EASTERN WEST VIRGINIA COMMUNITY FOUNDATION

Martinsburg, West Virginia

FINANCIAL REPORT

DECEMBER 31, 2018

C O N T E N T S

YHB CPAs & Consultants
50 South Cameron St.
Winchester, VA 22601
540.662.3417
YHBcpa.com
540.662.4211

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Eastern West Virginia Community Foundation
Martinsburg, West Virginia

Report on the Financial Statements

We have audited the accompanying financial statements of Eastern West Virginia Community Foundation which comprise the statements of financial position as of December 31, 2018 and 2017, the related statements of activities and cash flows for the years 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 accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 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 Eastern West Virginia Community Foundation as of December 31, 2018 and 2017, and the change in net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Yount, Hyde & Barbour, P.C.

Winchester, Virginia
May 9, 2019

EASTERN WEST VIRGINIA COMMUNITY FOUNDATION

Statements of Financial Position
December 31, 2018 and 2017

Assets	**2018**	**2017**
Cash and cash equivalents	$ 88,961	$ 94,247
Prepaid expense	2,251	2,454
Contributions receivable	23,732	56,639
Note receivable	200,000	- -
Investments, at fair value	24,073,468	23,351,377
Beneficial interest in split-interest agreements	80,158	89,000
Beneficial interest in residual trust	771,711	863,350
Life insurance policy, cash surrender value	34,942	34,334
Property and equipment, net	3,439	1,805
Total assets	$ 25,278,662	$ 24,493,206
Liabilities		
Accounts payable and accrued expenses	$ 9,489	$ 11,345
Grants payable	1,290,808	1,020,145
Agency endowment funds	1,872,171	1,941,142
Total liabilities	$ 3,172,468	$ 2,972,632
Net Assets		
Net assets without donor restrictions:		
Community endowment	$ 835,827	$ 904,056
Donor advised endowment	7,652,306	8,016,298
Designated endowment	3,663,331	3,831,690
Field of interest endowment	6,184,196	4,850,512
Scholarship endowment	2,584,521	2,601,351
Unrestricted endowment	21,478	21,440
Unrestricted funds not designated	312,666	342,877
Total net assets without donor restrictions	$ 21,254,325	$ 20,568,224
Net assets with donor restrictions	851,869	952,350
Total net assets	$ 22,106,194	$ 21,520,574
Total liabilities and net assets	$ 25,278,662	$ 24,493,206

See Notes to Financial Statements.

EASTERN WEST VIRGINIA COMMUNITY FOUNDATION

Statement of Activities
For the Year Ended December 31, 2018

	Without Donor Restrictions	With Donor Restrictions	Totals
Revenues and Gains:			
Contributions	$ 3,188,088	$ - -	$ 3,188,088
Special events	18,869	- -	18,869
Investment return, net	(1,225,570)	- -	(1,225,570)
Miscellaneous income	2,462	- -	2,462
Total revenues and gains	$ 1,983,849	$ - -	$ 1,983,849
Expenses:			
Grants and distributions	$ 993,823	$ - -	$ 993,823
Program expenses	18,075	- -	18,075
Communications and outreach	12,357	- -	12,357
Salaries, taxes and benefits	216,970	- -	216,970
Other support services	11,186	- -	11,186
Accounting and legal	30,650	- -	30,650
Travel	2,087	- -	2,087
Insurance	3,871	- -	3,871
Occupancy	7,825	- -	7,825
Depreciation	904	- -	904
Total expenses	$ 1,297,748	$ - -	$ 1,297,748
Excess of revenues over expenses before other changes in net assets	$ 686,101	$ - -	$ 686,101
Other changes in net assets, split-interest actuarial adjustment	- -	(100,481)	(100,481)
Change in net assets	$ 686,101	$ (100,481)	$ 585,620
Net assets, beginning of year	20,568,224	952,350	21,520,574
Net assets, end of year	$ 21,254,325	$ 851,869	$ 22,106,194

See Notes to Financial Statements.

EASTERN WEST VIRGINIA COMMUNITY FOUNDATION

Statement of Activities
For the Year Ended December 31, 2017

	Without Donor Restrictions	With Donor Restrictions	Totals
Revenues and Gains:			
Contributions	$ 857,450	$ - -	$ 857,450
Special events	14,600	- -	14,600
Investment return, net	2,806,483	- -	2,806,483
Miscellaneous income	3,540	- -	3,540
Total revenues and gains	$ 3,682,073	$ - -	$ 3,682,073
Expenses:			
Grants and distributions	$ 1,724,639	$ - -	$ 1,724,639
Program expenses	19,919	- -	19,919
Communications and outreach	18,586	- -	18,586
Salaries, taxes and benefits	186,912	- -	186,912
Other support services	6,621	- -	6,621
Accounting and legal	30,400	- -	30,400
Travel	1,813	- -	1,813
Insurance	3,492	- -	3,492
Occupancy	7,629	- -	7,629
Depreciation	903	- -	903
Total expenses	$ 2,000,914	$ - -	$ 2,000,914
Excess of revenues over expenses before other changes in net assets	$ 1,681,159	$ - -	$ 1,681,159
Other changes in net assets, split-interest actuarial adjustment	- -	91,395	91,395
Change in net assets	$ 1,681,159	$ 91,395	$ 1,772,554
Net assets, beginning of year	18,887,065	860,955	19,748,020
Net assets, end of year	$ 20,568,224	$ 952,350	$ 21,520,574

See Notes to Financial Statements.

EASTERN WEST VIRGINIA COMMUNITY FOUNDATION

Statements of Cash Flows

For the Years Ended December 31, 2018 and 2017

	2018	2017
Cash Flows from Operating Activities		
Change in net assets	$ 585,620	$ 1,772,554
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	904	903
Actuarial loss (gain) on annuity obligations	100,481	(91,395)
Unrealized (gain) from life insurance policy	(608)	(618)
Net realized and unrealized loss (gain) on investments	1,701,782	(2,435,519)
Donated value of securities	(80,705)	(55,557)
Changes in assets and liabilities:		
Decrease (increase) in prepaid expenses	203	(614)
Decrease (increase) in contributions receivable	32,907	(56,639)
(Increase) in note receivable	(200,000)	- -
(Decrease) increase in accounts payable and accrued expenses	(1,856)	1,937
Increase in grants payable	270,663	913,934
(Decrease) increase in agency endowment funds	(68,971)	330,176
Net cash provided by operating activities	$ 2,340,420	$ 379,162
Cash Flows from Investing Activities		
Proceeds from sale of investments	$ 4,825,433	$ 5,953,387
Purchase of investment securities	(7,168,601)	(6,437,293)
Purchase of property and equipment	(2,538)	(1,189)
Net cash (used in) investing activities	$ (2,345,706)	$ (485,095)
Net (decrease) in cash and cash equivalents	$ (5,286)	$ (105,933)
Cash and Cash Equivalents		
Beginning	94,247	200,180
Ending	$ 88,961	$ 94,247
Supplemental Disclosure of Cash Flow Information, in-kind contributions	$ 18,288	$ 18,271

See Notes to Financial Statements.

EASTERN WEST VIRGINIA COMMUNITY FOUNDATION

Notes to Financial Statements

Note 1. Nature of Business

Eastern West Virginia Community Foundation (the Foundation) is a nonprofit corporation classified by the Internal Revenue Service as tax-exempt under Section 501(c)(3) and as a nonprivate foundation under Section 509(a)(1) of the Internal Revenue Code of 1986. The Foundation is responsible for charitable funds and the income generated by the funds of many donors. The Foundation is committed to improving the quality of life and to serving the general charitable and educational needs of the inhabitants of Eastern West Virginia and adjoining states through charitable grants at the discretion of the Board.

Note 2. Significant Accounting Policies

The financial statements of the Foundation have been prepared on the accrual basis of accounting. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

Cash and Cash Equivalents

The Foundation considers all highly-liquid investments with a maturity of three months or less when purchased to be cash equivalents. The Foundation's cash is maintained in two commercial banks located in West Virginia, which, at times, may exceed the federally insured limits. The Foundation has not experienced any losses in such accounts.

Investments

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the statement of financial position. Realized and unrealized gains and losses are reflected in the statement of activities.

Property and Equipment

All purchases of property and equipment have been recorded at cost. Property and equipment that is donated to the Foundation is stated at its fair market value at the time of donation. Depreciation is determined by the straight-line method. The estimated useful life for furniture and fixtures is seven years. Estimated useful life for software is three years. Depreciation expense was $904 and $903 for the years ended December 31, 2018 and 2017, respectively.

Grants Payable

Grants are recorded as expenses when they are approved by the Board.

Agency Endowment Funds

Agency endowment funds are established for transactions in which a community foundation accepts a contribution from a charitable agency donor and agrees to transfer those assets, the return on investment of those assets or both back to the charitable agency donor.

The Foundation maintains variance power and legal ownership of agency endowment funds and, as such, continues to report the funds as assets of the Foundation. Corresponding liability accounts have been established for these funds.

Contributions

Contributions are recognized as revenue when they are received or unconditionally pledged.

Donor-restricted contributions whose restrictions are met in the same year as received are classified as contributions without donor restriction in the accompanying financial statements.

Allocation Methodology for the Schedule of Functional Expenses

The costs of providing program and other activities are summarized on a functional basis in the schedule of functional expenses. Certain costs have been allocated among program, management and general, and fundraising. Such allocations have been made by management on an equitable basis. The expenses that are allocated including the following:

Expense	Methodology
Grants and distributions	Direct cost
Salaries, taxes and benefits	Employee time and effort
Program expenses	Direct cost
Communications and outreach	Direct cost
Other support services	Employee time and effort
Accounting and legal	Direct cost
Travel	Direct cost and employee time and effort
Insurance	Direct cost
Occupancy	Direct cost
Depreciation	Employee time and effort

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 and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

New Accounting Pronouncement

In 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-14, Presentation of Financial Statement for Not-for-Profit Entities. The Organization adopted the provisions of this new standard in the current year. In addition to changes in terminology used to describe categories of net assets throughout the financial statements, new disclosures were added regarding liquidity and availability of resources (Note 5) as well as the allocation methodology for the schedule of functional expenses (Note 2). Adoption of this standard had no effect on the change in net assets or in total.

Fair Value Measurement

Accounting standards establish a framework for measuring fair value. That framework 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 the standards are described as follows:

> Level 1 – Valuations for assets and liabilities traded in active exchange markets. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.
>
> Level 2 – Valuations for assets and liabilities traded in less active dealer or broker markets. Valuations are obtained from third party pricing services for identical or similar assets or liabilities or other inputs observable for the asset or liability, either directly or indirectly through corroboration with observable market data. If the asset or liability has a specified (contractual) term, a Level 2 input must be observable for substantially the full term of the asset or liability.
>
> Level 3 – Valuations for assets and liabilities that are derived from other valuation methodologies, including option pricing models, discounted cash flow models and similar techniques, and not based on market exchange, dealer, or broker traded transactions. Level 3 valuations incorporate certain assumptions and projections in determining the fair value assigned to such assets or liabilities.

The asset 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 need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for instruments measured at fair value:

Investments

The fair value of investments is the market value based on quoted market prices, when available, or market prices provided by recognized broker dealers.

Beneficial Interest in Split-Interest Agreements

The fair value of split interest agreements is based on the present value of the future distributions to be received by the Foundation as a beneficiary.

Beneficial Interest in Residual Trust

The fair value of residual trusts is based on a specified percentage of the trust's fair market value as determined annually.

Life Insurance

The value of the life insurance is based on the cash surrender value.

The preceding methods described may produce a fair value calculation 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 other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Upcoming Accounting Pronouncements

In May 2014, the FASB issued Accounting Standards Update No. 2014-09, Revenue from Contracts with Customers (Topic 606), which provides guidance for recognizing revenue from contracts with customers. The core principle of ASU 2014-09 is that revenue will be recognized when promised goods or services are transferred to customers in an amount that reflects consideration for which entitlement is expected in exchange for those goods or services. Generally, the ASU states that revenue should be recognized by following a five step process which include identifying the contract with a customer, identifying the performance obligations in the contract, determining the transaction price, allocating the transaction price to the performance obligation in the contract, and recognizing revenue as the entity satisfies a performance obligation. ASU 2014-09 is effective for the Foundation for the year ending December 31, 2019. The Foundation is currently evaluating the impact that the adoption of Topic 606 will have on its financial statements.

In February 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842), which requires organizations that lease assets (lessees) to recognize the assets and related liabilities for the rights and obligations created by the leases on the statement of financial position for leases with terms exceeding 12 months. ASU No. 2016-02 defines a lease as a contract or part of a contract that conveys the right to control the use of identified assets for a period of time in exchange for consideration. The lessee in a lease will be required to initially measure the right-of-use asset and the lease liability at the present value of the remaining lease payments, as well as capitalize initial direct costs as part of the right-of-use asset. ASU No. 2016-02 is effective for the Foundation for the year ending December 31, 2020. Early adoption is permitted. The Foundation is currently evaluating the impact that the adoption of Topic 842 will have on its financial statements.

In June 2018, the FASB issued Accounting Standards Update No. 2018-08, Not-for-Profit Entities (Topic 958), which clarifies the scope and the accounting guidance for contributions received and contributions made. Specifically, the update assists entities in determining whether a transaction should be accounted for as a contribution or an exchange transaction. If a transaction is accounted for as an exchange transaction, other accounting guidance, for example, in Topic 606, Revenue from Contracts with Customers, should be followed. If, however, a transaction is accounted for as a contribution, guidance in Subtopic 958-605 should be followed. Additionally, the update assists entities in determining whether a contribution is conditional. ASU 2018-08 is effective for contributions received by the Foundation for its year ended December 31, 2019. ASU 2018-08 is effective for contributions made, if applicable, by the Foundation for its year ending December 31, 2020. Early adoption is permitted. The Foundation is currently evaluating the impact that the adoption of Topic 958 will have on its financial statements.

Note 3. Net Assets

The Foundation reports information regarding its financial position and activities according to the "net asset" concept. Net assets are segregated among two categories: net assets without donor restrictions and net assets with donor restrictions. Net assets without donor restrictions consists of net assets not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Foundation. These net assets may be used at the discretion of the Foundation’s management and Board of Directors. Net assets with donor restrictions consist of net assets subject to donor-imposed restrictions. Some donor restrictions are temporary in nature; those restrictions will be met by the actions of the Foundation or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Factors considered in the determination of net asset classification include:

- The Foundation's articles of incorporation, by-laws and the terms of various predecessor trusts, allow the respective Board the power to use the principal amount of gifts.

- The Foundation has been granted unilateral variance power to modify restrictions or conditions on the distribution of funds if, in its sole judgment, such restriction or condition becomes unnecessary, incapable of fulfillment, or inconsistent with the needs of the community.

Note 4. Net Assets with Donor Restrictions

The Foundation's net assets with donor restrictions as of December 31, 2018 and 2017 are:

	2018	2017
Beneficial interest in split-interest agreements	$ 80,158	$ 89,000
Beneficial interest in residual trust	771,711	863,350
	$ 851,869	$ 952,350

Note 5. Liquidity and Availability

The Foundation has $1,372,331 of financial assets available within one year of the balance sheet date to meet cash needs for general expenditure as of December 31, 2018. There are also funds available from a board-designated administrative endowment that is included in the designated endowment category below; there is $53,118 available from that fund for use in the next 12 months. The Foundation has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

Financial assets, at year-end:	
Cash and cash equivalents	$ 88,961
Contributions receivable	23,732
Investments	24,073,468
Total financial assets	$ 24,186,161
Less amounts not available to be used within one year:	
Agency endowment funds	$ 1,872,171
Community endowment	835,827
Donor advised endowment	7,652,306
Designated endowment	3,663,331
Field of interest endowment	6,184,196
Scholarship endowment	2,584,521
Unrestricted endowment	21,478
	$ 22,813,830
Financial assets available to meet cash needs for general expenditures within one year	$ 1,372,331

Note 6. Note Receivable

On September 30, 2018, the Foundation issued a non-revolving loan of $200,000 to a nonprofit corporation to be distributed and used to support entrepreneurial efforts in any or all of the five West Virginia counties served by the Foundation: Jefferson, Berkeley, Morgan, Hampshire, and Hardy. The note matures on September 30, 2023 with an interest rate of 3.5%. Interest only payments are due annually on the anniversary date of the note. Principal is payable in full at the date of maturity.

Note 7. Investments

Investments are carried at fair value, and realized and unrealized gains and losses are reported in the statement of activities. Investments received by gift are recorded at market value at the date of the donation. Long-term investments, including endowment as well as other funds, as of December 31, 2018 and 2017 were as follows:

	December 31, 2018		
Summary by Type of Investment	**Cost**	**Fair Market Value**	**Unrealized Appreciation (Depreciation)**
Cash	$ 917,555	$ 917,555	$ - -
Fixed income securities	8,482,312	8,239,432	(242,880)
Equities	6,310,087	7,875,870	1,565,783
Mutual funds	6,657,469	7,040,611	383,142
	$ 22,367,423	$ 24,073,468	$ 1,706,045

	December 31, 2017		
Summary by Type of Investment	**Cost**	**Fair Market Value**	**Unrealized Appreciation (Depreciation)**
Cash	$ 399,113	$ 399,113	$ - -
Fixed income securities	6,941,073	6,933,406	(7,667)
Equities	5,916,912	8,487,564	2,570,652
Mutual funds	6,121,558	7,531,294	1,409,736
	$ 19,378,656	$ 23,351,377	$ 3,972,721

Investment return, net consisted of the following for the years ended December 31, 2018 and 2017:

	2018	**2017**
Interest and dividend income	$ 547,986	$ 440,291
Realized gains	398,657	500,923
Unrealized (loss) gain	(2,100,439)	1,934,596
Investment fees	(71,774)	(69,327)
	$ (1,225,570)	$ 2,806,483

Note 8. Property and Equipment

At December 31, 2018 and 2017, the property and equipment consisted of the following:

	2018	2017
Software	$ 40,945	$ 40,945
Furniture and fixtures	13,584	14,142
Less accumulated depreciation	(51,090)	(53,282)
	$ 3,439	$ 1,805

Note 9. Funds Held as Agency Endowments

The following table summarizes activity in agency endowment funds for the years ended December 31, 2018 and 2017.

	2018	2017
Agency endowment fund balance at the beginning of the year	$ 1,941,142	$ 1,610,966
Amounts raised	73,972	130,335
Investment income	45,619	37,390
Investment return, net	(138,667)	205,908
Expenses	(49,895)	(43,457)
Agency endowment fund balance at the end of the year	$ 1,872,171	$ 1,941,142

Note 10. Administrative Income

The Foundation's policy is to assess each component fund a total annual fee up to two percent. The fee is calculated and assessed monthly based on current fair market value. Such amounts are transferred to an unrestricted discretionary fund to offset administrative costs.

Note 11. Contributed Services

Contributions of services shall be recognized if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

The Foundation received the following contributed services and expenses during the years ended December 31, 2018 and 2017, which are included in the statements of activities:

	2018	2017
Legal services	$ 18,000	$ 18,000
Print/design	288	271
	$ 18,288	$ 18,271

Note 12. Legacies Not Yet Recognizable

The Foundation is the beneficiary under various wills and trust agreements, the total realizable amount of which is not presently determinable. Such amounts will be recognized in the financial statements when clear title is established and the proceeds are measurable.

Note 13. Split-Interest Agreements and Residual Trusts

The Foundation is the named beneficiary of various split-interest agreements and trusts. The Foundation's policy is to record the present values of their remainder interest when they learn of the agreement, the terms of the agreement are irrevocable, and the value can be readily determined. Amortization of the discount associated with the contribution and other changes in actuarial assumptions or life expectancies are recognized as a split-interest actuarial adjustment in the statement of activities. For the years ended December 31, 2018 and 2017, the split-interest actuarial adjustment amounted to ($100,481) and $91,395, respectively.

A split-interest agreement (or charitable remainder trust) provides for the payment of distributions to the grantor or other non-charitable beneficiary for a term of years or designated beneficiary's lifetime. At the end of the trust term, the remaining assets are paid to the Foundation. These agreements are administered by third-party trustees. The portion of the trust attributable to the present value of the remainder interest is recorded in the statement of activities as net assets with donor restrictions, depending on the trust terms. There were no new agreements established in 2018 or 2017. The remainder value of these agreements as of December 31, 2018 and 2017 was $80,158 and $89,000, respectively, and is recorded in the statements of financial position as "Beneficial interest in split-interest agreements."

The Foundation is also a 50% beneficiary of an irrevocable residual trust whereby the income beneficiary is not entitled to any distributions of principal. The Foundation's beneficial interest in this residual trust is $771,711 and $863,350 as of December 31, 2018 and 2017, respectively, and is revalued annually.

Note 14. Life Insurance Policy

In November 2011, the Foundation received a contribution of a life insurance policy for which it is the beneficiary. The life insurance policy is reported at its cash surrender value. The value as of December 31, 2018 and 2017 was $34,942 and $34,334, respectively.

Note 15. Fair Value Measurements

The following table presents the balance of financial assets and liabilities measured at fair value on a recurring basis as of December 31, 2018 and 2017:

December 31, 2018	**Level 1**	**Level 2**	**Level 3**	**Total**
Cash	$ 917,555	$ - -	$ - -	$ 917,555
Fixed income securities	8,239,432	- -	- -	8,239,432
Equities	7,875,870	- -	- -	7,875,870
Mutual funds	7,040,611	- -	- -	7,040,611
Beneficial interest in				- -
split-interest agreements	- -	- -	80,158	80,158
Beneficial interest in residual trust	- -	771,711	- -	771,711
Life insurance policy,				- -
cash surrender value	- -	34,942	- -	34,942
	$ 24,073,468	$ 806,653	$ 80,158	$24,960,279

December 31, 2017	**Level 1**	**Level 2**	**Level 3**	**Total**
Cash	$ 399,113	$ - -	$ - -	$ 399,113
Fixed income securities	6,933,406	- -	- -	6,933,406
Equities	8,487,564	- -	- -	8,487,564
Mutual funds	7,531,294	- -	- -	7,531,294
Beneficial interest in				
split-interest agreements	- -	- -	89,000	89,000
Beneficial interest in residual trust	- -	863,350	- -	863,350
Life insurance policy,				
cash surrender value	- -	34,334	- -	34,334
	$ 23,351,377	$ 897,684	$ 89,000	$24,338,061

The table below sets forth a summary of changes in the fair value of the Foundation's level 3 investment assets:

	2018	2017
Balance - beginning of year	$ 89,000	$ 83,282
Other changes in beneficial interests	(8,842)	5,718
	$ 80,158	$ 89,000

Note 16. Schedule of Functional Expenses

Expenses by functional and natural classification for the year ended December 31, 2018:

Expense	Program Services	Management and General	Fundraising	Total
Grants and distributions	$ 993,823	$ - -	$ - -	$ 993,823
Program expenses	18,075	- -	- -	18,075
Communications and outreach	12,357	- -	- -	12,357
Salaries, taxes and benefits	165,813	49,576	1,581	216,970
Other support services	8,548	2,556	82	11,186
Accounting and legal	- -	30,650	- -	30,650
Travel	1,668	406	13	2,087
Insurance	- -	3,871	- -	3,871
Occupancy	7,825	- -	- -	7,825
Depreciation	691	206	7	904
	$ 1,208,800	$ 87,265	$ 1,683	$ 1,297,748

Note 17. Subsequent Events

The Foundation has evaluated all subsequent events through May 9, 2019, the date the financial statements were available to be issued. The Foundation has determined there are no subsequent events that require recognition or disclosure.