

**EASTERN WEST VIRGINIA
COMMUNITY FOUNDATION**

Martinsburg, West Virginia

FINANCIAL REPORT

DECEMBER 31, 2019

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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, 2019 and 2018, 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, 2019 and 2018, 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
April 30, 2020

EASTERN WEST VIRGINIA COMMUNITY FOUNDATION

Statements of Financial Position

December 31, 2019 and 2018

Assets	2019	2018
Cash and cash equivalents	\$ 126,915	\$ 88,961
Prepaid expense	2,078	2,251
Contributions receivable	1,000,000	23,732
Note receivable	200,000	200,000
Investments, at fair value	27,949,525	24,073,468
Beneficial interest in split-interest agreements	88,272	80,158
Beneficial interest in residual trust	885,869	771,711
Life insurance policy, cash surrender value	35,528	34,942
Property and equipment, net	<u>4,956</u>	<u>3,439</u>
Total assets	<u>\$ 30,293,143</u>	<u>\$ 25,278,662</u>
Liabilities		
Accounts payable and accrued expenses	\$ 9,659	\$ 9,489
Grants payable	157,627	1,290,808
Agency endowment funds	<u>2,291,877</u>	<u>1,872,171</u>
Total liabilities	<u>\$ 2,459,163</u>	<u>\$ 3,172,468</u>
Net Assets		
Net assets without donor restrictions:		
Community endowment	\$ 967,586	\$ 835,827
Donor advised endowment	9,259,835	7,652,306
Designated endowment	4,924,387	3,663,331
Field of interest endowment	7,281,149	6,184,196
Scholarship endowment	3,309,459	2,584,521
Unrestricted endowment	20,575	21,478
Unrestricted funds not designated	<u>1,096,848</u>	<u>312,666</u>
Total net assets without donor restrictions	\$ 26,859,839	\$ 21,254,325
Net assets with donor restrictions	<u>974,141</u>	<u>851,869</u>
Total net assets	<u>\$ 27,833,980</u>	<u>\$ 22,106,194</u>
Total liabilities and net assets	<u>\$ 30,293,143</u>	<u>\$ 25,278,662</u>

See Notes to Financial Statements.

EASTERN WEST VIRGINIA COMMUNITY FOUNDATION

Statement of Activities
For the Year Ended December 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Totals
Revenues and Gains:			
Contributions	\$ 2,179,669	\$ --	\$ 2,179,669
Special events	16,800	--	16,800
Investment return, net	4,372,338	--	4,372,338
Miscellaneous income	1,760	--	1,760
Total revenues and gains	\$ 6,570,567	\$ --	\$ 6,570,567
 Expenses:			
Grants and distributions	\$ 650,304	\$ --	\$ 650,304
Program expenses	15,826	--	15,826
Communications and outreach	14,009	--	14,009
Salaries, taxes and benefits	223,318	--	223,318
Other support services	14,633	--	14,633
Accounting and legal	30,900	--	30,900
Travel	3,119	--	3,119
Insurance	3,687	--	3,687
Occupancy	7,952	--	7,952
Depreciation	1,305	--	1,305
Total expenses	\$ 965,053	\$ --	\$ 965,053
Excess of revenues over expenses before other changes in net assets	\$ 5,605,514	\$ --	\$ 5,605,514
Other changes in net assets, split-interest actuarial adjustment	--	122,272	122,272
Change in net assets	\$ 5,605,514	\$ 122,272	\$ 5,727,786
Net assets, beginning of year	21,254,325	851,869	22,106,194
Net assets, end of year	\$ 26,859,839	\$ 974,141	\$ 27,833,980

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

Statements of Cash Flows
For the Years Ended December 31, 2019 and 2018

	2019	2018
Cash Flows from Operating Activities		
Change in net assets	\$ 5,727,786	\$ 585,620
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation	1,305	904
Actuarial (gain) loss on annuity obligations	(122,272)	100,481
Unrealized (gain) from life insurance policy	(586)	(608)
Net realized and unrealized (gain) loss on investments	(3,790,068)	1,701,782
Donated value of securities	(163,068)	(80,705)
Changes in assets and liabilities:		
Decrease in prepaid expenses	173	203
(Increase) decrease in contributions receivable	(976,268)	32,907
(Increase) in note receivable	--	(200,000)
Increase (decrease) in accounts payable and accrued expenses	170	(1,856)
(Decrease) increase in grants payable	(1,133,181)	270,663
Increase (decrease) in agency endowment funds	419,706	(68,971)
Net cash (used in) provided by operating activities	\$ (36,303)	\$ 2,340,420
Cash Flows from Investing Activities		
Proceeds from sale of investments	\$ 7,140,549	\$ 4,825,433
Purchase of investment securities	(7,063,470)	(7,168,601)
Purchase of property and equipment	(2,822)	(2,538)
Net cash provided by (used in) investing activities	\$ 74,257	\$ (2,345,706)
Net increase (decrease) in cash and cash equivalents	\$ 37,954	\$ (5,286)
Cash and Cash Equivalents		
Beginning	88,961	94,247
Ending	\$ 126,915	\$ 88,961
Supplemental Disclosure of Cash Flow Information,		
in-kind contributions	\$ 18,203	\$ 18,288

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 \$1,305 and \$904 for the years ended December 31, 2019 and 2018, respectively.

Grants Payable

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

Notes to Financial Statements

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.

Revenue Recognition

Contributions are recognized as revenue when they are received or unconditionally pledged. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

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.

Contributions Receivable

The Foundation had one outstanding contribution receivable of \$1,000,000 at December 31, 2019. As the receivable is expected to be paid in full during the year ended December 31, 2020, no allowance or present value discount was recorded at December 31, 2019.

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:

<u>Expense</u>	<u>Methodology</u>
Grants and distributions	Direct cost
Program expenses	Direct cost
Communications and outreach	Direct cost
Salaries, taxes and benefits	Employee time and effort
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

Notes to Financial Statements

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

FASB Accounting Standards Codification Topic 606, Revenue from Contracts with Customers, as amended, supersedes or replaces nearly all GAAP revenue recognition guidance. These standards establish a new contract and control-based revenue recognition model, change the basis for deciding when revenue is recognized over time or at a point in time, and expand disclosures about revenue. The Foundation has implemented Topic 606 and have adjusted the presentation in these financial statements accordingly. The amendments have been applied retrospectively to all periods presented. Accordingly, there is no effect on net assets in connection with our implementation of Topic 606.

In June 2018, FASB issued ASU 2018-08, Clarifying the Scope of the Accounting Guidance for Contributions Received and Contributions Made. This standard assists entities in evaluating whether transactions should be accounted for as contributions or exchange transactions and determining whether a contribution is conditional. The Foundation has implemented the provisions of ASU 2018-08 applicable to both contributions received and to contributions made in the accompanying financial statements. Accordingly, there is no effect on net assets in connection with our implementation of ASU 2018-08.

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.

Notes to Financial Statements

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 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, 2021. Early adoption is permitted. The Foundation is currently evaluating the impact that the adoption of Topic 842 will have on its financial statements.

Notes to 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, 2019 and 2018 are:

	<u>2019</u>	<u>2018</u>
Beneficial interest in split-interest agreements	\$ 88,272	\$ 80,158
Beneficial interest in residual trust	885,869	771,711
	<u>\$ 974,141</u>	<u>\$ 851,869</u>

Notes to Financial Statements

Note 5. Liquidity and Availability

The Foundation has the following financial assets available within one year of the statement of financial position date to meet cash needs for general expenditure. There are also funds available from a board-designated administrative endowment that is included in the designated endowment category below; there is \$33,118 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.

	2019	2018
Financial assets, at year-end:		
Cash and cash equivalents	\$ 126,915	\$ 88,961
Contributions receivable	1,000,000	23,732
Investments	27,949,525	24,073,468
Total financial assets	\$ 29,076,440	\$ 24,186,161
Less amounts not available to be used within one year:		
Agency endowment funds	\$ 2,291,877	\$ 1,872,171
Community endowment	967,586	835,827
Donor advised endowment	9,259,835	7,652,306
Designated endowment	4,924,387	3,663,331
Field of interest endowment	7,281,149	6,184,196
Scholarship endowment	3,309,459	2,584,521
Unrestricted endowment	20,575	21,478
	\$ 28,054,868	\$ 22,813,830
Financial assets available to meet cash needs for general expenditures within one year	\$ 1,021,572	\$ 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.

Notes to Financial Statements

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, 2019 and 2018 were as follows:

2019			
Summary by Type of Investment	Cost	Fair Market Value	Unrealized Appreciation
Cash	\$ 619,663	\$ 619,663	\$ --
Fixed income securities	7,974,377	8,058,918	84,541
Equities	6,245,818	9,288,655	3,042,837
Mutual funds	7,844,552	9,982,289	2,137,737
	\$ 22,684,410	\$ 27,949,525	\$ 5,265,115
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

Investment return, net consisted of the following for the years ended December 31, 2019 and 2018:

	2019	2018
Interest and dividend income	\$ 662,250	\$ 547,986
Realized gains	489,404	398,657
Unrealized gain (loss)	3,300,664	(2,100,439)
Investment fees	(79,980)	(71,774)
	\$ 4,372,338	\$ (1,225,570)

Notes to Financial Statements

Subsequent to year-end, the COVID-19 crisis in the United States and throughout the global market has resulted in substantial volatility in financial markets and the banking system. These and other economic events have had a significant adverse impact on investment portfolios. As a result, the Foundation's investments have likely incurred a significant decline in fair value since December 31, 2019.

Note 8. Property and Equipment

At December 31, 2019 and 2018, the property and equipment consisted of the following:

	2019	2018
Software	\$ 40,945	\$ 40,945
Furniture and fixtures	12,322	13,584
Less accumulated depreciation	(48,311)	(51,090)
	\$ 4,956	\$ 3,439

Note 9. Funds Held as Agency Endowments

The following table summarizes activity in agency endowment funds for the years ended December 31, 2019 and 2018.

	2019	2018
Agency endowment fund balance at the beginning of the year	\$ 1,872,171	\$ 1,941,142
Amounts raised	119,699	73,972
Investment income	53,058	45,619
Investment return, net	301,616	(138,667)
Expenses	(54,667)	(49,895)
Agency endowment fund balance at the end of the year	\$ 2,291,877	\$ 1,872,171

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.

Notes to Financial Statements

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, 2019 and 2018, which are included in the statements of activities:

	<u>2019</u>	<u>2018</u>
Legal services	\$ 18,000	\$ 18,000
Print/design	203	288
	<u>\$ 18,203</u>	<u>\$ 18,288</u>

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, 2019 and 2018, the split-interest actuarial adjustment amounted to \$122,272 and (\$100,481), 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 2019 or 2018. The remainder value of these agreements as of December 31, 2019 and 2018 was \$88,272 and \$80,158, 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 \$885,869 and \$771,711 as of December 31, 2019 and 2018, respectively, and is revalued annually.

Notes to Financial Statements

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, 2019 and 2018 was \$35,528 and \$34,942, 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, 2019 and 2018:

	2019			
	Level 1	Level 2	Level 3	Total
Cash	\$ 619,663	\$ --	\$ --	\$ 619,663
Fixed income securities	8,058,918	--	--	8,058,918
Equities	9,288,655	--	--	9,288,655
Mutual funds	9,982,289	--	--	9,982,289
Beneficial interest in				
split-interest agreements	--	--	88,272	88,272
Beneficial interest in residual trust	--	885,869	--	885,869
Life insurance policy,				
cash surrender value	--	35,528	--	35,528
	\$ 27,949,525	\$ 921,397	\$ 88,272	\$28,959,194
	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

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

	2019	2018
Balance - beginning of year	\$ 80,158	\$ 89,000
Other changes in beneficial interests	8,114	(8,842)
	\$ 88,272	\$ 80,158

Notes to Financial Statements

Note 16. Schedule of Functional Expenses

Expenses by functional and natural classification for the years ended December 31, 2019 and 2018:

	2019			
	Program Services	Management and General	Fundraising	Total
Grants and distributions	\$ 650,304	\$ --	\$ --	\$ 650,304
Program expenses	15,826	--	--	15,826
Communications and outreach	14,009	--	--	14,009
Salaries, taxes and benefits	173,706	47,152	2,460	223,318
Other support services	11,382	3,090	161	14,633
Accounting and legal	--	30,900	--	30,900
Travel	2,508	581	30	3,119
Insurance	--	3,687	--	3,687
Occupancy	7,952	--	--	7,952
Depreciation	1,015	276	14	1,305
	\$ 876,702	\$ 85,686	\$ 2,665	\$ 965,053
	2018			
	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 April 30, 2020, the date the financial statements were available to be issued. The Foundation has determined there are no subsequent events that require recognition or disclosure.