funds as agency endowments. Agency endowments as of June 30, 2024 was \$1,751,444.

NOTE I -- FUNDS SUBJECT TO VARIANCE POWER

The following table details the various funds with donor restrictions subject to variance power at June 30, 2024:

Funds Subject to Variance Power	
Designated funds	\$ 391,013
Donor advised funds	22,078,247
Field-of-interest funds	6,438,594
Fiscal sponsorship funds	587,104
Scholarship funds	1,258,326
Special purpose funds	448,984
TOTAL FUNDS SUBJECT TO VARIANCE POWER	<u>\$ 31,202,268</u>

NOTES TO THE FINANCIAL STATEMENTS  
FOOTHILLS COMMUNITY FOUNDATION

NOTE J -- LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES

The following table reflects the Foundation's financial assets as of June 30, 2024, reduced by amounts not available for general expenditure within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year, or because the Board has set aside the funds for a specific contingency reserve. Board designations could be drawn upon if the Board approves that action. As part of the Foundation's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures and other obligations come due.

FINANCIAL ASSETS	
Cash and cash equivalents	\$ 467,370
Investments	41,641,939
Total Financial Assets	<u>42,109,309</u>
Less those unavailable for general expenditure within one year, due to:	
Designated funds	(391,013)
Donor advised funds	(22,078,247)
Field-of-interest funds	(6,438,594)
Fiscal sponsorship funds	(587,104)
Scholarship funds	(1,258,326)
Special purpose funds	<u>(448,984)</u>
FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS FOR GENERAL EXPENDITURES WITHIN ONE YEAR	<u>\$ 10,907,041</u>

NOTE K -- RELATED PARTIES

Certain board members, staff and family members of board and staff have funds in which the Foundation manages. There are also board members, staff and family members of board and staff that are on nonprofit boards that receive grants from the Foundation. All board members and staff are required to complete and sign conflict of interest forms annually and to adhere to the Conflict of Interest Policy.

## SUPPLEMENTARY INFORMATION

RENTAL SCHEDULE  
*FOOTHILLS COMMUNITY FOUNDATION*  
For the Year Ended June 30, 2024

Rental Income	
Rents received	\$ 30,158
	<u>30,158</u>
Rental Expenses	
Bank fees	173
Insurance	7,477
Janitorial expense	5,716
Maintenance reserve	20,259
Miscellaneous	110
Telephone	6,595
Trash removal	1,263
Utilities	27,809
Total Rental Expenses Before Depreciation	<u>69,402</u>
Net Rental Loss Before Depreciation	(39,244)
Depreciation expense	<u>24,625</u>
NET RENTAL LOSS	<u><u>\$ (63,869)</u></u>