

**OUR FUND, INC.**

**FINANCIAL STATEMENTS**

**June 30, 2018 and June 30, 2017**

**OUR FUND, INC.**

**TABLE OF CONTENTS**

	PAGE
Independent Auditors' Report	1
Financial Statements	
Statements of Financial Position at June 30, 2018 and 2017	2
Statements of Activities and Changes in Net Assets for the Years Ended June 30, 2018 and 2017	3
Statements of Cash Flows for the Years Ended June 30, 2018 and 2017	4
Notes to Financial Statements	5 – 12

## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors of  
Our Fund  
1600 NE 26<sup>th</sup> Street  
Wilton Manors, FL 33305

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

We have audited the accompanying financial statements of Our Fund, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2018 and 2017 and the related statements of activities and cash flows for the two 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 audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Our Fund, Inc. as of June 30, 2018 and 2017 and the changes in its net assets and its cash flows for the two years then ended in accordance with accounting principles generally accepted in the United States of America.

*Liggett + Webb, P.A.*

LIGGETT & WEBB P.A.  
Certified Public Accountants  
Boynton Beach, Florida  
December 5, 2018

**OUR FUND, INC.**  
**STATEMENTS OF FINANCIAL POSITION**

**ASSETS**

	<u>As of</u> <u>June 30, 2018</u>	<u>As of</u> <u>June 30, 2017</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 102,573	\$ 127,624
Investments	9,251,402	5,073,415
Accounts Receivable	28,923	13,403
Prepaid expenses	6,788	5,914
Furniture and Computer Equipment, Net	11,025	15,146
<b>TOTAL ASSETS</b>	<b>\$ <u>9,400,711</u></b>	<b>\$ <u>5,235,502</u></b>

**LIABILITIES AND NET ASSETS**

**LIABILITIES AND NET ASSETS**

Liabilities		
Grants and Accounts payable	\$ 35,058	\$ 50,000
Accrued Expenses	1,230	609
Funds Held for Benefit of Agencies	350,219	203,919
Total Liabilities	<u>386,507</u>	<u>254,528</u>
Net Assets		
Unrestricted	8,579,475	4,161,441
Temporarily Restricted	434,729	819,533
Total Net Assets	<u>9,014,204</u>	<u>4,980,974</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ <u>9,400,711</u></b>	<b>\$ <u>5,235,502</u></b>

See accompanying notes to financial statements.

**OUR FUND, INC.**  
**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS**

	For the year ended June 30, 2018			For the year ended June 30, 2017		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
<b>Revenues</b>						
Contributions	\$ 5,832,160	\$ -	\$ 5,832,160	\$ 3,653,981	\$ 419,533	\$ 4,073,214
Dividend and Interest, Net	129,118	-	129,118	63,724	-	63,724
Realized Gains	251,142	-	251,142	16,237	-	16,237
Unrealized Gains (Losses)	(99,845)	-	(99,845)	158,738	-	158,738
Net assets released from restriction			-	-	-	-
Satisfaction of purpose restrictions	384,801	(384,801)				
Total Revenues	<u>6,497,379</u>	<u>(384,804)</u>	<u>6,112,575</u>	<u>3,892,380</u>	<u>419,533</u>	<u>4,311,913</u>
<b>Grants and Expenses</b>						
Grants and Programs	1,878,401	-	1,878,401	1,944,473	-	1,944,473
Administrative	98,531	-	98,531	57,525	-	57,525
Donor Development	102,411	-	102,411	93,415	-	93,415
Total Grants and Expenses	<u>2,079,345</u>	<u>-</u>	<u>2,079,345</u>	<u>2,095,413</u>	<u>-</u>	<u>2,095,413</u>
<b>Change in Net Assets</b>	<u>4,418,034</u>	<u>(384,804)</u>	<u>4,033,230</u>	<u>1,796,967</u>	<u>419,533</u>	<u>2,216,500</u>
Net Assets, Beginning of year	<u>4,161,441</u>	<u>819,533</u>	<u>4,980,974</u>	<u>2,364,474</u>	<u>400,000</u>	<u>2,764,474</u>
Net Assets, End of year	<u>\$ 8,579,475</u>	<u>\$ 434,729</u>	<u>\$ 9,014,204</u>	<u>\$ 4,161,441</u>	<u>\$ 819,533</u>	<u>\$ 4,980,974</u>

See accompanying notes to financial statements.

**OUR FUND, INC.**  
**STATEMENTS OF CASH FLOWS**

	<u>For the year ended June 30, 2018</u>	<u>For the year ended June 30, 2017</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ 4,033,230	\$ 2,216,500
Adjustments to reconcile change in net assets to cash provided by operating activities:		
Depreciation and Amortization	5,238	3,039
Unrealized gains (losses)	99,845	(158,738)
Realized gains (losses)	(251,142)	(16,237)
Provision for Bad Debt	-	20,875
 (Increase) decrease in operating assets:		
Pledges and Accounts Receivable	(15,520)	398,624
Prepaid Expenses	(874)	7
Increase (decrease) in operating liabilities:		
Grants and Accounts Payable	(14,321)	49,719
Funds Held for Others	146,300	105,844
Net Cash Provided By Operating Activities	<u>4,002,756</u>	<u>2,619,633</u>
 <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Proceeds from Sale of Investments	8,705,852	85,647
Purchase of Investments	(12,732,542)	(2,594,659)
Purchase of Furniture & Equipment	(1,117)	(10,300)
Net Cash Used in Investing Activities	<u>(4,027,807)</u>	<u>(2,519,312)</u>
 <b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
	<u>-</u>	<u>-</u>
 NET INCREASE/(DECREASE) IN CASH	 (25,051)	 100,321
 CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	 <u>127,624</u>	 <u>27,303</u>
 CASH AND CASH EQUIVALENTS, END OF YEAR	 <u>\$ 102,573</u>	 <u>\$ 127,624</u>
 Supplemental Disclosure of Cash Flow information:		
-Cash paid for interest	\$ -	\$ -
-Cash paid for Income taxes	\$ -	\$ -

See accompanying notes to financial statements.

**OUR FUND, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2018 AND 2017**

**NOTE 1 – ORGANIZATION AND OPERATIONS**

Our Fund, Inc. (the "Foundation") was incorporated on January 29, 2011, under the laws of the State of Florida as a non-profit organization and is exempt from federal income taxes under Section 501 (c)(3) of the Internal Revenue Code and as a publicly supported charitable organization under Section 509(a)(1) and 170(b)(1)(A)(vi). The Foundation is an autonomous, publicly supported, independent philanthropic institution working to support non-profit organizations primarily serving the lesbian, gay, bisexual and transgender (LGBT) community in South Florida and solicits contributions from individuals, foundations and non-profit organizations.

A long-term goal of the Foundation is to build endowed and non-endowed funds, each of which is established by one or more donors ("Named Funds") to carry out their charitable interests. Grant distributions, typically as recommended by donors from such endowed Funds, will be made by the Foundation based on a spending rate with the long-term objective to preserve the original gift indefinitely as explained in Note 2. The Foundation also holds non-endowed, named Funds each of whose donors may recommend grants up to the balance of their named Fund.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Presentation:** The financial statements have been prepared using the accrual basis of accounting under the guidance of Financial Accounting Standards Board ("FASB") in its Accounting Standards Codification (ASC) No. 958, Not-for-Profit Entities.

**Promises to Give:** The Foundation records unconditional promises as pledges receivable at the date when the promise is received. These pledges receivable are reduced by an allowance for uncollectible pledges, if deemed necessary, and are discounted to the present value of their expected future cash flows if due in more than one year. As of June 30, 2018 and June 30, 2017, the Foundation had no pledges receivable recorded on its books.

**Net Assets:** The Foundation reports information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted.

Unrestricted net assets: net assets without donor imposed stipulations that are available for use by the Foundation.

Temporarily restricted net assets: net assets whose use by the Foundation are subject to donor-imposed stipulations that can be fulfilled by the actions of the Foundation according to those stipulations or by the passage of time.

Permanently restricted net assets: net assets subject to donor-imposed restrictions that the Foundation maintains the principal contribution in perpetuity. The Foundation had no permanently restricted net assets as of June 30, 2018 and June 30, 2017.

**OUR FUND, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2018 AND 2017**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONT'D**

In accordance with U.S. Treasury Regulations and the Foundation bylaws, all Fund agreements include a variance provision that permits the Board of Directors to modify conditions or restrictions attached to particular gifts if the Board judges the restrictions to be incapable of fulfillment, unnecessary or inconsistent with the charitable goals of the Foundation. Based on this variance provision, all of the Foundation's net assets, except for those set aside for a special project in central Florida (see below), including endowed funds, were classified as unrestricted at all times during the years ended June 30, 2018 and June 30, 2017.

**Temporarily Restricted Net Assets:** In response to the Pulse nightclub shooting in Orlando in June 2016, several national foundations approached the Foundation and requested that it oversee a special project to assist the non-profit community in central Florida respond to, recover from, and build future capacity in that area of the state. Due to the specific intended use of these funds, the assets associated with this project, called 'The Contigo Fund' have been classified as temporarily restricted as of June 30, 2018 and June 30, 2017.

**Use of Estimates in the Preparation of Financial Statements:** The Foundation makes estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosures of contingent 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.

**Spending Policy:** The Finance and Investment Committee of the Board of Directors evaluates the spending policy of grants from endowed Funds periodically in light of total estimated long-term results from investments, fees, expenses and the effects of inflation. The current spending policy is 5% of the rolling twelve-quarter average fair value of the applicable Funds.

The Foundation segregates all of its unrestricted Funds into several different investment pools in order to obtain greater investment advantage and more efficient administration. The objective of investment management of all pools is to maximize the growth consistent with minimizing exposure to risks of capital losses and attainment of the desired level of grant making. The Foundation's investment policy is to invest initial contributions and subsequent additions to pooled Funds based on allocations determined by the Investment Committee and approved by the Board of Directors. The Foundation allocates net investment income or loss from pooled investments monthly based on the ratio of the previous month's average share of each Fund's fair value to the total of the pool in which it is included. The Foundation has segregated its temporarily restricted net assets into a money market account with a nationally known bank with a local presence as well as FDIC insured certificates of deposits, placed with various institutions, but remaining under the threshold of the \$250,000 FDIC insurance limit.



**OUR FUND, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2018 AND 2017**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONT'D**

**Functional Allocation of Expenses:** The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities. All direct costs are charged to the applicable functional area. Salaries, related benefits and all other indirect expenses are distributed to each functional area based on management's estimate of how the expense relates to the functional area. Accordingly, certain costs have been allocated amount Grants and Programs, Administrative and Donor Development.

**Foundation Management Fees:** The Foundation assesses an annual management fee ranging from .5% to 1.2% of the fair market value of the assets in the Fund. The Foundation also assesses a management fee of 1% on gifts received from estates. The management fee is used to support the operations of the Foundation. Management fees amounted to \$79,433 for the year ended June 30, 2018 and \$40,699 for the year ended June 30, 2017.

**Equipment and Improvements:** Equipment and Improvements are reported in the statement of financial position at cost, if purchased, and at fair value at the date of the donation, if donated. Depreciation is computed on a straight-line method over a three or five year period for both equipment and improvements for purchases and donations greater than or equal to \$1,000, and all other purchases are expensed as incurred. Repairs and maintenance that do not significantly increase the life of the asset are expensed as incurred. Depreciation expense amounted to \$5,238 for the year ended June 30, 2018 and \$3,039 for the year ended June 30, 2017.

**Advertising:** The Foundation uses advertising to promote its programs to the community it serves. The production costs of advertising are expensed as incurred. Advertising costs totaled \$1,977 and \$349 for the years ended June 30, 2018 and 2017, respectively.

**Date of Management Review:** Subsequent events were evaluated by management through December 5, 2018, which is the date the financial statements were issued.

**NOTE 3 – CASH AND CASH EQUIVALENTS**

Cash and cash equivalents include cash on hand and cash in banks. For purposes of the statement of cash flows, the Foundation considers all unrestricted liquid investments with maturities of three months or less to be cash equivalents. As of June 30, 2017 and 2018, the Foundation had no cash balances in excess of FDIC insurance at its financial institutions.

**NOTE 4 – CREDIT RISK AND CONCENTRATIONS**

Contributions received from one major donor accounted for 70% of total contributions received for the year ended June 30, 2018. There were no individual donors that accounted for over 10% of total contributions for the year ended June 30, 2017.

**OUR FUND, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2018 AND 2017**

**NOTE 5 – INVESTMENTS AND FAIR VALUE MEASUREMENTS**

**Investments:** Investments are in the custody of a nationally recognized investment firm that manages them in accordance with policies approved by the Board of Directors. The Foundation has established several investment pools into which donors establishing non-endowed funds at the Foundation have the option of recommending their gifts be placed. The pools include a diversified asset pool investing in publicly traded stocks, bonds, mutual funds, money market funds and cash; a fixed income pool investing in publicly traded bonds, fixed income mutual funds, money market funds and cash; a balanced pool investing in publicly traded stocks and equity funds, fixed income mutual funds and government-backed bond funds; and lastly a money market fund invested completely in money market funds.

**Fair Value Measurements:** FASB’s guidance on the fair value for financial assets and financial liabilities permits organizations to choose to measure financial assets and liabilities, and certain other items at fair value. This guidance requires the Foundation to record unrealized gains and losses on items for which the fair value option has been elected in its performance sector. The fair value option may be applied on an instrument by instrument basis, which is the practice of the Foundation. Once elected, the fair value option is irrevocable for that instrument. The fair value option can be applied only to entire instruments and not to portions thereof.

The Foundation follows the guidance on fair value measurements, which defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, establishes a framework for measuring fair value, and expands disclosures about such fair value measurements. This guidance applies to other accounting pronouncements that require or permit fair value measurements and, accordingly, this guidance does not require any new fair value measurements.

This guidance discusses valuation techniques such as the market approach, cost approach and income approach. The guidance establishes a three-tier hierarchy for fair value measurements based upon the transparency of inputs used to value an asset or liability as of the measurement date. The three-tier hierarchy prioritizes the inputs used in measuring fair value as follows:

- Level 1 – Observable inputs such as quoted market prices for identical assets or liabilities in active markets;
- Level 2 – Observable inputs for similar assets or liabilities in an active market, or other than quoted prices in an active market that are observable either directly or indirectly; and
- Level 3 – Unobservable inputs in which there is little or no market data that require the reporting entity to develop its own assumptions. The Foundation has no instruments requiring Level 3 classification.

**OUR FUND, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2018 AND 2017**

**NOTE 5 – INVESTMENTS AND FAIR VALUE MEASUREMENTS – CONT'D**

The following table presents the financial instruments carried at fair value as of June 30, 2018 grouped by hierarchy level:

Investments	<b>Total Fair Value</b>	<b>Level 1</b>	<b>Level 2</b>
Cash and cash equivalents	\$ 1,138,868	\$ 1,138,868	\$ -
Certificates of Deposit	150,000	-	150,000
Corporate Bonds	2,185,695	-	2,185,695
Equities and Equity Funds	4,231,285	4,231,285	-
Fixed Income Funds	966,397	-	966,397
Asset Backed Funds	579,157	-	579,157
Totals	<u>\$ 9,251,402</u>	<u>\$ 5,370,153</u>	<u>\$ 3,881,249</u>

The following table presents the financial instruments carried at fair value as of June 30, 2017 grouped by hierarchy level:

Investments	<b>Total Fair Value</b>	<b>Level 1</b>	<b>Level 2</b>
Cash and cash equivalents	\$ 593,811	\$ 593,811	\$ -
Certificates of Deposit	751,310	-	751,310
Corporate Bonds	430,523	-	430,523
Equities and Equity Funds	2,027,487	2,027,487	-
Fixed Income Funds	1,014,264	-	1,014,264
Asset Backed Funds	256,020	-	256,020
Totals	<u>\$ 5,073,415</u>	<u>\$ 2,621,298</u>	<u>\$ 2,452,117</u>

*Cash and cash equivalents:* Cash, commercial paper, money market funds, overnight investments and Certificates of Deposit with original maturities of three months or less. These are rendered level 1 due to their frequent pricing and ease of converting to cash.

*Certificates of Deposit:* Certificates of deposit with original maturities greater than three months. These are rendered level 2 due to computed pricing and frequent evaluation versus fair value.

*Corporate Bonds:* For investments in corporate bonds, fair value is based on quotes for similar securities; therefore these investments are rendered level 2.

**OUR FUND, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2018 AND 2017**

**NOTE 5 – INVESTMENTS AND FAIR VALUE MEASUREMENTS – CONT'D**

*Equities and Equity Funds:* Equities include individual equities and investments in mutual funds. The individual equities and mutual funds are value based on the closing price on the primary market and are rendered level 1.

*Fixed Income Funds:* Fixed income funds are investments in mutual funds and fixed income instruments and fair value is based on quotes for similar securities, rendering these level 2.

*Asset Backed Funds:* Asset backed funds are instruments invested in real estate and commodities, with assets securing the value of the fund. Fair value is based on quotes for similar securities, also rendering these instruments level 2.

The Foundation holds funds in both endowed and non-endowed funds. Endowed funds are funds designated to distribute only the amount as set by the spending policy on an annual basis. Non-endowed funds may be distributed at any time, up to the full balance within each fund.

Following are the balances of Non-Endowed and Endowed funds held by the Foundation as of June 30, 2018 and June 30, 2017.

	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Non-Endowed Funds	\$ 8,001,758	\$ 3,878,071
Endowed Funds	1,249,644	1,195,344
Total	\$ 9,251,402	\$ 5,073,415

Investment expenses paid directly to the management firm for the fiscal years 2018 and 2017 were \$25,306 and \$7,602 respectively. In addition, a substantial portion of the Foundation's investments are in mutual funds operated by the management firm, and fees paid to the management firm by the mutual funds reduce the amount of dividends received from them.

**NOTE 6 – GRANTS PAYABLE**

As of June 30, 2018, the Foundation had commitments to two organizations in central Florida for grants totaling \$31,622 from The Contigo Fund, with the anticipation of them being paid in the fourth quarter of 2018. As of June 30, 2017, the Foundation had commitments to two organizations in central Florida for grants totaling \$50,000 from The Contigo Fund and these grants were disbursed in the fourth quarter of 2017.

**NOTE 7 – GRANTS AND PROGRAMS**

Grants and Programs include grants of \$1,392,051 made directly to non-profit organizations during year ended June 30, 2018 and \$1,583,768 during year ended June 30, 2017.

**OUR FUND, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2018 AND 2017**

**NOTE 8 – RETIREMENT CONTRIBUTION**

The Foundation began a retirement contribution program during the year ended June 30, 2018 which covers all employees who meet certain eligibility requirements. The Foundation provides a matching contribution equal to 100% of an employee's elective deferral up to 3% of the employee's compensation. Retirement plan expense for the year ended June 30, 2018 was \$5,850 and \$0 for June 30, 2017.

**NOTE 9 – COMMITMENTS**

On March 5, 2018 the Foundation entered into a one year agreement with a software company for accounting and data management services. The agreement expires on May 16, 2019 and provides for monthly payments of \$726.

During the fiscal year ended June 30, 2014, the Foundation entered into a five-year lease agreement for office space. The agreement expires on February 28, 2019 and provides for monthly payments during the first 12 months of \$ 2,045 plus annual increases of 5% per year after the first year.

Future minimum payments for both agreements are as follows:

Year Ending June 30,	Software	Office Space	Total
2019	<u>\$ 7,986</u>	<u>\$ 19,887</u>	<u>\$ 27,873</u>
Total	<u><u>\$ 7,986</u></u>	<u><u>\$ 19,887</u></u>	<u><u>\$ 27,873</u></u>

**NOTE 10 – FUNDS HELD FOR THE BENEFIT OF AGENCIES**

The Foundation accounts for Funds Held for the Benefit of Agencies in accordance with FASB's ASC 958-605-15 -Transfers of Assets to a Not-for-Profit Organization or Charitable Trust That Raises or Holds Contributions for Others. This statement establishes standards for transactions in which a community foundation accepts a contribution from a donor and agrees to transfer those assets, the return on investments of those assets or both to another entity that is specified by the donor.

The ASC specifically requires that if a not-for-profit organization establishes a fund at a community foundation with its own funds and specifies itself as the beneficiary of that fund, the community foundation must account for the transfer of such asset as a liability. The Foundation refers to such funds as Funds Held for the Benefit of Agencies in the accompanying Statements of Financial Position. The Foundation maintains variance power and legal ownership of certain Funds Held for the Benefit of Agencies and as such, continues to report the funds as assets of the Foundation. However, a liability has been established for the fair value of the funds.

**OUR FUND, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2018 AND 2017**

**NOTE 10 – FUNDS HELD FOR THE BENEFIT OF AGENCIES – CONT'D**

The Foundation maintains Funds Held for the Benefit of Agencies as a component part of its investment funds. These funds are pooled and managed in the same manner as all other investments held by the Foundation. These funds and the corresponding liability totaled \$350,219 as of June 30, 2018, and \$203,919 as of June 30, 2017. The following is a summary of the activity for the years ended June 30, 2018 and 2017:

	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Starting Balance	\$ 203,919	\$ 98,075
Contributions to funds held for the benefit of Agencies	131,000	100,000
Grants to Agencies	(3,500)	(4,600)
Investment Income	6,996	2,819
Investment expense	(1,329)	(318)
Realized and Unrealized gain (loss) on investments	16,420	8,864
Foundation fees paid	<u>(3,287)</u>	<u>(921)</u>
Ending Balance	<u>\$ 350,219</u>	<u>\$ 203,919</u>

The amounts reflected in the statements of activities for the years ended June 30, 2018 and 2017 are presented net of the activity summarized above related to the funds held for the benefit of agencies.

**NOTE 11 – LEGACY CONTRIBUTIONS**

No legacy contributions were received for the years ended June 30, 2018 and June 30, 2017.

**NOTE 12 – INCOME TAXES**

The Foundation is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. However, if income from certain activities not directly related to the Foundation's tax-exempt purpose were received, it would be subject to taxation as unrelated business income. The Foundation's federal returns for the years ended June 30, 2016, 2017 and 2018 could be subject to examination by the Federal taxing authorities, generally three years from the date they are filed.