

CAROLINAS CREDIT UNION FOUNDATION, INC.  
Salisbury, North Carolina

FINANCIAL STATEMENTS  
Years Ended December 31, 2019 and 2018

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Carolinas Credit Union Foundation, Inc.  
Salisbury, North Carolina

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of Carolinas Credit Union Foundation, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2019, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles: 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 audit. We conducted our audits in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 Carolinas Credit Union Foundation, Inc. as of December 31, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with U.S. generally accepted accounting principles.

**Prior Period Financial Statements**

The financial statements of Carolinas Credit Union Services, LLC as of December 31, 2018, were audited by other auditors whose report dated March 25, 2019, expressed an unmodified opinion on those statements.

Sincerely,

*Cantey, Tiller, Pierce & Green, LLP*

Cantey, Tiller, Pierce and Green, LLP  
Camden, South Carolina

April 15, 2020

CAROLINAS CREDIT UNION FOUNDATION, INC.  
Salisbury, North Carolina

STATEMENTS OF FINANCIAL POSITION  
December 31,

## ASSETS

	<u>2019</u>	<u>2018</u>
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 2,285,037	\$ 846,932
Promises to Give	25,000	105,003
Marketable Securities	27,912	27,276
Other Assets	65,452	8,953
Property and Equipment	46,849	8,978
Endowment Funds		
Cash and Cash Equivalents	809,258	867,167
Short-Term Investments	-	496,000
Total Assets	<u>\$ 3,259,508</u>	<u>\$ 2,360,309</u>

## LIABILITIES

## LIABILITIES AND NET ASSETS

Liabilities		
Accounts Payable and Accrued Expenses	\$ 45,718	\$ 71,673
Deferred Dues	11,650	-
Due to Mosley Fund	37,238	-
Promises to Give to Others	-	100,000
Total Liabilities	<u>94,606</u>	<u>171,673</u>
Net Assets		
Without Donor Restrictions		
Undesignated	131,379	93,587
Board Designated for Endowment	300,000	300,000
	<u>431,379</u>	<u>393,587</u>
With Donor Restrictions	2,733,523	1,795,049
Total Net Assets	<u>3,164,902</u>	<u>2,188,636</u>
Total Liabilities and Equity	<u>\$ 3,259,508</u>	<u>\$ 2,360,309</u>

The Accompanying Notes are an Integral Part of these Financial Statements

CAROLINAS CREDIT UNION FOUNDATION, INC.  
Salisbury, North Carolina

STATEMENT of ACTIVITIES  
For the Year Ended December 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue			
Contributions	\$ 40,917	\$ 1,898,319	\$ 1,939,236
Dues Contributions	133,190	-	133,190
Carolinas Cup and Special Events	-	67,442	67,442
Community Investment Fund support	-	68,965	68,965
Annual Fee Income	27,325	-	27,325
Interest Income	33,534	26,773	60,307
Unrealized and Realized Gains on Investments	636	-	636
Gain on Sale of Assets	13,000	-	13,000
In-Kind Contributions	2,478	-	2,478
	251,080	2,061,499	2,312,579
Net Assets Released from Restrictions	1,123,025	(1,123,025)	-
Total Support and Revenue	1,374,105	938,474	2,312,579
Expenses			
Program Services	1,239,939	-	1,239,939
General and Administrative	65,716	-	65,716
Fundraising	30,658	-	30,658
Total Expenses	1,336,313	-	1,336,313
Change in Net Assets	37,792	938,474	976,266
Net Assets, Beginning of Year	393,587	1,795,049	2,188,636
Net Assets, End of Year	\$ 431,379	\$ 2,733,523	\$ 3,164,902

The Accompanying Notes are an Integral Part of these Financial Statements

CAROLINAS CREDIT UNION FOUNDATION, INC.  
Salisbury, North Carolina

STATEMENT of ACTIVITIES  
For the Year Ended December 31, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue			
Contributions	\$ 278,543	\$ 1,528,193	\$ 1,806,736
Carolinas Cup and Special Events	-	110,558	110,558
Community Investment Fund Support	46,078	-	46,078
Other Special Events	-	34,470	34,470
Interest Income	10,451	11,743	22,194
Unrealized and Realized Losses on Investments	(6,180)	-	(6,180)
In-Kind Contributions	8,000	-	8,000
Miscellaneous	383	-	383
	<u>337,275</u>	<u>1,684,964</u>	<u>2,022,239</u>
Net Assets Released from Restrictions	1,334,209	(1,334,209)	-
Total Support and Revenue	<u>1,671,484</u>	<u>350,755</u>	<u>2,022,239</u>
Expenses			
Program Services	1,241,267	-	1,241,267
General and Administrative	65,670	-	65,670
Fundraising	50,600	-	50,600
Total Expenses	<u>1,357,537</u>	<u>-</u>	<u>1,357,537</u>
Change in Net Assets	313,947	350,755	664,702
Net Assets, Beginning of Year	<u>79,640</u>	<u>1,444,294</u>	<u>1,523,934</u>
Net Assets, End of Year	<u>\$ 393,587</u>	<u>\$ 1,795,049</u>	<u>\$ 2,188,636</u>

The Accompanying Notes are an Integral Part of these Financial Statements

CAROLINAS CREDIT UNION FOUNDATION, INC.  
Salisbury, North Carolina

STATEMENT of FUNCTIONAL EXPENSES  
For the Year Ended December 31, 2019

	<u>Program Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 85,086	\$ 26,180	\$ 19,635	\$ 130,901
Payroll Taxes	5,604	1,724	1,293	8,621
Employee Benefits	14,614	4,497	3,372	22,483
Total Salaries Related	<u>105,304</u>	<u>32,401</u>	<u>24,300</u>	<u>162,005</u>
Grants and Scholarships	1,123,025	-	-	1,123,025
Conferences	-	2,407	-	2,407
Telephone	723	222	167	1,112
Postage	685	211	158	1,054
Supplies	1,437	442	332	2,211
Auto	-	716	-	716
Insurance	-	1,767	-	1,767
Outside Services	8,089	2,489	1,867	12,444
Staff Travel	-	3,679	3,678	7,357
Audit Fees	-	9,200	-	9,200
Marketing	426	131	98	656
Miscellaneous	250	76	58	384
Depreciation	-	11,975	-	11,975
Total Expenses	<u>\$ 1,239,939</u>	<u>\$ 65,716</u>	<u>\$ 30,658</u>	<u>\$ 1,336,313</u>



CAROLINAS CREDIT UNION FOUNDATION, INC.  
Salisbury, North Carolina

STATEMENT of FUNCTIONAL EXPENSES  
For the Year Ended December 31, 2018

	Program Services	General and Administrative	Fundraising	Total
Salaries	\$ 79,198	\$ 24,368	\$ 18,276	\$ 121,842
Payroll Taxes	6,218	1,913	1,435	9,566
Employee Benefits	9,267	2,851	2,138	14,256
Total Salaries Related	94,683	29,132	21,849	145,664
Grants	746,507	-	-	746,507
Scholarships	341,405	-	-	341,405
Conferences	-	1,234	-	1,234
Telephone	631	194	146	971
Postage	679	209	157	1,045
Supplies	669	206	155	1,030
Auto	-	1,632	-	1,632
Insurance	-	1,903	-	1,903
Software	328	101	76	505
Outside Services	10,418	3,205	2,404	16,027
Carolinas Cup	43,992	-	-	43,992
Other Special Events	-	-	20,472	20,472
Staff Travel	-	4,889	4,890	9,779
Audit Fees	-	11,750	-	11,750
Marketing	1,955	601	451	3,007
Depreciation	-	10,614	-	10,614
<b>Total Expenses</b>	<b>\$ 1,241,267</b>	<b>\$ 65,670</b>	<b>\$ 50,600</b>	<b>\$ 1,357,537</b>

CAROLINAS CREDIT UNION FOUNDATION, INC.  
Salisbury, North Carolina

STATEMENTS of CASH FLOWS  
For the Years Ending December 31,

	<u>2019</u>	<u>2018</u>
<b>OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 976,266	\$ 664,702
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	11,975	10,614
Unrealized Gains on Investments	(636)	6,180
Gain on Sale of Assets	(13,000)	-
(Increase) Decrease in Operating Assets:		
Contributions Receivable	80,003	(50,233)
Other Assets	(56,499)	(1,307)
Increase (Decrease) in Operating Liabilities:		
Accounts Payable and Accrued Expenses	(25,955)	26,591
Deferred Dues	11,650	-
Due to Mosley Fund	37,238	-
Pledge Payable	(100,000)	(100,000)
Net Cash Provided by Operating Activities	<u>921,042</u>	<u>556,547</u>
<b>INVESTING ACTIVITIES</b>		
Capital Expenditures	(49,846)	(5,202)
Proceeds from Sale of Assets	13,000	-
Endowment Funds		
Proceeds from Maturities of Short-Term Investments	496,000	744,000
Purchases of Short-Term Investments	-	(496,000)
Net Cash Provided by Investing Activities	<u>459,154</u>	<u>242,798</u>
Change in Cash and Cash Equivalents	1,380,196	799,345
Cash and Cash Equivalents, Beginning of Year	<u>1,714,099</u>	<u>914,754</u>
Cash and Cash Equivalents, End of Year	<u>\$ 3,094,295</u>	<u>\$ 1,714,099</u>

The Accompanying Notes are an Integral Part of these Financial Statements

CAROLINAS CREDIT UNION FOUNDATION, INC.  
Salisbury, North Carolina

NOTES to the FINANCIAL STATEMENTS

NOTE 1 ORGANIZATION AND NATURE OF ACTIVITIES

The Carolinas Credit Union Foundation, Inc. (the "Foundation") is incorporated under the laws of the State of North Carolina for the purpose of fostering the "people helping people" philosophy of credit unions through academic and needs-based scholarships, community grants, small credit union grants, recognition of credit union ideals, fund management services, and aiding disaster relief for the local, national, and global credit union communities. The mission of the Carolinas Credit Union Foundation is to provide credit unions with collaborative opportunities for greater community impact.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements of the Foundation have been prepared on the accrual basis in accordance with U.S. generally accepted accounting principles (GAAP). The Foundation reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

*Net assets without donor restrictions* - net assets that are not restricted by donors or for which donor-imposed restrictions have expired.

*Net assets with donor restrictions* - net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of donor restrictions on the net assets (i.e. donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

Cash and Cash Equivalents

Cash and cash equivalents consist of money market and short-term share account deposits at Vizo Financial Corporate Credit Union. These funds are insured by the National Credit Union Share Insurance Fund up to \$250,000. The Foundation's uninsured cash balances were \$2,761,335 at December 31, 2019.

CAROLINAS CREDIT UNION FOUNDATION, INC.  
Salisbury, North Carolina

NOTES to the FINANCIAL STATEMENTS

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Promises to Give

Contributions (promises to give) are recognized as revenues in the period the commitment is made. The Foundation records unconditional promises to give that are expected to be collected within one year at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contributions revenue in the statements of activities. The Foundation determines an allowance for uncollectible promises to give based on historical experience, an assessment of the economic conditions, and a review of subsequent collections. Promises to give are written off when deemed uncollectible. An allowance for uncollectible promises to give was not considered necessary at December 31, 2018. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions upon which they depend are substantially met.

Marketable Securities

Marketable securities consist of common stock reported at fair value in the accompanying statements of financial position. Unrealized gains and losses on the fair value of securities during the year are reflected in the statements of activities.

Property and Depreciation

Property and equipment additions are recorded at cost, or if donated, at fair value at the date of donation. Depreciation of property and equipment is computed using the straight-line method over the estimated useful lives of the respective assets. Expenditures for maintenance, repairs and minor renewals are charged to expense as incurred.

Short-Term Investments

Short-term investments are comprised of certificates of deposit with original maturities between three months and one year.

Revenue Recognition

Revenue is recognized when earned. Contributions are recognized when cash, securities, or other assets, an unconditional promise to give, or notification of a beneficial interest is received.

Donated Services and In-Kind Contributions

Contributions of assets other than cash are recorded at their estimated fair value. The Foundation reports revenue for the fair value of contributed services received where the services require specialized skills, are provided by individuals possessing these skills, and represent services that would have been purchased had they not been donated. The Foundation recognized \$2,478 and \$8,000 of donated consulting services during the years ended December 31, 2019 and 2018, respectively.

CAROLINAS CREDIT UNION FOUNDATION, INC.  
Salisbury, North Carolina

NOTES to the FINANCIAL STATEMENTS

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Accordingly, certain costs have been allocated between the programs and supporting services benefited. Directly identifiable expenses are charged to the appropriate programs and supporting services. Expenses related to more than one function are charged to programs and supporting services on the basis of estimates of time and effort made by management.

Tax-Exempt Status

The Foundation is a not-for-profit organization and is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, income tax expense is limited to activities that are deemed by the Internal Revenue Service to be unrelated to their exempt purpose.

The Foundation's primary tax positions relate to its status as a not-for-profit entity exempt from income taxes and classification of activities related to its exempt purpose. It is the opinion of management that the Foundation has no uncertain tax positions that would be subject to change upon examination.

The Foundation is required to file a federal exempt organization tax return (Form 990) annually to retain its exempt status. The Foundation is also required to file an exempt organization business income tax return (Form 990-T) for any year unrelated business income exceeds \$1,000. The Foundation's Form 990 filings are generally subject to examination by the Internal Revenue Service for three years after they are filed.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Subsequent Events

The Foundation has evaluated its subsequent events (events occurring after December 31, 2019) through the date of this report, which represents the date the financial statements were available to be issued and determined that all significant events and disclosures are included in the financial statements.

Reclassifications

Certain amounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation in the current year financial statements.

CAROLINAS CREDIT UNION FOUNDATION, INC.  
Salisbury, North Carolina

NOTES to the FINANCIAL STATEMENTS

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Change in Accounting Principle

On August 18, 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Foundation has implemented ASU 2016-14 and has adjusted the presentation in these financial statements accordingly. The ASU has been applied retrospectively to all periods presented.

NOTE 3 LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use within one year of the balance sheet date, comprise the following:

	2019	2018
Cash and Cash Equivalents	\$2,285,037	\$ 846,932
Promises to Give	25,000	105,003
Marketable Securities	27,912	27,276
Endowment Funds	809,258	1,363,167
	3,147,207	2,342,378
Less Those Unavailable for General Expenditure within One Year Due to:		
Restricted by Donor with Time or Purpose Restrictions	(1,924,266)	(815,112)
Perpetual Endowments	(809,258)	(979,937)
	(2,733,524)	(1,795,049)
Financial Assets Available to Meeting Cash Needs for General Expenditure within One Year	\$ 413,683	\$ 547,329

The Foundation has a goal to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. To help manage unanticipated liquidity needs, the Foundation has a \$400,000 line of credit available to draw upon, if needed.

NOTE 4 FAIR VALUE MEASUREMENTS

Financial assets and liabilities required to be measured on a recurring basis (at least annually) are classified under a three-tier hierarchy. Fair value is the amount that would be received to sell an asset, or paid to settle a liability, in an orderly transaction between market participants at the measurement date.

CAROLINAS CREDIT UNION FOUNDATION, INC.  
Salisbury, North Carolina

NOTES to the FINANCIAL STATEMENTS

NOTE 4 FAIR VALUE MEASUREMENTS (Continued)

Assets and liabilities measured at fair value are categorized depending on the observability of the inputs employed in their measurement. Level 1 inputs are quoted prices in active markets for identical assets or liabilities. Level 2 inputs are observable inputs other than quoted prices included within Level 1 for the asset or liability, such as quoted prices for similar assets or liabilities, quoted prices in inactive markets, or other inputs that can be corroborated by observable data for substantially the full term of the assets or liabilities. Level 3 inputs are unobservable for the asset or liability, including the Foundation's own assumptions in determining the fair value of assets or liabilities.

Valuation techniques used in the fair value measurements need to maximize the use of observable inputs and minimize the use of unobservable inputs. A valuation method may produce a fair value measurement that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Foundation believes its valuation methods are appropriate and consistent with those used by other market participants, the use of different methodologies or assumptions could result in different fair value measurements at the reporting date. The following is a description of the valuation methodologies used by the Foundation for assets measured at fair value:

*Marketable securities:* Valued at the closing prices reported on the active markets on which the individual securities are traded (Level 1).

The following table sets forth by level, within the fair value hierarchy, the Foundation's assets measured at fair value on a recurring basis as of December 31, 2019 and 2018:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>December 31, 2019</u>				
Marketable Securities				
Common Stocks - Energy	<u>\$27,912</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$27,912</u>
<u>December 31, 2018</u>				
Marketable Securities				
Common Stocks - Energy	<u>\$27,276</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$27,276</u>

CAROLINAS CREDIT UNION FOUNDATION, INC.  
Salisbury, North Carolina

NOTES to the FINANCIAL STATEMENTS

NOTE 5 PROPERTY AND EQUIPMENT

Property and equipment is summarized as follows:

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Furniture, Fixtures and Equipment	\$ 4,416	\$ 7,063
Automobiles	41,752	37,800
Computer Equipment and Software	<u>12,450</u>	<u>12,357</u>
Subtotal	58,618	57,220
Less: Accumulated Depreciation	<u>(11,769)</u>	<u>(48,242)</u>
Total	<u>\$ 46,849</u>	<u>\$ 8,978</u>

Depreciation expenses amounted to \$11,975 and \$10,614 for the year ending December 31, 2019 and 2018, respectively.

NOTE 6 PROMISES TO GIVE TO OTHERS

During the year ended December 31, 2018, the Foundation committed an unconditional promise to give to support the Victory Junction's Outreach Program in the amount of \$100,000. The promise of \$100,000 was paid during the year ended December 31, 2019.

NOTE 7 LINE OF CREDIT

The Foundation has available for its use a line of credit from Vizo Financial Corporate Credit Union in the amount of \$100,000. The line of credit bears interest at a variable rate designated by the lender. There were no outstanding amounts on this line of credit as of December 31, 2019 or 2018.

NOTE 8 ENDOWMENT FUNDS

The Board of Directors of the Foundation has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gifts as of the gift date of the donor- restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation retains in perpetuity (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time accumulations are 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.

In accordance with 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 funds, (2) the purpose of the donor-restricted endowment funds, (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, and (7) the Foundation's investment policies.



CAROLINAS CREDIT UNION FOUNDATION, INC.  
Salisbury, North Carolina

NOTES to the FINANCIAL STATEMENTS

NOTE 8 ENDOWMENT FUNDS (CONTINUED)

Endowment net assets composition by type as December 31, 2019 and 2018 is as follows:

	Without Donor Restrictions	With Donor Restrictions			Total Funds
		Original Gift Amount	Accumulated Gains (Losses) and Other	Total With Donor Restrictions	
<u>December 31, 2019</u>					
Donor-Restricted Funds	\$ -	\$809,258	\$ -	\$ 809,258	\$ 809,258
Board-Designated Funds	300,000	-	-	-	300,000
	<u>\$300,000</u>	<u>\$809,258</u>	<u>\$ -</u>	<u>\$ 809,258</u>	<u>\$1,109,258</u>
<u>December 31, 2018</u>					
Donor-Restricted Funds	\$ -	\$979,937	\$ 83,230	\$1,063,167	\$1,063,167
Board-Designated Funds	300,000	-	-	-	300,000
	<u>\$300,000</u>	<u>\$979,937</u>	<u>\$ 83,230</u>	<u>\$1,063,167</u>	<u>\$1,363,167</u>

Included in accumulated gains (losses) and other are accumulated investment returns and term endowment funds. Term endowments are gifts of cash and other assets with stipulations that they be invested to provide a source of income for a specified term and that the income be used for a specific purpose as both time and purpose restricted.

*Funds with Deficiencies.* From time to time, the fair value of the assets associated with the donor restricted endowment fund may fall below the level that the donor or UPMIFA requires the Foundation to retain as a fund of perpetual duration (underwater endowments). The Foundation has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. There were no endowment fund deficiencies at December 31, 2019 or 2018.

*Investment Return Objectives, Risk Parameters and Strategies.* Endowment assets are invested in a low risk share account and short-term certificates of deposit at a local corporate credit union. The account is insured up to \$250,000 by the National Credit Union Share Insurance Fund.

*Spending Policy.* Disbursements from the funds are primarily used for scholarships. However, an administrative fee of up to 10% of income earned and an annual disbursement fee ranging from 2% - 4% of annual disbursements with a maximum of \$2,500 can be assessed to each fund. The Foundation assessed \$27,325 and \$18,303 of fees for the years ended December 31, 2019 and 2018, respectively. The decision as to who receives a scholarship is determined by a committee appointed by the Board of Directors.

CAROLINAS CREDIT UNION FOUNDATION, INC.  
Salisbury, North Carolina

NOTES to the FINANCIAL STATEMENTS

NOTE 8 ENDOWMENT FUNDS (CONTINUED)

Changes in endowment net assets during the years ended December 31, 2019 and 2018 are as follows:

	Without Donor Restrictions	With Donor Restrictions			Total Funds
		Original Gift Amount	Accumulate d Gains (Losses) and Other	Total With Donor Restrictions	
<u>December 31, 2019</u>					
Endowment Net Assets, Beginning	\$300,000	\$979,937	\$ 83,230	\$1,063,167	\$1,363,167
Transfers	-	(170,679)	(83,230)	(253,909)	(253,909)
Endowment Net Assets, Ending	<u>\$300,000</u>	<u>\$809,258</u>	<u>\$ -</u>	<u>\$ 809,258</u>	<u>\$1,109,258</u>
<u>December 31, 2018</u>					
Endowment Net Assets, Beginning	\$199,175	\$754,760	\$ 43,742	\$ 798,502	\$ 997,677
Investment Return, Net	-	-	4,266	4,266	4,266
Contributions	-	228,236	264,068	492,304	492,304
Scholarships and Assistance	100,825	-	-	-	100,825
Transfers	-	-	(231,905)	(231,905)	(231,905)
	-	(3,059)	3,059	-	-
Endowment Net Assets, Ending	<u>\$300,000</u>	<u>\$979,937</u>	<u>\$ 83,230</u>	<u>\$1,063,167</u>	<u>\$1,363,167</u>

NOTE 9 NET ASSETS WITHOUT DONOR RESTRICTIONS DESIGNATED FOR SPECIAL PURPOSES

The Foundation maintains unrestricted funds designated by the Board for certain special purposes. The amounts of such designated net assets at December 31 were as follows:

	2019	2018
Board-designated endowment	<u>\$ 300,000</u>	<u>\$ 300,000</u>

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NOTES to the FINANCIAL STATEMENTS

NOTE 10 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions were available for the following purposes at December 31:

	2019	2018
Subject to Expenditure for Specified Purposes:		
Donor Advised Assistance	\$ 607,622	\$ 323,466
Scholarships	896,264	266,731
Victory Junction/REACH	7,156	26,536
Disaster Relief	96,564	115,149
Fundraising Funds	7,901	-
Hardship Funds	143,996	-
Community Grants and Programs	164,762	-
	1,924,265	731,882
Endowments:		
Subject to Endowment Spending Policy and Appropriation:		
Original Gifts (Corpus) for:		
Scholarships and Assistance	809,258	979,937
Accumulated Gains (Losses) and Other for:		
Scholarships and Assistance	-	83,230
	809,258	1,063,167
	<u>\$2,733,523</u>	<u>\$ 1,795,049</u>

Net assets were released from restrictions by usage of funds consistent with donor restrictions for the following purposes:

	2019	2018
Donor Advised Assistance	\$ 651,904	\$ 424,751
Scholarships	390,827	316,405
Victory Junction/REACH	10,954	364,464
Disaster Relief	30,500	210,286
Other Grants	38,840	18,303
	\$ 1,123,025	\$ 1,334,209

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NOTE 11 COMMUNITY INVESTMENT FUND

Credit unions from North and South Carolina can invest money in a Community Investment Fund (CIF) held and administered by Vizo Financial Corporate Credit Union. Earnings from the CIF are allocated between the investing credit unions and the Foundation. During the years ending December 31, 2019 and 2018, the Foundation received CIF earnings of \$68,965 and \$46,078, respectively.

NOTE 12 RETIREMENT PLAN

The Foundation participates in a contributory retirement plan administered by the Carolinas Credit Union League, which covers substantially all permanent employees who have reached 21 years of age and six months of service. The plan provides that the Foundation make a non-elective contribution to the account of each eligible participant equal to 3% of the participant's compensation. In addition, the Foundation will match 2% of the participant's compensation for the participant's service period of six months to five years, 4% of the participant's compensation for the participant's service period of five years to ten years, and 6% of the participant's compensation after the participant has reached ten years of service. Employee deferrals are vested immediately, and employer contributions become vested when a participant reaches five years of service. Employer contributions to the plan amounted to \$8,860 and \$4,287 for the years ended December 31, 2019 and 2018, respectively.

NOTE 13 RELATED PARTY TRANSACTIONS

The individuals on the Board of Directors are comprised of senior management in various credit unions and credit union service organizations from North Carolina and South Carolina. The organizations that these board members represent gave, in the aggregate, \$11,700 and \$185,049 in contributions without donor restrictions for the years ended December 31, 2019 and 2018, respectively. In addition, the organizations gave \$1,771,031 and \$928,554 in contributions with donor restrictions for the years ended December 31, 2019 and 2018, respectively. The restricted contributions are directed to donor-advised funds controlled by the Foundation. Contribution amounts due from these organizations totaled \$30,000 at December 31, 2018.

Also, members of the Board of Directors include the President of Vizo Financial Corporate Credit Union who provides banking services and holds all cash accounts and the President of the Carolinas Credit Union League, parent company of Professional League Resources (PLR), who provides human resources and accounting services to the Foundation. The fees paid to PLR for these services totaled \$9,312 for each of the years ended December 31, 2019 and 2018, respectively.