

BIG SPRING AREA COMMUNITY FOUNDATION, INC.

AUDITED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

BIG SPRING, TEXAS

TABLE OF CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITORS' REPORT	1-2
STATEMENTS OF FINANCIAL POSITION.....	3
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS	4-5
STATEMENTS OF CASH FLOWS	6
NOTES TO THE FINANCIAL STATEMENTS	7-16

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INDEPENDENT AUDITORS' REPORT

To the Audit Committee of
Big Spring Area Community Foundation, Inc.
Big Spring, Texas

We have audited the accompanying financial statements of Big Spring Area Community Foundation, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2018 and 2017, and 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.

Auditors' 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 Auditors' 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 Big Spring Area Community Foundation, Inc. as of December 31, 2018 and 2017, 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.



Ridout, Barrett & Co., P.C.
September 6, 2019

BIG SPRING AREA COMMUNITY FOUNDATION, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2018 AND 2017

ASSETS

	<u>2018</u>	<u>2017</u>
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 1,415,610	\$ 1,293,035
Investments, at Market	<u>8,123,123</u>	<u>8,179,442</u>
TOTAL ASSETS	<u>\$ 9,538,733</u>	<u>\$ 9,472,477</u>

LIABILITIES AND NET ASSETS

LIABILITIES

Funds Held as Agency Endowments	<u>\$ 1,373,107</u>	<u>\$ 1,503,927</u>
Total Liabilities	<u>1,373,107</u>	<u>1,503,927</u>

NET ASSETS

Unrestricted	188,004	114,944
Temporarily Restricted	120,298	168,848
Permanently Restricted	<u>7,857,324</u>	<u>7,684,758</u>
Total Net Assets	<u>8,165,626</u>	<u>7,968,550</u>

TOTAL LIABILITIES AND NET ASSETS	<u>\$ 9,538,733</u>	<u>\$ 9,472,477</u>
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BIG SPRING AREA COMMUNITY FOUNDATION, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Totals</u>
REVENUES, GAINS AND OTHER SUPPORT				
Total Amounts Raised	\$ 10,050	\$ 22,000	\$ 902,540	\$ 934,590
Less: Amounts Received for Agency Endowments	<u>(10,000)</u>	<u>-</u>	<u>-</u>	<u>(10,000)</u>
Contributions	<u>50</u>	<u>22,000</u>	<u>902,540</u>	<u>924,590</u>
Investment Income	201,496	-	537,362	738,858
Less: Investment Income for Agency Endowments	<u>(96,811)</u>	<u>-</u>	<u>-</u>	<u>(96,811)</u>
Investment Income	<u>104,685</u>	<u>-</u>	<u>537,362</u>	<u>642,047</u>
Net Realized/Unrealized Loss on Investments	(177,764)	-	(934,522)	(1,112,286)
Less: Net Realized/Unrealized Loss on Agency Endowment	<u>165,263</u>	<u>-</u>	<u>-</u>	<u>165,263</u>
Net Realized/Unrealized Loss on Investments	<u>(12,501)</u>	<u>-</u>	<u>(934,522)</u>	<u>(947,023)</u>
Total Revenues, Gains and Other Support	<u>92,234</u>	<u>22,000</u>	<u>505,380</u>	<u>619,614</u>
GRANTS AND EXPENSES				
Grants and Distributions	88,326	70,550	253,522	412,398
Less: Grants and Distributions for Agency Endowment	<u>(70,644)</u>	<u>-</u>	<u>-</u>	<u>(70,644)</u>
Grants and Expenses	<u>17,682</u>	<u>70,550</u>	<u>253,522</u>	<u>341,754</u>
Management and General	<u>1,492</u>	<u>-</u>	<u>79,292</u>	<u>80,784</u>
Total Grants and Expenses	<u>19,174</u>	<u>70,550</u>	<u>332,814</u>	<u>422,538</u>
CHANGE IN NET ASSETS	73,060	(48,550)	172,566	197,076
NET ASSETS, BEGINNING OF YEAR	<u>114,944</u>	<u>168,848</u>	<u>7,684,758</u>	<u>7,968,550</u>
NET ASSETS, END OF YEAR	<u>\$ 188,004</u>	<u>\$ 120,298</u>	<u>\$ 7,857,324</u>	<u>\$ 8,165,626</u>

See Independent Auditors' Report
and Notes to the Financial Statements

BIG SPRING AREA COMMUNITY FOUNDATION, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Totals</u>
REVENUES, GAINS AND OTHER SUPPORT				
Total Amounts Raised	\$ 12,500	\$ 52,174	\$ 2,207,367	\$ 2,272,041
Less: Amounts Received for Agency Endowments	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contributions	<u>12,500</u>	<u>52,174</u>	<u>2,207,367</u>	<u>2,272,041</u>
Investment Income	126,182	-	378,294	504,476
Less: Investment Income for Agency Endowments	<u>(77,286)</u>	<u>-</u>	<u>-</u>	<u>(77,286)</u>
Investment Income	<u>48,896</u>	<u>-</u>	<u>378,294</u>	<u>427,190</u>
Net Realized/Unrealized Gain on Investments	164,206	-	593,040	757,246
Less: Net Realized/Unrealized Gain on Agency Endowment	<u>(153,996)</u>	<u>-</u>	<u>-</u>	<u>(153,996)</u>
Net Realized/Unrealized Gain on Investments	<u>10,210</u>	<u>-</u>	<u>593,040</u>	<u>603,250</u>
Total Revenues, Gains and Other Support	<u>71,606</u>	<u>52,174</u>	<u>3,178,701</u>	<u>3,302,481</u>
GRANTS AND EXPENSES				
Grants and Distributions	104,523	32,281	134,557	271,361
Less: Grants and Distributions for Agency Endowment	<u>(52,405)</u>	<u>-</u>	<u>-</u>	<u>(52,405)</u>
Grants and Expenses	<u>52,118</u>	<u>32,281</u>	<u>134,557</u>	<u>218,956</u>
Management and General	<u>7,721</u>	<u>747</u>	<u>33,286</u>	<u>41,754</u>
Total Grants and Expenses	<u>59,839</u>	<u>33,028</u>	<u>167,843</u>	<u>260,710</u>
CHANGE IN NET ASSETS	11,767	19,146	3,010,858	3,041,771
NET ASSETS, BEGINNING OF YEAR	<u>103,177</u>	<u>149,702</u>	<u>4,673,900</u>	<u>4,926,779</u>
NET ASSETS, END OF YEAR	<u>\$ 114,944</u>	<u>\$ 168,848</u>	<u>\$ 7,684,758</u>	<u>\$ 7,968,550</u>

See Independent Auditors' Report
and Notes to the Financial Statements

Page 5

**BIG SPRING AREA COMMUNITY FOUNDATION, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Net Assets	\$ 197,076	\$ 3,041,771
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Net Unrealized Gain (Loss) on Investments	<u>1,112,286</u>	<u>(757,246)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>1,309,362</u>	<u>2,284,525</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Investments	(1,198,979)	(1,189,722)
Increase (Decrease) in Agency Endowment Funds	<u>12,192</u>	<u>(283,687)</u>
NET CASH USED IN INVESTING ACTIVITIES	<u>(1,186,787)</u>	<u>(1,473,409)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	122,575	811,116
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>1,293,035</u>	<u>481,919</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 1,415,610</u>	<u>\$ 1,293,035</u>

**BIG SPRING AREA COMMUNITY FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**

NOTE 1 – STATEMENT OF ORGANIZATION AND PURPOSE

The Big Spring Area Community Foundation, Inc. (“the Foundation”) was incorporated on February 20, 2001 under the laws of the State of Texas as a Non-Profit Corporation. The purpose of the Foundation is to receive gifts, bequests and donations to be held as endowments and to distribute earnings for the betterment of Big Spring, Texas and its surrounding areas. By virtue of this purpose and its sources of support, the Foundation is classified as a publicly supported charity and not a private foundation. The Foundation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies of the Foundation conform with accounting principles generally accepted in the United States of America. Policies and practices which materially affect the determination of financial position are summarized as follows:

RECENT ACCOUNTING PRONOUNCEMENTS

In August 2016, Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2016-14, *Not for Profit Entities: Presentation of Financial Statements of Not for Profit Entities*. The amendments in this update require a not for profit entity (NFP) to present on the face of the statement of financial position amounts for two classes of net assets at the end of the period, rather than for the currently required three classes. The amendments in this update are effective for financial statements issued for annual periods beginning after December 15, 2017, and for interim periods within fiscal years beginning after December 15, 2018. The amendments in this update should be applied on a retrospective basis in the year the update is first applied. The Foundation has adopted and accounted for the new standard in these financial statements.

BASIS OF PRESENTATION

The Foundation presents its financial statements in accordance with U.S. generally accepted accounting principles and the not-for-profit requirements of the Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) whereby net assets and changes therein are classified according to the existence or absence of time or donor-imposed restrictions. The classifications of net assets are described as follows:

UNRESTRICTED – All resources over which the governing board has discretionary control.

BIG SPRING AREA COMMUNITY FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

BASIS OF PRESENTATION (Continued)

TEMPORARILY RESTRICTED – Resources that have donor imposed restrictions that permit the Foundation to expend the assets as specified and is satisfied either by the passage of time or by actions of the Foundation.

PERMANENTLY RESTRICTED – Resources that include a donor imposed restriction that stipulates that resources be maintained permanently but permits the Foundation to use or expend part or all of the income (or other economic benefit) derived from the donated assets. The Foundation's governing instruments permit variances from the restrictions under certain stringent circumstances. The endowment principal may be decreased due to market valuations.

SUBSEQUENT EVENTS – Subsequent events have been evaluated by management through September 6, 2019, the date the financial statements were available to be issued. Material subsequent events, if any, are disclosed in a separate footnote to these financial statements.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents are highly liquid instruments with maturities of three months or less. The Foundation maintains large balances of funds which are held for the benefit of others. These funds are generally held for a relatively short period of time; therefore, it is the policy of the Foundation to avoid market risk and maintain liquidity by holding cash and cash equivalents.

INVESTMENTS

Investments are carried at market value. Realized gains and losses on marketable equity securities are recorded monthly and are added to or subtracted from the applicable category of net assets. Unrealized gains and losses are recorded monthly on marketable equity securities. Unrealized gains and losses on other investments are recorded annually. Unrealized and realized gains and losses are recorded in the accompanying statements of activities as realized/unrealized gains (losses) on investments.

Investment income is recorded monthly and added to or subtracted from the applicable category of net assets. Investment income is reported as investment income in the accompanying financial statements.

BIG SPRING AREA COMMUNITY FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

PROMISES TO GIVE

Contributions are recognized when the Foundation is notified of the contribution. Contributions that have donor-imposed restrictions are reported as increases in temporarily or permanently restricted net assets. Other contributions are reported as increases in unrestricted net assets.

FEDERAL INCOME TAXES

The Foundation has been granted an exemption from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code in an exemption letter dated July 3, 2002. The Internal Revenue Service has further determined that the Foundation is a publicly supported organization under Section 509(a)(1) and 170(b)(1)(A)(vi) of the Internal Revenue Code. The Foundation's last four years' tax returns remain subject to examination by the IRS. Management evaluated the Foundation's tax positions and concluded that the Foundation has taken no uncertain tax positions that require adjustment to the financial statements.

CONTRIBUTIONS

The Foundation has adopted the provisions of FASB ASC 958 regarding revenue recognition which requires the Foundation to record contributions received as unrestricted, temporarily restricted, or permanently restricted support depending on the nature of any restrictions made by the donor. Contributions include gifts of cash and promises to give. Contributions of securities and property to the Foundation are recorded at fair market value at the date of the gift. Restricted contributions are reported as restricted support in the period received and are then reclassified to unrestricted net assets upon satisfaction of the donor imposed restriction.

USE OF ESTIMATES

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure 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. Management periodically evaluates estimates used in the preparation of the financial statements for continued reasonableness. Appropriate adjustments, if any, to the estimates used are made prospectively based upon such periodic evaluation.

BIG SPRING AREA COMMUNITY FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

CONCENTRATIONS OF CREDIT RISK – CASH

The Foundation maintains cash balances at one financial institution in Big Spring, Texas. Accounts at this institution are insured by the Federal Deposit Insurance Corporation up to a minimum of \$250,000. The Foundation also maintains several accounts at brokerage firms. The accounts contain cash and securities. Cash and security balances are covered by the Securities Investor Protection Corporation with a ceiling of \$500,000 per customer, including a maximum of \$250,000 for cash claims. At various times during the year, the Foundation may have balances at the financial institution and brokerage firms in excess of these limits. Historically, the Foundation has not experienced losses in any of its accounts and the Board of Directors believes its risk is minimal.

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. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The principal event involves bookkeeping services which have been allocated primarily to unrestricted funds.

NOTE 3 – CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of the following at December 31, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Cash deposits in FDIC insured banks	\$ 1,061,019	\$ 139,987
Cash and money market funds held in SIPC covered brokerage firms	<u>354,591</u>	<u>1,153,048</u>
Total	<u>\$ 1,415,610</u>	<u>\$ 1,293,035</u>

**BIG SPRING AREA COMMUNITY FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**

NOTE 4 – INVESTMENT RETURN

The fair value of the Foundation's investments totaled \$8,123,123 and \$8,179,442 at December 31, 2018 and 2017, respectively.

Investments held at December 31, 2018 and 2017 are summarized as follows:

	<u>2018</u>	<u>2017</u>
Mutual Funds - Growth	\$ 3,628,485	\$ 1,506,672
Mutual Funds - Income	313,124	558,185
Mutual Funds - Aggressive Income	574,711	540,911
Mutual Funds - Growth and Income	<u>3,606,803</u>	<u>5,573,674</u>
	<u>\$ 8,123,123</u>	<u>\$ 8,179,442</u>

Investment return for the years ended December 31, 2018 and 2017 consist of the following components:

	<u>2018</u>	<u>2017</u>
Interest and dividend income	\$ 642,047	\$ 427,190
Net realized and unrealized gain (loss)	<u>(947,023)</u>	<u>603,250</u>
	<u>\$ (304,976)</u>	<u>\$ 1,030,440</u>

Market volatility of marketable investments securities may substantially impact the value of such investments at any given time. It is possible that the value of the Foundation's investments has changed significantly since December 31, 2018 and 2017.

NOTE 5 – NET ASSETS

	<u>2018</u>	<u>2017</u>
Unrestricted net assets consist of the following at December 31, 2018 and 2017:		
Unrestricted resources available for general operations and grants at the full discretion of the Board	\$ 188,004	\$ 114,944
Temporarily restricted net assets consist of the following at December 31, 2018 and 2017:		
Donor designated resources that require distribution to a designated beneficiary	120,298	168,848
Permanently restricted net assets consist of the following at December 31, 2018 and 2017:		
Endowment Funds to be invested in perpetuity and the income to be used as initially designated by the donor.	<u>7,857,324</u>	<u>7,684,758</u>
Total	<u>\$ 8,165,626</u>	<u>\$ 7,968,550</u>

**BIG SPRING AREA COMMUNITY FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**

NOTE 6 – FUNDS HELD AS AGENCY ENDOWMENTS

The Foundation has adopted the provisions of FASB ASC 958 regarding transfer of assets to a not-for-profit entity or charitable trust that raises or holds contributions for others (formerly SFAS No. 136). 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 investment of those assets or both to another entity that is specified by the donor. FASB ASC 958 specifically requires that if a Not-for-Profit Organization (NPO) 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 assets as a liability. The Foundation refers to such funds as agency endowments.

The Foundation maintains variance power and legal ownership of agency endowment funds and as such continues to report the funds as assets of the Foundation. However, in accordance with FASB ASC 958, a liability has been established for the fair value of the funds, which is generally equivalent to the present value of future payments expected to be made to the NPOs.

At December 31, 2018 and 2017, the Foundation was the owner of four agency endowment funds, with a combined fair value of \$1,373,107 and \$1,503,927, respectively for the years then ended. All financial activity for the years then ended related to these funds is segregated on the Statements of Activities and has been reclassified to the agency endowment liability.

The following is a progression of the liability for funds held as agency endowments as of December 31, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Beginning Balance	\$ 1,503,927	\$ 1,331,683
Contributions	10,000	-
Investment Income	96,811	77,286
Net Realized/Unrealized Gain (Loss)	(165,263)	153,996
Grants	(70,644)	(52,405)
Fees	<u>(1,724)</u>	<u>(6,633)</u>
Ending Balance	<u>\$ 1,373,107</u>	<u>\$ 1,503,927</u>

BIG SPRING AREA COMMUNITY FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

NOTE 6 – FUNDS HELD AS AGENCY ENDOWMENTS (Continued)

The following list represents the component agency funds and respective balances associated with each as of December 31, 2018 and 2017.

<u>Fund Name</u>	<u>Fund Type</u>	<u>2018</u>	<u>2017</u>
Big Spring Symphony Assoc., Inc.	Agency	\$ 32,743	\$ 36,367
Hangar 25 Air Museum	Agency	113,151	125,674
Heritage Museum Agency Fund	Agency	43,100	26,756
YMCA Agency Fund	Agency	1,184,113	1,315,130
		<u>\$1,373,107</u>	<u>\$ 1,503,927</u>

NOTE 7 – TEMPORARILY RESTRICTED NET ASSETS

The Foundation administers a variety of component funds, including Designated, Donor-Advised, Field of Interest, and Scholarship. The component funds are under the exclusive legal control of the community foundation but are classified based on the intent of the donor or organization establishing the fund.

Designated funds are those funds established by a donor for the benefit of a 501(c)(3) organization.

Donor-Advised funds are those funds established by a donor who retains the right to make recommendations to the Foundation regarding distributions from the fund to charitable causes and non-profit organizations of the donor's preference.

Field of Interest funds are those funds that are defined at their establishment to benefit charitable projects and non-profit organizations within a defined area of interest.

Scholarship funds are those funds established for the purpose of providing tuition and related expenses associated with schooling. Scholarship funds define criteria for successful scholarship recipients at the time the fund is established.

BIG SPRING AREA COMMUNITY FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

NOTE 7 – TEMPORARILY RESTRICTED NET ASSETS (Continued)

The Foundation issues grants from the various component funds in accordance with the parameters of each fund. All distributions are under the authority of the Foundation. The funds are classified as temporarily restricted under the exclusive legal control of the Foundation.

Temporarily restricted net assets are included in the following component funds:

<u>Fund Name</u>	<u>Fund Type</u>	<u>2018</u>	<u>2017</u>
Hope Foundation	Donor Designated	\$ 4,487	\$ 32,287
Jim Conley Scholarship Fund	Scholarship	19,775	22,775
Mouton Charitable Fund	Donor Designated	28,086	33,836
2018 Forsan Scholarship Fund	Donor Designated	6,000	-
Forsan Scholarship Fund	Donor Designated	2,697	5,697
St. Mary's Priest Fund	Donor Designated	49,253	74,253
Twin Eagle	Donor Designated	10,000	-
		<u>\$ 120,298</u>	<u>\$ 168,848</u>

NOTE 8 – PERMANENTLY RESTRICTED NET ASSETS

The Foundation holds a number of component endowment funds. These funds are permanently restricted, though the income from the funds may be spent. The permanently restricted funds as of December 31, 2018 and 2017 were as follows:

<u>Fund Name</u>	<u>Fund Type</u>	<u>2018</u>	<u>2017</u>
Alon/Reliant Fund	Donor Advised	\$ 87,726	\$ 93,435
Arline Bynum	Scholarship	36,978	40,834
Beil Big Spring	Field of Interest	12,118	12,907
Big Spring State Park	Donor Designated	3,277	3,489
Brenner-Zack-Lewis	Donor Advised	11,336	12,078
BSHS Alumni	Scholarship	2,837	3,020
Buffalo Trail	Scholarship	15,003	15,947
Care	Field of Interest	26,945	26,416
Canterbury Retirement Home	Donor Designated	88,242	98,348
Fraternal Order of Eagles	Scholarship	20,814	22,639
FUMC Mission	Donor Designated	18,251	19,374
Hays Striplings	Field of Interest	23,901	25,366
Hope Foundation Inc.	Donor Designated	21,242	22,460
Kimball & Sue Guthrie	Field of Interest	6,982,432	6,726,576
Polly Mays	Donor Advised	12,345	13,149
Worthy	Donor Advised	34,820	37,088
St. Mary's Episcopal Church Fund	Donor Designated	459,057	511,632
		<u>\$ 7,857,324</u>	<u>\$ 7,684,758</u>

See Independent Auditors' Report

Page 14

BIG SPRING AREA COMMUNITY FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

NOTE 9 – FAIR VALUE MEASUREMENT

FASB 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 in the principal or most advantageous market. ASC 820 provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of fair value hierarchy under ASC 820 are described below:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets and the Foundation has the ability to access.

Level 2: Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data.

Level 3: Inputs to the valuation methodology are unobservable, corroborated by little or no market data and significant to the fair value measurement.

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

**BIG SPRING AREA COMMUNITY FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**

NOTE 9 – FAIR VALUE MEASUREMENT (Continued)

The following tables summarize by level, within the fair value hierarchy, the Foundation's assets and liabilities that are valued at fair value on a recurring basis at December 31, 2018 and 2017.

Description	Fair Value as of December 31, 2018			
	Level 1	Level 2	Level 3	Total
Mutual Funds	\$ 8,123,123	\$ -	\$ -	\$ 8,123,123
Funds Held as Agency Endowments Liability	(1,373,107)	-	-	(1,373,107)
Total Assets at Fair Value	<u>\$ 6,750,016</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,750,016</u>

Description	Fair Value as of December 31, 2017			
	Level 1	Level 2	Level 3	Total
Mutual Funds	\$ 8,179,442	\$ -	\$ -	\$ 8,179,442
Funds Held as Agency Endowments Liability	(1,503,927)	-	-	(1,503,927)
Total Assets at Fair Value	<u>\$ 6,675,515</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,675,515</u>