

CAROLINAS CREDIT UNION FOUNDATION, INC.  
Salisbury, North Carolina

FINANCIAL STATEMENTS  
Years Ended December 31, 2023 and 2022

## TABLE of CONTENTS

### Independent Auditors' Report

Statements of Financial Position

EXHIBIT A

Statements of Activities

EXHIBIT B

Statements of Functional Expenses

EXHIBIT C

Statements of Cash Flows

EXHIBIT D

### Notes to Financial Statements

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## INDEPENDENT AUDITORS' REPORT

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

### Opinion

We have audited the accompanying financial statements of Carolinas Credit Union Foundation, Inc., which comprise the statements of financial condition as of December 31, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

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, 2023 and 2022, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 Carolinas Credit Union Foundation, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### 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, which raise substantial doubt about Carolinas Credit Union Foundation, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be 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 generally accepted auditing standards 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, including omissions, 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 generally accepted auditing standards, 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 Carolinas Credit Union Foundation, Inc.'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, which raise substantial doubt about Carolinas Credit Union Foundation, Inc.'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.

Sincerely,

*Cantey, Tiller, Pierce & Green, LLP*

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

March 19, 2024

CAROLINAS CREDIT UNION FOUNDATION, INC.  
Salisbury, North Carolina

STATEMENTS OF FINANCIAL POSITION  
December 31,

ASSETS

	<u>2023</u>	<u>2022</u>
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 2,057,014	\$ 2,111,383
Short-Term Investments	1,000,000	500,000
Marketable Securities	42,502	44,824
Beneficial Interest in Assets	1,076,858	977,840
Other Assets	103,014	186,622
Property and Equipment	45,735	11,019
Endowment Funds		
Cash and Cash Equivalents	886,624	886,624
Total Assets	<u>\$ 5,211,747</u>	<u>\$ 4,718,312</u>

LIABILITIES

LIABILITIES AND NET ASSETS

Liabilities

Accounts Payable and Accrued Expenses	\$ 76,824	\$ 198,343
Deferred Revenue	9,747	46,859
Total Liabilities	<u>86,571</u>	<u>245,202</u>

Net Assets

Without Donor Restrictions

Undesignated	270,868	128,407
Board Designated	450,000	400,000
	<u>720,868</u>	<u>528,407</u>

With Donor Restrictions

Total Net Assets	<u>5,125,176</u>	<u>4,473,110</u>
Total Liabilities and Equity	<u>\$ 5,211,747</u>	<u>\$ 4,718,312</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, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue			
Contributions	\$ 98,970	\$ 3,438,505	\$ 3,537,475
Dues Contributions	167,357	-	167,357
Carolinas Cup and Special Events	32,351	241,665	274,016
Investment Funds Earnings Support	-	76,599	76,599
Annual Fee Income	64,817	-	64,817
Interest Income	61,551	117,286	178,837
Unrealized and Realized Losses on Investments	96,696	-	96,696
Gain on Sale of Assets	23,000	-	23,000
In-Kind Contributions	8,987	-	8,987
Other Income	28,500	-	28,500
	<u>582,229</u>	<u>3,874,055</u>	<u>4,456,284</u>
Net Assets Released from Restrictions-Distributions	<u>3,414,450</u>	<u>(3,414,450)</u>	<u>-</u>
Total Support and Revenue	<u>3,996,679</u>	<u>459,605</u>	<u>4,456,284</u>
Expenses			
Program Services	3,632,833	-	3,632,833
General and Administrative	112,825	-	112,825
Fundraising	58,560	-	58,560
Total Expenses	<u>3,804,218</u>	<u>-</u>	<u>3,804,218</u>
Change in Net Assets	192,461	459,605	652,066
Net Assets, Beginning of Year	<u>528,407</u>	<u>3,944,703</u>	<u>4,473,110</u>
Net Assets, End of Year	<u>\$ 720,868</u>	<u>\$ 4,404,308</u>	<u>\$ 5,125,176</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, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue			
Contributions	\$ 136,702	2,746,106	\$ 2,882,808
Dues Contributions	157,984	-	157,984
Carolinas Cup and Special Events	6,190	148,000	154,190
Community Investment Fund support	-	6,469	6,469
Annual Fee Income	76,404	-	76,404
Interest Income	21,110	28,939	50,049
Unrealized and Realized Gains on Investments	(108,447)	-	(108,447)
In-Kind Contributions	6,975	-	6,975
	<u>296,918</u>	<u>2,929,514</u>	<u>3,226,432</u>
Net Assets Released from Restrictions	3,090,865	(3,090,865)	-
Total Support and Revenue	<u>3,387,783</u>	<u>(161,351)</u>	<u>3,226,432</u>
Expenses			
Program Services	3,291,581	-	3,291,581
General and Administrative	100,609	-	100,609
Fundraising	53,191	-	53,191
Total Expenses	<u>3,445,381</u>	<u>-</u>	<u>3,445,381</u>
Change in Net Assets	(57,598)	(161,351)	(218,949)
Net Assets, Beginning of Year	<u>586,005</u>	<u>4,106,054</u>	<u>4,692,059</u>
Net Assets, End of Year	<u>\$ 528,407</u>	<u>\$ 3,944,703</u>	<u>\$ 4,473,110</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, 2023

	<u>Program Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 155,713	\$ 47,912	\$ 35,934	\$ 239,559
Payroll Taxes	11,637	3,581	2,685	17,903
Employee Benefits	23,560	7,249	5,437	36,246
Total Salaries Related	<u>190,910</u>	<u>58,742</u>	<u>44,056</u>	<u>293,708</u>
Grants	2,730,970	-	-	2,730,970
Scholarships	682,184	-	-	682,184
Conferences	-	3,595	-	3,595
Office Occupancy	5,544	1,706	1,279	8,529
Postage	211	65	49	325
Supplies	1,039	320	240	1,599
Auto	-	3,593	-	3,593
Insurance	-	3,485	-	3,485
Outside Services	21,828	6,716	5,037	33,581
Staff Travel	-	7,865	7,865	15,730
Audit Fees	-	12,300	-	12,300
Other	147	45	34	226
Depreciation	-	14,393	-	14,393
Total Expenses	<u>\$ 3,632,833</u>	<u>\$ 112,825</u>	<u>\$ 58,560</u>	<u>\$ 3,804,218</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, 2022

	<u>Program Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 140,364	\$ 43,189	\$ 32,392	\$ 215,945
Payroll Taxes	10,528	3,239	2,430	16,197
Employee Benefits	21,137	6,504	4,878	32,519
Total Salaries Related	<u>172,029</u>	<u>52,932</u>	<u>39,700</u>	<u>264,661</u>
Grants	2,402,705	-	-	2,402,705
Scholarships	688,060	-	-	688,060
Conferences	-	558	-	558
Office Occupancy	5,443	1,675	1,256	8,374
Postage	536	165	124	825
Supplies	1,987	611	459	3,057
Auto	-	632	-	632
Insurance	-	5,254	-	5,254
Outside Services	19,876	6,116	4,587	30,579
Staff Travel	-	6,847	6,847	13,694
Audit Fees	-	12,100	-	12,100
Other	945	291	218	1,454
Depreciation	-	13,428	-	13,428
Total Expenses	<u>\$ 3,291,581</u>	<u>\$ 100,609</u>	<u>\$ 53,191</u>	<u>\$ 3,445,381</u>

CAROLINAS CREDIT UNION FOUNDATION, INC.  
Salisbury, North Carolina

STATEMENTS of CASH FLOWS  
For the Years Ending December 31,

	<u>2023</u>	<u>2022</u>
<b>OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 652,066	\$ (218,949)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by (Used in) Operating Activities:		
Depreciation	14,393	13,428
Unrealized (Gains) Losses on Investments	(96,696)	108,447
(Increase) Decrease in Operating Assets:		
Other Assets	83,608	(156,395)
Increase (Decrease) in Operating Liabilities:		
Accounts Payable and Accrued Expenses	(121,519)	98,697
Deferred Dues	(37,112)	33,843
Net Cash Provided by (Used In) Operating Activities	<u>494,740</u>	<u>(120,929)</u>
<b>INVESTING ACTIVITIES</b>		
Capital Expenditures	(49,109)	-
Purchases of Short-Term Investments	(1,000,000)	(500,000)
Proceeds from Maturities of Short-Term Investments	500,000	1,000,000
Net Cash Provided by (Used In) Investing Activities	<u>(549,109)</u>	<u>500,000</u>
Change in Cash and Cash Equivalents	(54,369)	379,071
Cash and Cash Equivalents, Beginning of Year	<u>2,998,007</u>	<u>2,618,936</u>
Cash and Cash Equivalents, End of Year	<u>\$ 2,943,638</u>	<u>\$ 2,998,007</u>
Cash and Cash Equivalents		
Without Restrictions	\$ 2,057,014	\$ 2,111,383
With Restrictions	886,624	886,624
	<u>\$ 2,943,638</u>	<u>\$ 2,998,007</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 those 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 \$3,702,526 and \$3,368,290 at December 31, 2023 and 2022, respectively. The Foundation places its cash in financial institutions that have strong credit ratings and management believes the credit risk related to these deposits to be minimal.

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. The Foundation had promises to give of \$25,000 at December 31, 2023. This amount was included with "Other Assets" in the Statements of Net Position. There were none at December 31, 2022.

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.

Beneficial Interests in Assets

During the year ended December 31, 2021, the Foundation transferred \$1.1 million to the Foundation for the Carolinas ("FFTC") for investment purposes. These funds are considered non-endowed designated funds which leave the entire balance available for distribution. The funds are commingled and invested in a pool of FFTC's assets. The fund receives a pro-rata share of the changes in value of the pool. The fund's assets can be granted back to the designated Agency in accordance with the terms of the fund agreement and FFTC's policies for gift fund distribution.

CAROLINAS CREDIT UNION FOUNDATION, INC.  
Salisbury, North Carolina

NOTES to the FINANCIAL STATEMENTS

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 \$8,987 and \$6,975, of donated consulting services during the years ended December 31, 2023 and 20232, respectively.

Functional Allocation of Expenses

The costs of the 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 exceeding \$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.

CAROLINAS CREDIT UNION FOUNDATION, INC.  
Salisbury, North Carolina

NOTES to the FINANCIAL STATEMENTS

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2023) 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.

Adopted Accounting Principle

Changes in GAAP for not-for-profit organizations that will affect the future financial statement presentation of the Foundation include:

ASU 2016-13 - Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments ("ASU 2016-13") ASU 2016-13 significantly changes how entities will measure credit losses for most financial assets and certain other instruments that are not measured at fair value through net income. The standard will replace the current incurred loss approach with an expected loss model, referred to as the current expected credit loss ("CECL") model. The new standard will apply to financial assets subject to credit losses and measured at amortized cost and certain off-balance sheet commitments and financial guarantees. ASU 2016-13 expands the disclosure requirements regarding an entity's assumptions, models, and methods for estimating the allowance for loan and lease loss. In addition, entities will need to disclose the amortized cost balance for each class of financial asset by credit quality indicator, disaggregated by the year of origination.

ASU 2016-13 is effective for interim and annual reporting requirements beginning after December 15, 2022. Upon adoption, ASU 2016-13 provided for a modified retrospective transition by means of a cumulative effect adjustment to equity as of the beginning of the period in which the guidance is effective.

The Company adopted ASU 2016-13 in 2023. There was no impact upon adoption.

CAROLINAS CREDIT UNION FOUNDATION, INC.  
Salisbury, North Carolina

NOTES to the FINANCIAL STATEMENTS

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:

	2023	2022
Cash and Cash Equivalents	\$ 2,057,014	\$ 2,111,383
Short-term Investments	1,000,000	500,000
Marketable Securities	42,502	44,824
Beneficial Interest in Assets	1,076,858	977,840
Endowment Funds	886,624	886,624
	5,062,998	4,520,671
Less Those Unavailable for General Expenditure within One Year Due to:		
Restricted by Donor with Time or Purpose Restrictions	(3,517,684)	(3,058,079)
Perpetual Endowments	(886,624)	(886,624)
	(4,404,308)	(3,944,703)
Financial Assets Available to Meeting Cash Needs for General Expenditure within One Year	\$ 658,690	\$ 575,968

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 \$100,000 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.

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.

CAROLINAS CREDIT UNION FOUNDATION, INC.  
Salisbury, North Carolina

NOTES to the FINANCIAL STATEMENTS

NOTE 4 FAIR VALUE MEASUREMENTS (Continued)

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).

*Beneficial Interest in Assets:* Valued the beneficial interest in assets held at FFTC at net realizable value or the fair value of the Foundation's share of the FFTC's investment pool as of the measurement date, utilizing valuations provided by the investment funds. The Foundation values securities and other financial instruments on a fair value basis of accounting.

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, 2023 and 2022:

	Level 1	Level 2	Level 3	Total
<u>December 31, 2023</u>				
Marketable Securities				
Common Stocks - Energy	\$ 42,502	\$ -	\$ -	\$ 42,502
Beneficial Interest in Assets	\$ -	\$ -	\$ 1,076,858	\$ 1,076,858
<u>December 31, 2022</u>				
Marketable Securities				
Common Stocks - Energy	\$ 44,824	\$ -	\$ -	\$ 44,824
Beneficial Interest in Assets	\$ -	\$ -	\$ 977,840	\$ 977,840



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, 2023</u>	<u>December 31, 2022</u>
Furniture, Fixtures and Equipment	\$ 3,085	\$ 3,085
Automobiles	49,110	41,752
Computer Equipment and Software	13,329	13,329
Subtotal	\$ 65,524	\$ 58,166
Less: Accumulated Depreciation	(19,789)	(47,147)
Total	\$ 45,735	\$ 11,019

Depreciation expenses amounted to \$14,393 and \$13,428 for the years ending December 31, 2023 and 2022, respectively.

NOTE 6 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, 2023 or 2022.

NOTE 7 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 7 ENDOWMENT FUNDS (CONTINUED)

Endowment net assets composition by type as December 31, 2023 and 2022 is as follows:

	With Donor Restrictions			
	Without Donor Restrictions	Original Gift Amount	Total With Donor Restrictions	Total Funds
December 31, 2023				
Donor-Restricted Funds	\$ -	\$ 886,624	\$ 886,624	\$ 886,624
Board-Designated Funds	450,000	-	-	450,000
	\$ 450,000	\$ 886,624	\$ 886,624	\$ 1,336,624
December 31, 2022				
Donor-Restricted Funds	\$ -	\$ 886,624	\$ 886,624	\$ 886,624
Board-Designated Funds	400,000	-	-	400,000
	\$ 400,000	\$ 886,624	\$ 886,624	\$ 1,286,624

There were no changes to the endowment funds for the years ended December 31, 2023 and 2022.

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, 2023 or 2022.

*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. The Foundation assessed \$64,817 and \$76,404 of fees for the years ended December 31, 2023 and 2022, 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 7      ENDOWMENT FUNDS (CONTINUED)

Changes in endowment net assets during the years ended December 31, 2023 and 2022 are as follows:

	With Donor Restrictions			
	Without Donor Restrictions	Original Gift Amount	Total With Donor Restrictions	Total Funds
December 31, 2023				
Endowment Net Assets, Beginning	\$ 400,000	\$ 886,624	\$ 886,624	\$ 1,286,624
Transfers	50,000	-	-	50,000
Endowment Net Assets, Ending	\$ 450,000	\$ 886,624	\$ 886,624	\$ 1,336,624
December 31, 2022				
Endowment Net Assets, Beginning	\$ 400,000	\$ 886,624	\$ 886,624	\$ 1,286,624
Endowment Net Assets, Ending	\$ 400,000	\$ 886,624	\$ 886,624	\$ 1,286,624

NOTE 8      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:

	2023	2022
Board-designated for Operating Reserves	\$ 150,000	\$ 100,000
Board-designated endowment	300,000	\$ 300,000
Total Board-designated	\$ 450,000	\$ 400,000

CAROLINAS CREDIT UNION FOUNDATION, INC.  
Salisbury, North Carolina

NOTES to the FINANCIAL STATEMENTS

NOTE 9 NET ASSETS WITH DONOR RESTRICTIONS

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

	2023	2022
Subject to Expenditure for Specified Purposes:		
Donor Advised Assistance	\$ 1,453,988	\$ 1,362,870
Scholarships	735,107	733,973
Professional Development	42,275	59,857
Victory Junction	10,739	20,639
Disaster Relief	131,344	125,316
Fundraising Funds	17,923	17,082
Hardship Funds	931,208	598,872
Community Grants and Programs	195,100	139,470
	3,517,684	3,058,079
Endowments:		
Subject to Endowment Spending Policy and Appropriation:		
Original Gifts (Corpus) for:		
Scholarships and Assistance	886,624	886,624
	886,624	886,624
	\$ 4,404,308	\$ 3,944,703

Net assets were released from restrictions by usage of funds consistent with donor restrictions for the following purposes during the year ended December 31:

	2023	2022
Donor Advised Assistance	\$ 2,021,586	\$ 1,891,430
Scholarships	682,184	648,456
Professional Development	36,327	39,670
Victory Junction	4,695	7,095
Disaster Relief	7,917	8,001
Fundraising Funds	206,451	281,653
Hardship Funds	196,442	72,529
Community Grants and Programs	258,848	142,031
	\$ 3,414,450	\$ 3,090,865

CAROLINAS CREDIT UNION FOUNDATION, INC.  
Salisbury, North Carolina

NOTES to the FINANCIAL STATEMENTS

NOTE 10 COMMUNITY INVESTMENT FUND

Credit Unions from North and South Carolina can invest money in a Community Investment Fund (CIF) or a Community Endowment Fund (CEF) held and administered by Vizo Financial Corporate Credit Union. Earnings from the CIF and CEF are allocated between the investing credit unions and the Foundation. During the years ending December 31, 2023 and 2022, the Foundation received earnings of \$17,838 and \$6,469, respectively from these funds.

NOTE 11 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 \$11,721 and \$14,370 for the years ended December 31, 2023 and 2022, respectively.

NOTE 12 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, \$187,752 and \$134,796 in contributions without donor restrictions for the years ended December 31, 2023 and 2022, respectively. In addition, the organizations gave \$2,295,486 and \$1,949,124 in contributions with donor restrictions for the years ended December 31, 2023 and 2022, respectively. The restricted contributions are directed to donor-advised funds controlled by the Foundation.

Also, members of the Board of Directors include the President/CEO of Vizo Financial Corporate Credit Union who provides banking services and holds all cash accounts and the President/CEO 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, 2023 and 2022, respectively. Also, at December 31, 2023 and 2022, the Foundation has an intercompany liability payable to the Carolinas Credit Union League for \$52,561 and \$144,781, respectively. These were reimbursed in the following January of each year.