

BENTON COMMUNITY FOUNDATION

Financial Statements

Years Ended December 31, 2019 and 2018

BENTON COMMUNITY FOUNDATION

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Benton Community Foundation
Corvallis, Oregon

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Benton Community Foundation (the Foundation), which comprise the statements of financial position as of December 31, 2019 and 2018, the related statements of activities and changes in net assets 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 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.



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INDEPENDENT AUDITOR'S REPORT (CONTINUED)

To the Board of Directors
Benton Community Foundation
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OPINION

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Benton Community Foundation as of December 31, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Talbot, Kowala & Warwick LLP

Lake Oswego, Oregon
April 10, 2020

BENTON COMMUNITY FOUNDATION

STATEMENTS OF FINANCIAL POSITION

	December 31,	
	<u>2019</u>	<u>2018</u>
<u>ASSETS</u>		
ASSETS		
Cash	\$ 198,617	\$ 353,910
Contributions receivable	37,443	74,879
Investments	24,440,120	19,156,906
Equipment, net	-	769
Other assets	4,375	4,375
	<u>4,375</u>	<u>4,375</u>
TOTAL ASSETS	<u>\$ 24,680,555</u>	<u>\$ 19,590,839</u>
<u>LIABILITIES AND NET ASSETS</u>		
LIABILITIES		
Accounts payable and accrued charges	\$ 23,995	\$ 19,266
Funds held as agency endowments	699,585	567,034
	<u>699,585</u>	<u>567,034</u>
TOTAL LIABILITIES	<u>723,580</u>	<u>586,300</u>
NET ASSETS		
Without donor restrictions	794,696	738,715
With donor restrictions	23,162,279	18,265,824
	<u>23,162,279</u>	<u>18,265,824</u>
TOTAL NET ASSETS	<u>23,956,975</u>	<u>19,004,539</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 24,680,555</u>	<u>\$ 19,590,839</u>

The accompanying notes are an integral part of the financial statements.

BENTON COMMUNITY FOUNDATION

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

	Year Ended December 31, 2019		
	Without donor restrictions	With donor restrictions	Total
REVENUES, GAINS AND OTHER SUPPORT			
Grants, donations and contributions	\$ 65,678	\$ 1,312,138	\$ 1,377,816
Non-cash contributions	-	563,610	563,610
Income (loss) from investments, net of expenses	54,460	3,464,135	3,518,595
Refund of prior year grant	-	734,889	734,889
Interfund transfers	24,954	(24,954)	-
Net assets released from restrictions	1,153,363	(1,153,363)	-
TOTAL REVENUES, GAINS AND OTHER SUPPORT	<u>1,298,455</u>	<u>4,896,455</u>	<u>6,194,910</u>
EXPENSES			
Scholarships, grants and other program expenses	828,925	-	828,925
General and administrative	333,566	-	333,566
Fundraising	79,983	-	79,983
TOTAL EXPENSES	<u>1,242,474</u>	<u>-</u>	<u>1,242,474</u>
CHANGE IN NET ASSETS	<u>55,981</u>	<u>4,896,455</u>	<u>4,952,436</u>
NET ASSETS , beginning of year	<u>738,715</u>	<u>18,265,824</u>	<u>19,004,539</u>
NET ASSETS , end of year	<u>\$ 794,696</u>	<u>\$ 23,162,279</u>	<u>\$ 23,956,975</u>

Year Ended December 31, 2018

Without donor restrictions	With donor restrictions	Total
\$ 104,301	\$ 197,922	\$ 302,223
-	99,681	99,681
(55,989)	(1,387,792)	(1,443,781)
-	-	-
(4,222)	4,222	-
1,772,201	(1,772,201)	-
<u>1,816,291</u>	<u>(2,858,168)</u>	<u>(1,041,877)</u>
1,436,201	-	1,436,201
293,669	-	293,669
75,849	-	75,849
<u>1,805,719</u>	<u>-</u>	<u>1,805,719</u>
<u>10,572</u>	<u>(2,858,168)</u>	<u>(2,847,596)</u>
<u>728,143</u>	<u>21,123,992</u>	<u>21,852,135</u>
<u>\$ 738,715</u>	<u>\$ 18,265,824</u>	<u>\$ 19,004,539</u>

BENTON COMMUNITY FOUNDATION

STATEMENTS OF CASH FLOWS

	Year Ended December 31,	
	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 4,952,436	\$ (2,847,596)
Adjustment to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	769	1,200
Non-cash contributions	(563,610)	(99,681)
Interest and dividends	(797,043)	(904,085)
Net realized (gains) losses	(1,623,619)	(263,458)
Net unrealized (gains) losses	(1,122,210)	2,587,005
Changes in operating assets and liabilities:		
Contributions receivable	37,436	43,910
Other assets	-	682
Accounts payable and accrued charges	4,729	19,266
Funds held as agency endowments	132,551	(2,800)
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>1,021,439</u>	<u>(1,465,557)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	344,276	1,463,090
Purchase of investments	<u>(1,521,008)</u>	<u>(3,699)</u>
NET CASH FLOWS FROM INVESTING ACTIVITIES	<u>(1,176,732)</u>	<u>1,459,391</u>
NET CHANGE IN CASH	(155,293)	(6,166)
CASH, beginning of year	<u>353,910</u>	<u>360,076</u>
CASH, end of year	<u><u>\$ 198,617</u></u>	<u><u>\$ 353,910</u></u>

The accompanying notes are an integral part of the financial statements.

BENTON COMMUNITY FOUNDATION

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2019 AND 2018

1. THE FOUNDATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Foundation:

Benton Community Foundation (the Foundation) was incorporated under Oregon law on February 27, 1953, and received determination of 501(c)(3) charitable status on December 11, 1957. For more than sixty years, the Foundation has been investing in its community through philanthropy to create positive, sustainable outcomes for Benton County. The Foundation is a publicly supported Community Foundation. Funds are contributed by individuals, corporations, and not-for-profit organizations. The Foundation is a member of the Council on Foundations. The Foundation is governed by a board of directors, all of whom serve without pay.

Summary of Significant Accounting Policies:

Basis of Accounting:

The accompanying financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). Under the accrual basis of accounting, revenues and support are recorded as earned and expenses are recorded as incurred.

Classification of Contributions and Net Assets:

The accompanying financial statements have been prepared in accordance with the Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) Topic *Not-for Profit Entities*. The Foundation is required to present its net assets and its revenue and gains (losses) based upon the existence or absence of donor imposed restrictions into two classes: without donor restrictions and with donor restrictions. This Topic provides guidance for the classification of donor-restricted endowment funds that are subject to an enacted version of the subtopic Uniform Prudent Management of Institutional Funds Act (UPMIFA). The subtopic also provides for enhanced disclosures about endowment funds (both donor-restricted endowment funds and board designated endowment funds). Accordingly, net assets of the Foundation are classified and reported as follows:

- *Without Donor Restrictions* – Net assets not subject to donor-imposed stipulations.
- *With Donor Restrictions* – Net assets subject to donor-imposed stipulations that will be met either by actions of the Foundation and/or the passage of time and net assets subject to donor-imposed stipulations to be held in perpetuity as an endowment.

BENTON COMMUNITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS (Continued)
YEARS ENDED DECEMBER 31, 2019 AND 2018

1. THE FOUNDATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Summary of Significant Accounting Policies (Continued):

Classification of Contributions and Net Assets (Continued):

Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments are reported as increases or decreases in net assets without donor restrictions unless their use is temporarily or permanently restricted by explicit donor stipulations or by law. Expirations of temporary restrictions on net assets are reported as net assets released from restrictions. Restricted contributions whose restrictions are met in the same reporting period are reported as revenue without donor restriction.

When a donor-stipulation or time restriction ends or terms of the original contribution are met, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statements of Activities and Changes in Net Assets as net assets released from restriction.

Net assets without donor restrictions consist of the following types of internally-designated funds:

Undesignated – Funds used for the general operation of the Foundation.

Board Designated – Funds established by the Board for special projects and other purposes that enable the Foundation to continue the operations and help lay the foundation for future endeavors.

Use of Estimates:

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported amounts of revenues and expenses. Actual results could differ from those estimates.

Contributions:

Contributions are recorded at fair value at the date of receipt or unconditional promise to give. Amounts are subject to change until the contributions are actually received. For contributions due to be received in more than one year, fair value is recorded as the estimated present value of future receipts. The Foundation provides an allowance against contributions based on management's expectations to fully collect such amounts. The Foundation charges off uncollectible contributions when management determines the contribution is not collectible. There were no uncollectible contributions for the years ended December 31, 2019 and 2018 and management has determined that no allowance is necessary.

BENTON COMMUNITY FOUNDATION

NOTES TO FINANCIAL STATEMENTS (Continued)

YEARS ENDED DECEMBER 31, 2019 AND 2018

1. THE FOUNDATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Summary of Significant Accounting Policies (Continued):

Concentration of Credit Risk:

The Foundation restricts its cash deposits with banks to financial institutions which are members of the FDIC. Cash may include amounts in excess of FDIC insurable limits. The Foundation has not experienced any losses in such accounts. Management believes the Foundation is not exposed to any significant credit risk related to cash.

Investments:

The Foundation records investments at fair value. Interest and dividend income is accounted for on the accrual basis. Gains and losses on unrestricted investments, including changes in market value, are reported in the Statements of Activities and Changes in Net Assets as increases or decreases in net assets without donor restrictions. Net assets temporarily or permanently restricted by donor stipulation are recorded as increases or decreases in net assets with donor restrictions.

Equipment:

Equipment which meets the capitalization policy criteria of useful life of one year or more and value of \$2,500 or more, is stated at cost if purchased or, if donated, at the approximate fair value at the date of donation. Costs for maintenance and repairs are charged to expense as incurred. Depreciation is computed using the straight-line method over the estimated useful lives ranging from 5 – 7 years.

Endowment Policy and Interpretation of Relevant Law:

The Foundation's endowment consists of individual funds established for a variety of purposes. As required by U.S. GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors of the Foundation has interpreted the UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary.

As a result of this interpretation, the Foundation classifies permanently restricted net assets as: (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

BENTON COMMUNITY FOUNDATION

NOTES TO FINANCIAL STATEMENTS (Continued)

YEARS ENDED DECEMBER 31, 2019 AND 2018

1. THE FOUNDATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Summary of Significant Accounting Policies (Continued):

Endowment Policy and Interpretation of Relevant Law (Continued):

The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by the UPMIFA. All funds considered temporarily or permanently restricted by donors are included in net assets with donor restrictions in the Foundation's statement of financial position.

In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the Foundation and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the Foundation
- (7) The investment policies of the Foundation

Fair Value of Financial Instruments:

The Foundation follows the provisions of the FASB ASC Topic *Fair Value Measurement*. This Topic applies to all assets and liabilities that are being measured and reported on a fair value basis and requires disclosures that establish a framework for measuring fair value under U.S. GAAP, and expands disclosures about fair value measurements. This Topic enables the reader of the financial statements to assess the inputs used to develop those measurements by establishing a hierarchy for ranking the quality and reliability of the information used to determine fair values. The Topic requires that assets and liabilities carried at fair value be classified and disclosed in one of the following three categories:

- Level 1: Quoted market prices in active markets for identical assets or liabilities.
- Level 2: Observable market-based inputs or unobservable inputs that are corroborated by market data.
- Level 3: Unobservable inputs that are not corroborated by market data.

At December 31, 2019 and 2018, the Foundation has financial assets and liabilities not required to be measured at a fair value on a recurring basis, which primarily consist of receivables and payables, the carrying value of which materially approximate their fair value.

BENTON COMMUNITY FOUNDATION

NOTES TO FINANCIAL STATEMENTS (Continued)

YEARS ENDED DECEMBER 31, 2019 AND 2018

1. THE FOUNDATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Summary of Significant Accounting Policies (Continued):

Income Taxes:

The Foundation is exempt from federal and state income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code and comparable state law. Additionally, the Internal Revenue Service has determined the Foundation is not a private foundation. Management believes that no material activity of the Foundation would qualify as unrelated business income, and accordingly, be taxed to the Foundation. The tax years that remain open for examination by the appropriate taxing authorities for the Foundation as of December 31, 2019 are 2018, 2017, and 2016, generally three years from the date the return was filed.

The Foundation follows the provisions of the FASB ASC Topic *Income Taxes*. Management evaluated the Foundation tax positions and concluded that the Foundation had taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this Topic.

2. ENDOWMENT INVESTMENT POLICIES

The goal of the Foundation's investment program for endowment funds is to achieve the total rate of return that will allow for long-term growth and fulfill donor intent. The investment objective is to preserve capital and, if possible, purchasing power over the life of the fund. The Foundation has a conservative approach, where assets of individual funds are invested in cash and mutual funds that are likely to produce a reasonable return over a reasonable period, consistent with the objective of the fund.

Endowment fund activity recorded as net assets with donor restrictions for the years ended December 31, 2019 and 2018 was as follows:

Endowment funds - December 31, 2017	\$ 20,383,046
Investment return	(1,366,707)
Contributions	190,044
Interfund transfer	59,275
Program expenses	(1,396,410)
Other expenses	<u>(290,665)</u>
Endowment funds - December 31, 2018	17,578,583
Investment return	3,278,404
Contributions	349,405
Refund of prior year grant	734,889
Interfund transfer	8,582
Program expenses	(699,662)
Other expenses	<u>(288,589)</u>
Endowment funds - December 31, 2019	<u>\$ 20,961,612</u>

BENTON COMMUNITY FOUNDATION

NOTES TO FINANCIAL STATEMENTS (Continued)

YEARS ENDED DECEMBER 31, 2019 AND 2018

2. ENDOWMENT INVESTMENT POLICIES (Continued)

There are several funds that have made interfund transfers to other funds held by the Foundation. Transfers occur when a fund has been amended by a donor and each transfer is addressed on a case by case basis. Transfers and any associated restriction changes are initiated by management and presented to the Board for review and approval.

3. SPENDING POLICIES

Distributions made by the Foundation are guided by prudence, current economic conditions, the donor's intent, and UPMIFA. The Foundation records each donor's gift in a separate fund. It is the Foundation's policy to not make any distributions from a new fund until it has been in existence for two full quarters. After two full quarters, the Foundation will make a distribution from each fund by applying a 12 quarter rolling average percentage of fund value.

This fund value is the average value of the fund over the most recent twelve full quarters, beginning with the quarter ending in September. In situations where funds have not been in existence for the full 12 quarters, the Foundation will use the average value of the fund over the numbers of quarters since the fund was established.

4. INVESTMENTS

Investments are measured at fair value, classified as Level 1, and consist of the following:

	<u>December 31,</u>	
	<u>2019</u>	<u>2018</u>
Temporary investment cash	\$ 6,129,488	\$ 334,598
Mutual funds	17,788,855	18,241,949
Exchange traded products	<u>521,777</u>	<u>580,359</u>
	<u>\$ 24,440,120</u>	<u>\$ 19,156,906</u>

Investment earnings in the Statements of Activities and Changes in Net Assets consist of the following:

	<u>Year Ended December 31,</u>	
	<u>2019</u>	<u>2018</u>
Interest and dividend earnings	\$ 797,043	\$ 904,085
Realized gains from sales of investments	1,623,619	263,458
Increase (decrease) in fair values of investments	1,122,210	(2,587,005)
Investment expenses	<u>(24,277)</u>	<u>(24,319)</u>
	<u>\$ 3,518,595</u>	<u>\$ (1,443,781)</u>

BENTON COMMUNITY FOUNDATION

NOTES TO FINANCIAL STATEMENTS (Continued)

YEARS ENDED DECEMBER 31, 2019 AND 2018

5. FUNDS HELD AS AGENCY INVESTMENTS AND ENDOWMENT OBLIGATIONS

Various not-for-profit organizations (NFPO) have transferred funds to the Foundation and each such NFPO specified itself as the beneficiary of said fund. The FASB ASC Topic 958-20 *Not-for-Profit Entities* (FAS-136) establishes accounting and reporting standards for transactions in which a not-for-profit organization transfers assets to another organization (the recipient organization) and specifies itself as the beneficiary. Pursuant to this pronouncement, the agency endowment funds received by the Foundation are considered liabilities, rather than net assets of the Foundation. The Foundation holds these funds as investments and recognizes an endowment obligation. At December 31, 2019 and 2018 the total amount of agency funds held by the Foundation were \$699,585 and \$567,034, respectively.

6. NET ASSETS

Net assets are held for the following purposes:

	December 31,	
	2019	2018
Undesignated funds	\$ 431,569	\$ 449,047
Board designated funds	363,127	289,668
Total net assets without donor restrictions	<u>794,696</u>	<u>738,715</u>
Temporarily restricted:		
Special project funds	74,901	48,527
Donor advised funds	2,103,307	577,537
Designated funds	1,677,996	522,936
Scholarship funds	2,530,316	1,704,142
Community funds	1,268,267	782,156
Sustainability Funds	33,780	2,041
	<u>7,688,567</u>	<u>3,637,339</u>
Permanently restricted:		
Special project funds	102,192	102,192
Designated funds	6,988,156	6,459,915
Scholarship funds	4,846,124	4,700,019
Community funds	3,231,373	3,044,739
Sustainability Funds	305,867	321,620
	<u>15,473,712</u>	<u>14,628,485</u>
Total net assets with donor restrictions	<u>23,162,279</u>	<u>18,265,824</u>
Total net assets	<u>\$ 23,956,975</u>	<u>\$ 19,004,539</u>

BENTON COMMUNITY FOUNDATION

NOTES TO FINANCIAL STATEMENTS (Continued)

YEARS ENDED DECEMBER 31, 2019 AND 2018

7. UNDERWATER ENDOWMENT FUNDS

From time to time, the fair value of assets associated with individual donor-restricted funds may fall below the level that either the donor or UPMIFA requires the Foundation to retain as a fund of perpetual duration. Deficiencies of this nature are classified in net assets with donor restrictions and totaled \$0 and \$60,275 at December 31, 2019 and 2018, respectively, and are included in the accumulated gains (losses) column in the tables below.

These deficiencies resulted from unfavorable market fluctuations and continued appropriation for certain programs. These appropriations were made under the terms of the gift use agreement executed between the donor and the Foundation or in accordance with the Board of Director's prudent interpretation of UPMIFA. The Board allows for continued appropriations to sustain programs with a moratorium on distributions if an endowment's market value is 10% or more below contributions to the fund.

	Year Ended December 31, 2019				Total funds as of December 31, 2019
	Without donor restrictions	With donor restrictions			
	Total	Original gift	Accumulated gains/(losses)	Total	
Underwater funds	\$ -	\$ -	\$ -	\$ -	\$ -
Other funds	160,594	15,473,713	5,327,305	20,801,018	20,961,612
Total endowment funds	<u>\$ 160,594</u>	<u>\$ 15,473,713</u>	<u>\$ 5,327,305</u>	<u>\$ 20,801,018</u>	<u>\$ 20,961,612</u>

	Year Ended December 31, 2018				Total funds as of December 31, 2018
	Without donor restrictions	With donor restrictions			
	Total	Original gift	Accumulated gains/(losses)	Total	
Underwater funds	\$ -	\$ 1,632,114	\$ (60,275)	\$ 1,571,839	\$ 1,571,839
Other funds	117,297	12,996,371	2,893,076	15,889,447	16,006,744
Total endowment funds	<u>\$ 117,297</u>	<u>\$ 14,628,485</u>	<u>\$ 2,832,801</u>	<u>\$ 17,461,286</u>	<u>\$ 17,578,583</u>

BENTON COMMUNITY FOUNDATION

NOTES TO FINANCIAL STATEMENTS (Continued)

YEARS ENDED DECEMBER 31, 2019 AND 2018

8. LEASE COMMITMENTS

On January 1, 2014, the Foundation entered into a lease for operating space which originally expired December 31, 2016. The lease agreement allowed for three one-year renewal options at varying monthly rental amounts after the original lease expired. The Foundation exercised each of these options. On July 5, 2019, the Foundation entered into a lease extension for one more year expiring on December 31, 2020 which allows for two one-year renewal options with a 3% annual increase.

The future minimum lease payments required under the non-cancelable operating lease of space for 2020 is \$13,500. Rent expense for each of the years ended December 31, 2019 and 2018 was \$13,104 and \$12,720 respectively.

9. FUNCTIONAL CLASSIFICATION OF EXPENSES

The costs of program and supporting service activities have been summarized in the Statements of Activities and Changes in Net Assets. The expense analysis in the table below presents the natural classification detail of expense by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The financial statements report certain categories of expenses that are attributed to more than one program or support function. The expenses that are allocated include payroll and payroll related expenses, which are allocated on the basis of actual time spent on fundraising or general and administrative tasks. Other costs are classified in each functional category based on the underlying purpose of each transaction.

	<u>Year Ended December 31, 2019</u>		
	<u>Scholarships, grants and other program expenses</u>	<u>General and administrative</u>	<u>Fundraising</u>
Bank fees	\$ -	\$ 371	\$ -
Depreciation	-	769	-
Fundraising	-	-	31,774
Insurance	-	2,816	-
Information technology	-	15,484	-
Memberships	-	6,307	-
Miscellaneous and other	-	4,689	-
Occupancy	-	17,962	-
Office supplies	-	12,262	-
Payroll and payroll related expenses	-	184,286	48,209
Professional fees	-	79,353	-
Scholarship and grant distributions	828,925	-	-
Travel and meals	-	9,267	-
Total	<u>\$ 828,925</u>	<u>\$ 333,566</u>	<u>\$ 79,983</u>

BENTON COMMUNITY FOUNDATION

NOTES TO FINANCIAL STATEMENTS (Continued)

YEARS ENDED DECEMBER 31, 2019 AND 2018

9. FUNCTIONAL CLASSIFICATION OF EXPENSES (Continued)

	Year Ended December 31, 2018		
	Scholarships, grants and other program expenses	General and administrative	Fundraising
Bank fees	\$ -	\$ 728	\$ -
Depreciation	-	1,200	-
Fundraising	-	-	25,097
Insurance	-	2,992	-
Information technology	-	10,792	-
Memberships	-	10,773	-
Miscellaneous and other	-	2,003	-
Occupancy	-	17,336	-
Office supplies	-	7,113	-
Payroll and payroll related expenses	-	167,255	50,752
Professional fees	-	69,044	-
Scholarship and grant distributions	1,436,201	-	-
Travel and meals	-	4,433	-
Total	<u>\$ 1,436,201</u>	<u>\$ 293,669</u>	<u>\$ 75,849</u>

10. CONCENTRATIONS

The Foundation received contributions from three community members, representing approximately 74% of total grants, donations and contributions for the year ended December 31, 2019. The Foundation did not receive any contributions which represented a significant portion of total grants, donations and contributions during the year ended December 31, 2018.

11. LIQUIDITY AND AVAILABILITY

The Foundation regularly monitors liquidity required to meet its operating needs, liabilities, and other obligations as they become due. The Foundation's general operating needs are substantially supported by administrative service fees assessed on gifts received and fund balances. In addition to financial assets available to meet general expenditures over the next twelve months, the Foundation operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures.

BENTON COMMUNITY FOUNDATION

NOTES TO FINANCIAL STATEMENTS (Continued)

YEARS ENDED DECEMBER 31, 2019 AND 2018

11. LIQUIDITY AND AVAILABILITY (Continued)

As of December 31, 2019, the Foundation has cash and investments and contributions receivable to cover approximately 22 weeks of operating expenses. The Foundation's budget for fiscal year 2019 includes \$312,000 in assessed administrative fee income (not included in the following table). This amount will be available to be used for general expenditures. The following table provides information on assets that could readily be made available within one year of the date of the Statement of Financial Position to meet general expenditures. Endowment assets not yet appropriated by the Board of Directors for expenditure are not included in financial assets available to meet cash needs within one year.

Financial assets:	
Cash	\$ 198,617
Contributions receivable	37,443
Investments	24,440,120
Other assets	875
	<u>24,677,055</u>
Less those unavailable for general expenditures within one year:	
Investments and accumulated earnings not available for general operations	(23,304,799)
Agency endowment investments not available for general operations	(699,585)
Security deposit not expected to be returned within one year	<u>(875)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 671,796</u>

12. RETIREMENT PLAN

Effective January 1, 2019, the Foundation began providing employees with a SEP (Simplified Employee Pension) IRA retirement plan, entirely funded by the Foundation. Employees must be at least eighteen years old to participate and are eligible to participate once they have performed services in at least one year of the immediately preceding five years. The Foundation may contribute monthly up to 6% of an employee's earned monthly wages to that employee's individual SEP IRA account. The Foundation's contributions vest immediately and are discretionary. The Foundation contributed \$12,041 to the Plan for the year ended December 31, 2019.

13. SUBSEQUENT EVENTS

In accordance with the FASB ASC Topic *Subsequent Events*, the Foundation has evaluated subsequent events through April 10, 2020, which is the date these financial statements were available to be issued.

Subsequent to year-end, the United States and global markets experienced significant declines in value resulting from uncertainty caused by the worldwide coronavirus pandemic. The Foundation is closely monitoring its investment portfolio and its liquidity and is actively working to

BENTON COMMUNITY FOUNDATION

NOTES TO FINANCIAL STATEMENTS (Continued)

YEARS ENDED DECEMBER 31, 2019 AND 2018

13. SUBSEQUENT EVENTS (Continued)

minimize the impact of these declines. The Foundation's financial statements do not include adjustments to fair value that may have resulted from these declines.

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern" and on March 10, 2020, declared it to be a pandemic. On March 23, 2020, Oregon Governor Kate Brown issued a "shelter in place" order for the state. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, and quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had and are expected to continue to have an adverse impact on the Foundation. It is unknown how long these conditions will last and what the complete financial effect will be to the Foundation as of April 10, 2020. It is reasonably possible that the Foundation is vulnerable to the risk of a near-term severe impact. Additionally, it is reasonably possible that estimates made in the financial statements have been, or will be, materially and adversely impacted in the near term as a result of these conditions.