

OUR FUND, INC.

FINANCIAL STATEMENTS

JUNE 30, 2019 AND JUNE 30, 2018

OUR FUND, INC.

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Our Fund
1600 NE 26th 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, 2019 and 2018 and the related statements of activities, functional expense 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, 2019 and 2018 and the changes in its net assets, functional expense 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
November 5, 2019

OUR FUND, INC.
STATEMENTS OF FINANCIAL POSITION

ASSETS

	<u>As of</u> <u>June 30, 2019</u>	<u>As of</u> <u>June 30, 2018</u>
ASSETS		
Cash and Cash Equivalents	\$ 108,355	\$ 102,573
Investments	10,603,114	9,251,402
Grants and Accounts Receivable	56,172	28,923
Promises to Give	2,764,324	-
Deposits	6,948	-
Prepaid Expenses	11,665	6,788
Furniture and Computer Equipment, Net	19,942	11,025
TOTAL ASSETS	\$ <u>13,570,520</u>	\$ <u>9,400,711</u>

LIABILITIES AND NET ASSETS

LIABILITIES AND NET ASSETS

Liabilities		
Grants and Accounts Payable	\$ 137,587	\$ 35,058
Accrued Expenses	8,588	1,230
Funds Held for Benefit of Agencies	620,366	350,219
Total Liabilities	<u>766,541</u>	<u>386,507</u>
 Net Assets		
Without Donor Restrictions	12,637,187	8,579,475
With Donor Restrictions	166,792	434,729
Total Net Assets	<u>12,803,979</u>	<u>9,014,204</u>
TOTAL LIABILITIES AND NET ASSETS	\$ <u>13,570,520</u>	\$ <u>9,400,711</u>

See accompanying notes to financial statements.

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

	For the year ended June 30, 2019			For the year ended June 30, 2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenues						
Contributions	\$ 6,160,909	\$ -	\$ 6,160,909	\$ 5,832,160	\$ -	\$ 5,832,160
Dividend and Interest, Net	227,631	-	227,631	129,118	-	129,118
Realized Gains	128,585	-	128,585	251,142	-	251,142
Unrealized Gains (Losses)	172,405	-	172,405	(99,845)	-	(99,845)
Net assets released from restriction						
Satisfaction of purpose restrictions	267,937	(267,937)	-	384,804	(384,804)	-
Total Revenues	6,957,467	(267,937)	6,689,530	6,497,379	(384,804)	6,112,575
Grants and Expenses						
Contigo	458,313	-	458,313	605,876	-	605,876
Other Grants and Programs	2,167,111	-	2,167,111	1,272,526	-	1,272,526
Administrative	141,255	-	141,255	98,532	-	98,532
Donor Development	133,076	-	133,076	102,411	-	102,411
Total Grants and Expenses	2,899,755	-	2,899,755	2,079,345	-	2,079,345
Change in Net Assets	4,057,712	(267,937)	3,789,775	4,418,034	(384,804)	4,033,230
Net Assets, Beginning of year	8,579,475	434,729	9,014,204	4,161,441	819,533	4,980,974
Net Assets, End of year	\$ 12,637,187	\$ 166,792	\$ 12,803,979	\$ 8,579,475	\$ 434,729	\$ 9,014,204

See accompanying notes to financial statements.

OUR FUND, INC.
SCHEDULE OF FUNCTIONAL EXPENSE
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Contigo</u>	<u>Other Grants and Programs</u>	<u>Administrative</u>	<u>Donor Development</u>	<u>Total</u>
Salaries	\$ 67,500	\$ 162,327	\$ 59,848	\$ 93,370	\$ 383,045
Employee Benefits	4,804	16,765	6,434	6,903	34,906
Payroll Taxes	5,170	12,477	4,602	7,170	29,419
Total Salaries and Benefits	<u>77,474</u>	<u>191,569</u>	<u>70,884</u>	<u>107,443</u>	<u>447,370</u>
Grants	376,250	1,453,449	-	-	1,829,699
Grant Program Expenses	-	239,403	26,600	-	266,003
Fund Expenses	-	114,127	-	-	114,127
Educational Programs	-	45,307	-	-	45,307
Investment Expenses	-	41,492	-	-	41,492
Occupancy Costs	-	25,190	4,366	4,030	33,586
Legal and Professional	-	13,475	1,000	13,475	27,950
Administrative	-	-	27,258	-	27,258
IT Supplies & Maintenance	240	11,279	1,955	1,805	15,279
Travel	3,504	4,053	270	1,470	9,297
Accounting & Audit Expenses	-	-	5,500	-	5,500
Depreciation	-	3,437	596	550	4,583
Credit Card Processing	-	3,089	535	495	4,119
Telephone Expense	-	2,834	491	453	3,778
Conferences & Workshops	650	2,419	-	605	3,674
Office Supplies & Postage	-	2,690	466	430	3,586
Insurance Expense	-	2,652	460	424	3,536
Donor Expense	-	2,614	-	872	3,486
Local Organization Support	-	3,075	-	342	3,417
Dues & Subscriptions	-	2,163	541	-	2,704
Non Cap Equipment Expense	-	1,094	190	175	1,459
Marketing Costs	-	876	-	375	1,251
Licenses & Permits	-	487	85	78	650
Miscellaneous	195	337	58	54	644
Total Expenses	<u>\$ 458,313</u>	<u>\$ 2,167,111</u>	<u>\$ 141,255</u>	<u>\$ 133,076</u>	<u>\$ 2,899,755</u>

See accompanying notes to financial statements.

OUR FUND, INC.
SCHEDULE OF FUNCTIONAL EXPENSE
FOR THE YEAR ENDED JUNE 30, 2018

	<u>Contigo</u>	<u>Other Grants and Programs</u>	<u>Administrative</u>	<u>Donor Development</u>	<u>Total</u>
Salaries	\$ 67,500	\$ 125,837	\$ 45,043	\$ 77,598	\$ 315,978
Employee Benefits	4,306	13,377	4,898	6,012	28,593
Payroll Taxes	5,311	10,037	3,608	6,127	25,083
Total Salaries and Benefits	<u>77,117</u>	<u>149,251</u>	<u>53,549</u>	<u>89,737</u>	<u>369,654</u>
Grants	517,741	874,310	-	-	1,392,051
Grant Program Expenses	-	48,635	-	-	48,635
Fund Expenses	-	77,450	-	-	77,450
Educational Programs	2,739	29,931	-	-	32,670
Investment Expenses	-	25,306	-	-	25,306
Occupancy Costs	-	23,705	4,109	3,793	31,607
Legal and Professional	-	-	1,000	-	1,000
Administrative	-	-	28,740	-	28,740
IT Supplies & Maintenance	180	10,611	1,839	1,698	14,328
Travel	5,646	3,469	233	1,551	10,899
Accounting & Audit Expenses	-	-	5,500	-	5,500
Depreciation	-	3,928	681	629	5,238
Credit Card Processing	-	2,460	426	394	3,280
Telephone Expense	95	2,886	500	462	3,943
Conferences & Workshops	-	600	-	150	750
Office Supplies & Postage	-	4,477	776	716	5,969
Insurance Expense	-	2,627	455	420	3,502
Donor Expense	-	5,838	-	1,946	7,784
Local Organization Support	-	2,467	-	-	2,467
Dues & Subscriptions	-	2,237	559	-	2,796
Consulting	1,519	-	-	169	1,688
Marketing Costs	-	1,384	-	593	1,977
Licenses & Permits	-	469	81	75	625
Miscellaneous	839	485	84	78	1,486
Total Expenses	<u>\$ 605,876</u>	<u>\$ 1,272,527</u>	<u>\$ 98,532</u>	<u>\$ 102,411</u>	<u>\$ 2,079,345</u>

See accompanying notes to financial statements.

OUR FUND, INC.
STATEMENTS OF CASH FLOWS

	<u>For the year ended June 30, 2019</u>	<u>For the year ended June 30, 2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 3,789,775	\$ 4,033,230
Adjustments to reconcile change in net assets to cash provided by operating activities:		
Depreciation and Amortization	4,583	5,238
Deposits	(6,948)	-
Unrealized gains (losses)	(172,405)	99,845
Realized gains (losses)	(128,585)	(251,142)
Increase in operating assets:		
Grants and Accounts Receivable	(27,249)	(15,520)
Prepaid Expenses	(4,877)	(874)
Promise to Give	(2,764,324)	-
Increase (decrease) in operating liabilities:		
Grants and Accounts Payable	109,887	(14,321)
Funds Held for Others	270,147	146,300
Net Cash Provided By Operating Activities	<u>1,070,004</u>	<u>4,002,756</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from Sale of Investments	14,536,641	8,705,852
Purchase of Investments	(15,587,363)	(12,732,542)
Purchase of Furniture & Equipment	(13,500)	(1,117)
Net Cash Used in Investing Activities	<u>(1,064,222)</u>	<u>(4,027,807)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
	<u>-</u>	<u>-</u>
NET INCREASE (DECREASE) IN CASH	5,782	(25,051)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>102,573</u>	<u>127,624</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 108,355</u>	<u>\$ 102,573</u>
<u>Supplemental Disclosure of Cash Flow Information:</u>		
Cash paid for interest	<u>\$ -</u>	<u>\$ -</u>
Cash paid for Income taxes	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes to financial statements.

OUR FUND, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

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, named Funds established by many donors 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 his/her named Fund.

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 accounting principles generally accepted in the United States of America. The financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958 dated August 2016, and the provisions of the American Institute of Certified Public Accountants (AICPA) "Audit and Accounting Guide for Not-for-Profit Organizations" (the "Guide"). (ASC) 958-205 was effective January 1, 2018.

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. The Foundation is the primary beneficiary of a trust and received \$2,764,324 as of October 9, 2019 and has no estimates of the future amount to be received from the trust. As of June 30, 2019, the Foundation had promises to give of \$2,764,324. As of June 30, 2018, the Foundation had no pledges receivable recorded on its books.

Net Assets: Under the provisions of the Guide, net assets and revenues, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Foundation and changes therein are classified as follows:

Without Donor Restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Foundation.

OUR FUND, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

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

With Donor Restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Foundation or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

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 without donor restrictions at all times during the years ended June 30, 2019 and June 30, 2018.

With Donor Restrictions: 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 with donor restrictions as of June 30, 2019 and June 30, 2018.

Net assets with donor restrictions for the following purposes as of June 30, 2019:

Subject to expenditure for specified purpose	
Contigo Fund	\$ 166,792
	<u>\$ 166,792</u>

Releases from net assets with donor restrictions for the year ended June 30, 2019 are as follows:

Releases from restrictions:	
Subject to expenditure for specified purpose	
Contigo Fund	\$ 267,937
	<u>\$ 267,937</u>

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.

OUR FUND, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

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

Measure of Operations: The statements of activities reports all changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities consist of those items attributable to the Foundation's ongoing activities. Non-operating activities are limited to resources that generate return from investments, endowment contributions, financing costs, and other activities considered to be of a more unusual or nonrecurring nature.

Recognition of Contributions

All contributions are considered to be available without donor restrictions or with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Grants and other contributions of cash and other assets are reported with donor restricted support if they are received with donor stipulations that limit the use of the donated assets. When a restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as net assets without donor restriction support.

Contributions of donated non-cash assets are recorded at their fair value in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not contributed, and are recorded at their fair values in the period received.

The Foundation follows provisions of Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 606, "Revenue from Contracts with Customers", ("Topic ASC 606") and FASB Topic ASC 958, "Financial Statements of Not-for-Profit Organizations, ("Topic ASC 958"). Topic ASC 606 requires the Foundation to distinguish between contributions that increase net assets without donor restrictions or with donor restrictions. It also requires recognition of contributed services meeting certain criteria at fair values. Topic ASC 958 establishes standards for general-purpose external financial statements of not-for-profit organizations and requires a statement of financial position, a statement of activities and a statement of cash flows.

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.

OUR FUND, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

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

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 net assets with donor restrictions 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.

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 among Contigo, Other 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 \$118,126 for the year ended June 30, 2019 and \$79,433 for the year ended June 30, 2018.

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 \$4,583 for the year ended June 30, 2019 and \$5,238 for the year ended June 30, 2018.

Change in Comparative Statements: Certain amounts from prior periods have been reclassified to conform to the current year presentation. What was previously known as unrestricted net assets is now called net assets without donor restrictions. Permanently restricted and temporarily restricted net assets are combined into net assets with donor restrictions. The changes above do not affect the opening balances.

OUR FUND, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

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

Recent Accounting Pronouncements

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

In February 2016, the FASB issued ASU 2016-02, “Leases (Topic 842)” (“ASU 2016-02”), which affects any entity that enters into a lease (as that term is defined in ASU 2016-02), with some specified scope exceptions. The main difference between the guidance in ASU 2016-02 and current GAAP is the recognition of lease assets and lease liabilities by lessees for those leases classified as operating leases under current GAAP. Recognition of these assets and liabilities will have a material impact on our consolidated balance sheets upon adoption. Under ASU 2016-02, lessees and lessors are required to recognize and measure leases at the beginning of the earliest period presented using a modified retrospective approach, which includes a number of optional practical expedients. The ASU will be effective for not-for-profits for annual reporting periods beginning after December 15, 2020. The Foundation is currently evaluating the potential impact of this guidance.

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 \$1,251 and \$1,977 for the years ended June 30, 2019 and 2018, respectively.

Date of Management Review: Subsequent events were evaluated by management through November 5, 2019, 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, 2018 and 2019, the Foundation had no cash balances in excess of FDIC insurance at its financial institutions.

NOTE 4 – CREDIT RISK AND CONCENTRATIONS

Contributions received from two major donors accounted for 11.8% and 11.9%, respectively, of total contributions received for the year ended June 30, 2019. Contributions received from one major donor accounted for 70% of total contributions received for the year ended June 30, 2018.

OUR FUND, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

NOTE 5 – LIQUIDITY AND AVAILABILITY

The Foundation’s financial assets available within one year of the balance sheet date for general expenditure are as follows:

Cash and cash equivalents	\$	108,355
Investments		996,004
Grants and accounts receivable		56,172
Promises to Give		2,764,324
Prepaid expenses		11,665
		\$ 3,936,520
Financial assets at year end		
Less those unavailable for general expenditure within one year due to:		
Restricted by donor with time or purpose restrictions		(166,792)
Financial assets available to meet cash needs for general expenditures within one year		\$ 3,764,728

The Foundation’s financial assets have been reduced by amounts not available for general use because of donor imposed restrictions within one year of the balance sheet date and amounts set aside for long-term investing in endowments.

As part of the Foundation’s liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

NOTE 6 – 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. Under FASB ASC 958-320, Investments - Debt and Equity Securities, investments in marketable securities with readily-determinable fair values are reported at their fair values in the Statement of Financial Position, with the amount of unrealized gains or losses on investments not previously recognized shown in the Statement of Activities.

OUR FUND, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

NOTE 6 – INVESTMENTS AND FAIR VALUE MEASUREMENTS – CONT'D

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.

The following table presents the financial instruments carried at fair value as of June 30, 2019 grouped by hierarchy level:

Investments	Total Fair Value	Level 1	Level 2
Cash and cash equivalents	\$ 996,004	\$ 996,004	\$ -
Equities and Equity Funds	5,192,663	5,192,663	-
Fixed Income Funds	3,767,556	-	3,767,556
Asset Backed Funds	646,891	-	646,891
Totals	<u>\$ 10,603,114</u>	<u>\$ 6,188,667</u>	<u>\$ 4,414,447</u>

OUR FUND, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

NOTE 6 – 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	Total Fair Value	Level 1	Level 2
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>

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.

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.

OUR FUND, INC.
NOTES TO THE FINANCIAL STATEMENTS
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NOTE 6 – INVESTMENTS AND FAIR VALUE MEASUREMENTS – CONT'D

Following are the balances of Non-Endowed and Endowed funds held by the Foundation as of June 30, 2019 and June 30, 2018.

	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Non-Endowed Funds	\$ 9,436,302	\$ 8,001,758
Endowed Funds	<u>1,166,812</u>	<u>1,249,644</u>
Total	<u>\$ 10,603,114</u>	<u>\$ 9,251,402</u>

Investment expenses paid directly to the management firm for the fiscal years 2019 and 2018 were \$41,492 and \$25,306 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, 2019, the Foundation had commitments to eleven organizations in central Florida for grants totaling \$133,375 from The Contigo Fund, with the anticipation of them being paid in the fourth quarter of 2019. As of June 30, 2018, the Foundation had commitments to two organizations in central Florida for grants totaling \$31,622 from The Contigo Fund and these grants were disbursed in the fourth quarter of 2018.

NOTE 7 – GRANTS AND PROGRAMS

Grants and Programs include grants of \$1,829,699 made directly to non-profit organizations during year ended June 30, 2019 and \$1,392,051 during year ended June 30, 2018.

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, 2019 was \$8,136 and \$5,850 for June 30, 2018.

NOTE 9 – COMMITMENTS

On May 17, 2019 the Foundation entered into a two year agreement with a software company for accounting and data management services. The agreement expires on May 16, 2021 and provided for monthly payments of approximately \$730.

OUR FUND, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

NOTE 9 – COMMITMENTS – CONT'D

During the fiscal year ended June 30, 2014, the Foundation entered into a five-year lease agreement for office space set to expire on February 28, 2019 and provided for monthly payments during the first 12 months of \$ 2,045 plus annual increases of 5% per year after the first year. On January 22, 2019, the Foundation entered into an agreement to extend the lease by nine months expiring on November 30, 2019. The lease amendment provided for monthly payment of \$2,610.

On June 1, 2019, the Foundation entered into a seven-year lease agreement for office space at a new location. The lease agreement expires on May 31, 2026. The Foundation also has options to renew the terms of this lease for two (2) additional terms of three (3) years each. The agreement provides for monthly base rent payments during the first 12 months of \$1,871 plus annual increases of 3% per year over the previous year's base rent. The lease also includes the payment of other monthly Common Area Maintenance expenses (CAM) of \$1,465 per month.

Future minimum payments for both agreements are as follows:

Year Ending June 30,	Software	Office Space	Total
2020	\$ 8,750	\$ 46,414	\$ 55,164
2021	8,020	40,710	48,731
2022	-	41,403	41,403
2023	-	42,118	42,118
2024	-	42,854	42,854
Thereafter	-	62,110	62,110
Total	\$ 16,770	\$ 275,609	\$ 292,380

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, 2019 AND 2018

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 \$620,366 as of June 30, 2019, and \$350,219 as of June 30, 2018.

The following is a summary of the activity for the years ended June 30, 2019 and 2018:

	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Starting Balance	\$ 350,219	\$ 203,919
Contributions to funds held for the benefit of Agencies	510,000	201,000
Grants to Agencies	(263,402)	(73,500)
Investment Income	9,148	6,996
Investment expense	(1,678)	(1,329)
Realized and Unrealized gain (loss) on investments	20,079	16,420
Foundation fees paid	<u>(4,000)</u>	<u>(3,287)</u>
Ending Balance	<u>\$ 620,366</u>	<u>\$ 350,219</u>

The amounts reflected in the statements of activities for the years ended June 30, 2019 and 2018 are presented net of the activity summarized above related to the funds held for the benefit of agencies.

NOTE 11 – LEGACY CONTRIBUTIONS

The Foundation is the primary beneficiary of a trust and received \$2,764,324 as of October 9, 2019 and has no estimates of the future amount to be received from the trust. Legacy contributions of \$2,764,324 were received for the year ended June 30, 2019. No legacy contributions were received for the year ended June 30, 2018.

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, 2017, 2018 and 2019 could be subject to examination by the Federal taxing authorities, generally three years from the date they are filed.