

Financial Statements

**Gulf Coast Community Foundation, Inc.
Gulfport, Mississippi**

**Year ended June 30, 2018
(With Summarized Financial Information
For the Year Ended June 30, 2017)**



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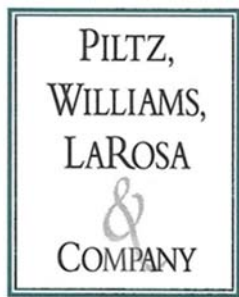
Gulf Coast Community Foundation, Inc.
Gulfport, Mississippi

Financial Statements

Year ended June 30, 2018
(With Summarized Financial Information
For the Year Ended June 30, 2017)

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Independent Auditors' Report

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To the Board of Directors
Gulf Coast Community Foundation, Inc.
Gulfport, Mississippi

We have audited the accompanying financial statements of Gulf Coast Community Foundation, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2018, and the related statements of activities, functional expenses, and cash flows for the year 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 audit. We conducted our audit 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.

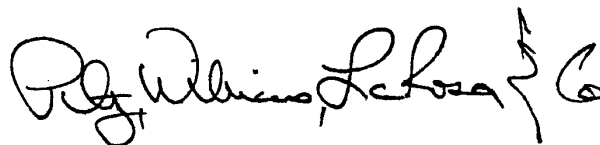
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

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

Report on Summarized Comparative Information

We have previously audited Gulf Coast Community Foundation, Inc.'s 2017 financial statements, and we expressed an unmodified audit opinion on those financial statements in our report dated November 7, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

A handwritten signature in black ink, appearing to read "Robert Williams, CPA". The signature is stylized and includes a large, decorative flourish at the end.

Certified Public Accountants

Biloxi, Mississippi
October 8, 2018

Gulf Coast Community Foundation, Inc.
Statements of Financial Position

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	June 30,	
	2018	2017
Assets		
Cash and cash equivalents	\$ 4,054,202	\$ 4,300,249
Investments, equity and debt securities	15,589,910	14,837,843
Assets held in charitable lead trust	353,120	383,421
Beneficial interest in charitable remainder unitrust	1,672,323	1,575,514
Investment in Gulf Coast Nonprofit Center	1,471,523	1,516,236
Accounts receivable, other	1,459	1,670
Property and equipment, net	7,072	8,032
Total assets	\$ 23,149,609	\$ 22,622,965
Liabilities and Net Assets		
Liabilities		
Accounts payable	\$ 120,459	\$ 26,572
Grants payable	18,250	36,750
Payroll liabilities	5,902	4,232
Liability for agency relationships	4,091,662	3,705,746
Liability for split interest agreement	353,120	374,045
Total liabilities	4,589,393	4,147,345
Net assets		
Unrestricted	12,063,887	11,727,923
Temporarily restricted	6,496,329	6,747,697
Total net assets	18,560,216	18,475,620
Total liabilities and net assets	\$ 23,149,609	\$ 22,622,965

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

Statements of Activities

For the Year Ended June 30, 2018

(With Summarized Financial Information for the Year Ended June 30, 2017)

	Unrestricted Net Assets	Temporarily Restricted Net Assets	2018 Total	2017 Total
Support and revenue				
Contributions	\$ 384,535	\$ 2,106,049	\$ 2,490,584	2,781,985
Fund raising income	67,917	-	67,917	81,161
Administrative fees, net	43,144	-	43,144	34,391
Interest and dividends	209,300	81,309	290,609	257,276
Realized/unrealized gain	325,931	147,951	473,882	1,060,349
Change in value of split-interest agreements	96,809	-	96,809	176,925
Decrease in equity of unconsolidated non-profit entity	(44,713)	-	(44,713)	(36,602)
Amortization of discounts	-	(2,801)	(2,801)	1,208
Other income	1,584	(20)	1,564	2,916
Net assets released from restrictions	2,583,856	(2,583,856)	-	-
Total support and revenue	<u>3,668,363</u>	<u>(251,368)</u>	<u>3,416,995</u>	<u>4,359,609</u>
Expenses				
Program services:				
Grants	2,330,448	-	2,330,448	3,146,818
General and administrative	737,683	-	737,683	648,914
Support services:				
General and administrative	243,411	-	243,411	246,363
Fundraising	20,857	-	20,857	28,927
Total expenses	<u>3,332,399</u>	<u>-</u>	<u>3,332,399</u>	<u>4,071,022</u>
Changes in net assets	335,964	(251,368)	84,596	288,587
Net assets, beginning of year	<u>11,727,923</u>	<u>6,747,697</u>	<u>18,475,620</u>	<u>18,187,033</u>
Net assets, end of year	<u>\$ 12,063,887</u>	<u>\$ 6,496,329</u>	<u>\$ 18,560,216</u>	<u>\$ 18,475,620</u>

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

Statements of Functional Expenses

For the Year Ended June 30, 2018

(With Summarized Financial Information for the Year Ended June 30, 2017)

	Program Services	Admini- strative	Fundraising	2018 Total	2017 Total
Personnel					
Salaries	\$ 247,621	\$ 81,731	\$ 7,516	\$ 336,868	\$ 315,392
Employee benefits	31,564	10,418	958	42,940	40,746
Payroll taxes	18,652	6,156	566	25,374	25,146
Totals	<u>297,837</u>	<u>98,305</u>	<u>9,040</u>	<u>405,182</u>	<u>381,284</u>
Other					
Grants and allocations	2,330,448	-	-	2,330,448	3,146,818
Fundraising	-	-	10,022	10,022	20,998
Professional fees	211,847	33,223	-	245,070	127,895
Advertising	200	-	-	200	1,140
Brokerage fees	-	90,585	-	90,585	88,370
Computer	15,578	4,583	421	20,582	23,240
Consulting fees	76,488	2,564	236	79,288	121,670
Depreciation	-	1,776	-	1,776	1,411
Dues and subscriptions	7,915	2,072	191	10,178	8,360
Telephone	4,637	1,035	95	5,767	6,625
Postage	1,214	385	35	1,634	1,847
Rent/lease	12,518	2,965	273	15,756	28,656
Office supplies and expense	20,157	935	86	21,178	24,932
Printing and publications	4,987	56	5	5,048	7,745
Travel and meetings	75,127	1,988	183	77,298	63,555
Insurance	5,439	1,795	165	7,399	7,602
Miscellaneous	3,739	1,144	105	4,988	8,874
Totals	<u>2,770,294</u>	<u>145,106</u>	<u>11,817</u>	<u>2,927,217</u>	<u>3,689,738</u>
Total expenses	<u>\$ 3,068,131</u>	<u>\$ 243,411</u>	<u>\$ 20,857</u>	<u>\$ 3,332,399</u>	<u>\$ 4,071,022</u>

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

Gulf Coast Community Foundation, Inc.
Statements of Cash Flows

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	Year Ended June 30,	
	2018	2017
Cash flows from operating activities		
Increase (decrease) in net assets	\$ 84,596	\$ 288,587
Adjustments to reconcile increase in net assets to net cash used in operating activities:		
Depreciation expense	1,776	1,411
Amortization of discount on split-interest agreement	2,801	(1,208)
Realized and unrealized loss (gain) on investments	(473,882)	(1,060,349)
(Increase) decrease in operating assets:		
Assets held in charitable lead trust	30,301	19,871
Beneficial interest in remainder trust	(96,809)	(176,925)
Interest in unconsolidated non-profit entity	44,713	36,602
Accounts receivable - other	211	(218)
Increase (decrease) in operating liabilities:		
Payroll taxes payable	1,670	(9,767)
Liability for agency relationships	385,916	620,871
Liability for split interest agreement	(20,925)	(11,079)
Grants payable	(18,500)	10,706
Accounts payable	93,887	15,057
Net cash provided by (used in) operating activities	35,755	(266,441)
Cash flows from investing activities		
Additions to fixed assets	(816)	(1,551)
Investment purchases, net of redemptions	(280,986)	738,803
Net cash provided by (used in) investing activities	(281,802)	737,252
Net increase (decrease) in cash and cash equivalents	(246,047)	470,811
Cash and cash equivalents, beginning of year	4,300,249	3,829,438
Cash and cash equivalents, end of year	\$ 4,054,202	\$ 4,300,249

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

Gulf Coast Community Foundation, Inc.
Notes to Financial Statements
June 30, 2018 and 2017

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Note 1 – Summary of Significant Accounting Policies

Organization – The Gulf Coast Community Foundation, Inc. (the Foundation) is a Mississippi nonprofit corporation chartered on October 5, 1989. It is operated exclusively for public charitable uses and purposes, including, but not limited to, all charitable, scientific, literary, educational, cultural, and civic purposes that most effectively serve the needs and interests of the Mississippi Gulf Coast community. The Foundation administers funds contributed or bequeathed to it by individuals, other agencies, corporations, and other sources for the benefit of the Mississippi Gulf Coast in a manner consistent with donors' interests.

Basis of accounting – The financial statements of the Foundation have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

Financial statement presentation – The Foundation reports information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. A description of these classes is as follows:

Temporarily restricted - funds with donor-imposed purpose restrictions which have not been met and trust activity for which the ultimate purpose of the proceeds is not permanently restricted.

Permanently restricted - funds with donor restrictions that the corpus be invested in perpetuity and only the income be made available in accordance with donor restrictions.

Unrestricted - all other net assets, including board-designated or appropriated amounts.

Amounts held for others under agency transactions – If a not-for-profit organization establishes a fund at the Foundation with its own funds and specifies itself as the beneficiary of that fund, the community foundation must account for the transfer of such assets as a liability. The Foundation refers to such funds as “liability for agency relationships.”

Cash and cash equivalents – For purposes of the statements of cash flows, the Foundation considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Income taxes – The Foundation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Similar provisions are available under the Mississippi Code for exemption from state income taxes. Management has evaluated the Foundation's tax positions and believes there are no uncertain tax positions requiring disclosure.

Property and equipment – Property and equipment are stated at cost if purchased, or at fair market value if contributed. Depreciation is provided using the straight-line method over the estimated useful lives of the assets. Additions and betterments of \$500 or more are capitalized, while maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

Notes to Financial Statements

June 30, 2018 and 2017

(Continued)

Grants payable – Grants payable represents amounts due to fund beneficiaries that have been approved by the board and should be paid within the next twelve months.

Estimates – Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

Functional allocation of expenses – The costs of providing the various programs and activities have been summarized on a functional basis in the statements of functional expenses. Accordingly, certain costs have been allocated among the program and supporting services benefited.

Summarized financial information – The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Foundation's financial statements for the year ended June 30, 2017, from which the summarized information was derived.

Note 2 – Investments, Equity and Debt Securities

Investments are carried at fair value, and net realized and unrealized gains and losses are reflected in the statements of activities. The investments' cost, market value, and realized and unrealized gains were as follows for the years ending:

	June 30, 2018		June 30, 2017	
	Cost/ Donated Value	Market Value	Cost/ Donated Value	Market Value
Equity mutual funds	\$ 7,647,171	\$ 9,938,729	\$ 7,087,088	\$ 9,330,036
Government bonds	2,429,852	2,377,054	2,214,332	2,270,697
Corporate bonds	3,345,867	3,274,127	3,218,078	3,237,110
Totals	\$ 13,422,890	\$ 15,589,910	\$ 12,519,498	\$ 14,837,843
Excess of market over cost, end of year		\$ 2,167,020		\$ 2,318,345
Excess of market over cost, beginning of year		2,318,345		1,194,798
Unrealized gain (loss) for the year		(151,325)		1,123,547
Allocated to liability for agency funds		(56,915)		246,185
Allocated to Foundation net assets		(94,410)		877,362
Realized gain for the year		568,292		182,987
Net realized and unrealized gain (loss) on investments		\$ 473,882		\$ 1,060,349

Notes to Financial Statements

June 30, 2018 and 2017

(Continued)

Note 3 - Charitable Lead Trust

On August 29, 1997, a donor established a charitable lead trust naming the Foundation as the trustee and co-beneficiary. Under terms of the split-interest agreement, the Foundation is to receive \$10,000 annually for twenty years for its unrestricted use, and the Catholic Diocese of Biloxi is to receive \$50,000 annually for the same period. At the expiration of the twenty years, the trust is to terminate and the remaining trust assets are to be distributed to others as specified in the trust agreement. Using a 6.65% discount rate, the present value of future benefits expected to be received by the Foundation was estimated to be \$107,317, which was reported in 1997 as a temporarily restricted contribution. Each year, the Foundation recognizes temporarily restricted revenue for the amortization of the present value discount. The Foundation recognized amortization of the discount on the estimated present value of future benefits of \$(2,801) and \$1,208 for the years ending June 30, 2018 and 2017, respectively.

Assets held under this agreement are recorded at market value and are reflected on the statement of financial position of the Foundation as of June 30, 2018 and 2017 in the amount of \$353,120 and \$383,421, respectively. The present value of the remainder interest of this trust as of June 30, 2018 and 2017 is reported on the statement of financial position as a liability in the amount of \$353,120 and \$374,045, respectively. This liability is adjusted during the term of the split-interest agreement for changes in the fair value of the assets and the amortization of the discount.

Note 4 - Charitable Remainder Unitrust

During 2003, a donor established a charitable remainder unitrust with a local third party investment advisory firm. The charitable remainder unitrust provides for distributions to the grantor or other designated beneficiaries over the life of the unitrust (usually the designated beneficiary's lifetime). Upon the death of the designated beneficiary, the remaining unitrust assets will be distributed to the Foundation in satisfaction of its charitable remainder interest. The present value of the unitrust attributable to the future benefits to be received by the Foundation is recorded in the statement of financial position as of June 30, 2018 and 2017 in the amount of \$1,672,323 and \$1,575,514, respectively. On an annual basis, the Foundation will revalue the remainder interest based on applicable mortality tables and current market conditions.

Note 5 - Investment in Gulf Coast Non-Profit Center

The Foundation acquired a 30% equity interest in the Gulf Coast Non-Profit Center, Inc. for \$2,000,000 on June 12, 2008. The Center leases space to non-profit organizations on the Mississippi Gulf Coast at below market price in order to increase their capacity to serve the community. The Center is a 501(c)(25) organization with the United Way of South Mississippi (20%), the Gulf Coast Business Council Research Foundation (30%), the Gulf Coast Community Foundation (30%), and the Mississippi Gulf Coast Chamber of Commerce Foundation (20%) as its members. The facility is operating with a high occupancy rate as of the date of this report, but declines in that occupancy rate could lead to a higher rate of rent for the equity members or a need for capital contributions by the equity members. It is the policy of the Foundation to account for this investment under the equity method of accounting.

Notes to Financial Statements

June 30, 2018 and 2017

(Continued)

The following summarized financial information of the Gulf Coast Non-Profit Center, Inc. is being presented using the calendar year end of the entity:

	December 31,			Year Ended December 31,	
	<u>2017</u>	<u>2016</u>		<u>2017</u>	<u>2016</u>
Assets	\$4,413,947	\$4,562,946	Revenues	\$ 681,248	\$ 694,720
Liabilities	<u>(20,541)</u>	<u>(20,498)</u>	Expenses	<u>(830,290)</u>	<u>(816,728)</u>
Equity	<u><u>\$4,393,406</u></u>	<u><u>\$4,542,448</u></u>	Changes in equity	<u><u>\$ (149,042)</u></u>	<u><u>\$ (122,008)</u></u>

Note 6 - Risks and Uncertainties

The Foundation maintains cash balances at financial institutions which at times may exceed the federally insured limit of \$250,000. The Foundation also maintains money market accounts at investment institutions that are not insured by the FDIC. Total uninsured balances at June 30, 2018 and 2017 were \$3,360,962 and \$3,558,621, respectively. The Foundation has not experienced any such losses and does not believe that it is exposed to any significant credit risk on these deposits.

Investment securities are exposed to various market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in net values of investment securities will occur in the near term and those changes could materially affect the amounts reported in the statements of financial position.

Note 7 – Fair Value Measurements

ASC 820, *Fair Value Measurements and Disclosures*, 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. ASC 820 also establishes a framework for measuring fair value and expands disclosures about fair value measurements. The fair value hierarchy established in ASC 820 prioritizes the inputs used in valuation techniques into three levels as follows:

- 1 Level 1 – inputs are quoted prices in active markets for identical assets or liabilities;
- 2 Level 2 – inputs are other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly; and
- 3 Level 3 – inputs are unobservable for the assets or liability.

Notes to Financial Statements

June 30, 2018 and 2017

(Continued)

Fair values of assets measured on a recurring basis at June 30, 2018 and 2017 are as follows:

June 30, 2018	Market Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Investments, equity and debt securities			
Equity mutual funds	\$ 9,938,729	\$ 9,938,729	\$ -
Government bonds	2,377,054	2,377,054	-
Corporate bonds	3,274,127	3,274,127	-
Total investments	<u>\$ 15,589,910</u>	<u>\$ 15,589,910</u>	<u>\$ -</u>
Assets held in charitable lead trust	<u>\$ 353,120</u>	<u>\$ 353,120</u>	<u>\$ -</u>
Beneficial interest in charitable remainder unitrust	<u>\$ 1,672,323</u>	<u>\$ -</u>	<u>\$ 1,672,323</u>
June 30, 2017			
Investments, equity and debt securities			
Equity mutual funds	\$ 9,330,036	\$ 9,330,036	\$ -
Government bonds	2,270,697	2,270,697	-
Corporate bonds	3,237,110	3,237,110	-
Total investments	<u>\$ 14,837,843</u>	<u>\$ 14,837,843</u>	<u>\$ -</u>
Assets held in charitable lead trust	<u>\$ 383,421</u>	<u>\$ 383,421</u>	<u>\$ -</u>
Beneficial interest in charitable remainder unitrust	<u>\$ 1,575,514</u>	<u>\$ -</u>	<u>\$ 1,575,514</u>

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The Foundation had no assets or liabilities valued using Level 3 inputs. The following is a description of the methodologies used for assets measured at fair value.

Investments, equity and debt securities and Assets held in Charitable Lead Trust: Valued at the closing price reported on the active market on which the individual securities are traded.

Beneficial interest in charitable remainder unitrust: Valued at the present value of future benefits to be received.

Notes to Financial Statements

June 30, 2018 and 2017

(Continued)

Note 8 - Property and Equipment

Depreciation expense for the periods ended June 30, 2018 and 2017 was \$1,776 and \$1,411, respectively. A summary of property and equipment follows:

	June 30,	
	2018	2017
Computer equipment	\$ 53,127	\$ 52,311
Software	20,000	20,000
Leashold Improvements	3,550	3,550
Office furniture	3,179	3,179
Net property and equipment	<u>79,856</u>	<u>79,040</u>
Less accumulated depreciation	<u>72,784</u>	<u>71,008</u>
Totals	<u>\$ 7,072</u>	<u>\$ 8,032</u>

Note 9 - Liability for Agency Relationships

The Foundation maintained agency funds for the years ended June 30, 2018 and 2017 which are reported on the Statement of Financial Position as a liability. Agency funds are categorized by the Foundation into the following fund types:

	June 30,	
	2018	2017
Healthcare	<u>\$2,905,382</u>	\$ 2,791,453
Field of interest	188,212	179,969
Designated	445,578	204,335
Scholarship & education programs	503,650	483,129
Organization's operation	48,840	46,860
Totals	<u>\$ 4,091,662</u>	<u>\$ 3,705,746</u>

Note 10 – Temporarily Restricted Net Assets

Temporarily restricted net assets available have been categorized as follows:

	June 30,	
	2018	2017
Donor-advised	\$ 114,613	\$ 8,115
Designated	3,706,014	3,808,287
Employee assistance	452,909	364,655
Field of interest	207,463	190,892
Scholarship & education programs	1,993,007	1,998,967
Fiscal Agent	22,323	303,781
Totals	<u>\$ 6,496,329</u>	<u>\$ 6,674,697</u>

Note 11 – Related Party Leases

The Foundation rents office and storage space from the Gulf Coast Nonprofit Center (see Note 5). Both leases are for a period of 12 months and are renewed annually. Related party rent expense for the years ended June 30, 2018 and 2017 amounted to \$12,224 and \$15,280, respectively. Additional amounts included in rent expense on the statements of functional expenses are rents paid on behalf of fiscal sponsorship funds.

Notes to Financial Statements

June 30, 2018 and 2017

(Continued)

Note 12 – Endowment Funds

Effective July 1, 2012 the State of Mississippi enacted the Uniform Prudent Management of Institutional Funds Act “UPMIFA”. The Foundation interprets the current state law regarding the treatment of endowments as the preservation of purchasing power and prudent expenditure of endowment funds and related appreciation.

The Board of Directors has determined that the majority of the Foundation’s contributions are subject to the terms of its governing documents. Certain contributions are received subject to other gift instruments, or are subject to specific agreements with the Foundation. Under the terms of the Foundation’s governing documents, the Board of Directors has the ability to distribute so much of the original principal of any trust or separate gift, devise, bequest, or fund as the Board in its sole discretion shall determine. As a result of the ability to distribute the principal, all contributions not classified as temporarily restricted or permanently restricted are classified as unrestricted net assets for financial statement purposes.

Endowment investment and spending policies - The Foundation has adopted investment and spending policies, approved by the Board of Directors, for endowment assets. The intent of the Foundation is to keep the corpus intact with the income and/or capital gains expended in keeping with the purpose of the Foundation. The objective is to grow the portfolio in parity with the inflation-adjusted target spending. The Foundation targets a diversified asset allocation that places an emphasis on equity-based investments and bond investments to achieve its long-term objectives within prudent risk parameters.

The spending policy calculates the amount of money annually distributed from the Foundation’s various endowed funds, for program services and administration. The current spending policy is to distribute an amount of 4% of the fair value of the endowment funds as of the beginning of each fiscal year. Accordingly, over the long term, the Foundation expects its current spending policy to allow its endowment assets to grow and allow the Foundation to collect an administrative fee for maintaining the funds. This is consistent with the Foundation’s objective to maintain the purchasing power of endowment assets as well as to provide additional real growth through investment return.

Endowment net asset composition by type of fund as of June 30, 2018 is as follows:

	Unrestricted	Temporarily Restricted	Total
Undesignated endowment funds	\$ 100,145	\$ -	\$ 100,145
Donor-restricted endowment funds			
Designated	-	21,701	21,701
Employee Assistance	-	452,909	452,909
Scholarship	-	1,978,159	1,978,159
Unrestricted board designated funds			
Designated	1,720,987	-	1,720,987
Donor-advised	2,677,312	-	2,677,312
Field of interest	4,386,885	-	4,386,885
Scholarship	1,000,502	-	1,000,502
Total funds	<u>\$ 9,885,831</u>	<u>\$ 2,452,769</u>	<u>\$ 12,338,600</u>

Gulf Coast Community Foundation, Inc.

Notes to Financial Statements

June 30, 2018 and 2017

(Continued)

Changes in endowment net assets as of June 30, 2018 are as follows:

	Unrestricted	Temporarily Restricted	Total Net Endowment Assets
Endowment net assets, beginning of year	\$ 9,504,357	\$ 2,381,717	\$ 11,886,074
Contributions	277,963	129,526	407,489
Investment income	176,071	48,319	224,390
Net appreciation (depreciation)	422,740	82,404	505,144
Amounts appropriated for expenditure	(495,300)	(189,197)	(684,497)
Endowment net assets, end of year	<u>\$ 9,885,831</u>	<u>\$ 2,452,769</u>	<u>\$ 12,338,600</u>

Endowment net asset composition by type of fund as of June 30, 2017 is as follows:

	Unrestricted	Temporarily Restricted	Total
Donor-restricted endowment funds			
Designated	\$ -	\$ 22,236	\$ 22,236
Employee Assistance	-	364,655	364,655
Scholarship	-	1,994,826	1,994,826
Unrestricted board designated funds			
Designated	1,665,708	-	1,665,708
Donor-advised	2,555,387	-	2,555,387
Field of interest	4,261,062	-	4,261,062
Scholarship	1,022,200	-	1,022,200
Total funds	<u>\$ 9,504,357</u>	<u>\$ 2,381,717</u>	<u>\$ 11,886,074</u>

Changes in endowment net assets as of June 30, 2017 are as follows:

	Unrestricted	Temporarily Restricted	Total Net Endowment Assets
Endowment net assets, beginning of year	\$ 8,657,380	\$ 3,157,735	\$ 11,815,115
Contributions	184,864	390,111	574,975
Investment income	156,976	51,274	208,250
Net appreciation (depreciation)	892,480	187,009	1,079,489
Amounts appropriated for expenditure	(387,343)	(1,404,412)	(1,791,755)
Endowment net assets, end of year	<u>\$ 9,504,357</u>	<u>\$ 2,381,717</u>	<u>\$ 11,886,074</u>

Notes to Financial Statements

June 30, 2018 and 2017

(Continued)

Note 13 – Defined Contribution Retirement Plan

The Foundation adopted a resolution effective February 24, 2015, approving the establishment of a tax deferred investment plan under Internal Revenue Code Section 408(p). Employees are eligible to participate in the Plan when they have met service requirements. The Plan is a pre-tax elective deferral plan, commonly known as a Simple IRA. The elective deferral limit for the current year was \$12,500 plus the \$3,000 catch up provision for employees 50 or older. The Foundation may elect to match participants' pre-tax deferrals on a dollar-for-dollar basis up to 3% (but not less than 1%) of eligible compensation for any year. The Foundation may contribute less than a 3% match (but not less than 1%) in no more than two out of every five years. In lieu of matching contributions, the Foundation may elect to make a non-elective contribution of 2% of each eligible employee's compensation. Employees are immediately vested in all contributions. Employer contributions of \$8,816 and \$6,813 are included in employee benefits expense for June 30, 2018 and 2017, respectively.

Note 14 – Distribution of Assets

By Agreement dated November 3, 2005, The O'Keefe Foundation ("TOF") transferred TOF's assets to GCCF, which assets GCCF agreed to invest, manage, and utilize for charitable purposes. In the Agreement, TOF retained the right to have any remaining assets returned to TOF. TOF exercised its option on November 16, 2016; and the assets were transferred on December 16, 2016. The distribution is included in grants and allocations on the Statements of Functional Expenses.

Note 15 - Subsequent Events

Management has evaluated subsequent events through October 8, 2018, the date on which the financial statements were available to be issued.

The Foundation experienced two large cash receipts subsequent to year end. The first was a gift from the Mississippi Power Company in the amount of \$3,000,000 to establish the Low-Income Energy Assistance Fund. The second, was a settlement from BP in the amount of \$425,000 used to establish the BP Settlement Fund.