

THE OUTER BANKS
COMMUNITY FOUNDATION, INC.
SOUTHERN SHORES, NORTH CAROLINA

FINANCIAL STATEMENTS

December 31, 2014 and 2013

THE OUTER BANKS COMMUNITY FOUNDATION, INC.
SOUTHERN SHORES, NORTH CAROLINA
December 31, 2014 and 2013

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Vice-President	Dorothy Hester
Secretary	Loretta Michael
Treasurer	Teresa Osborne

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FOUNDER

David Stick



**JOHNSON, BURGESS,
MIZELLE & STRAUB, LLP**
CERTIFIED PUBLIC ACCOUNTANTS

Partners:
Debbie J. Burgess, CPA
Richard B. Mizelle, Jr., CPA
Richard D. Straub, CPA, PC
Lisa S. Murphy, CPA, PC

Board of Directors
Outer Banks Community Foundation, Inc.
Southern Shores, North Carolina

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying statements assets, liabilities and net assets-cash basis of the Outer Banks Community Foundation, Inc. (a non-profit organization), as of December 31, 2014 and 2013, and the related statements of revenues, other support, expenses and changes in net assets-cash basis 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.

Opinion

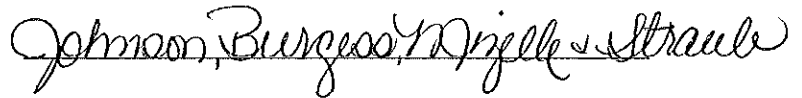
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Outer Banks Community Foundation, Inc. as of December 31, 2014 and 2013, and the results of its activities for the years then ended on the basis of accounting described in Note 1B.

MEMBERS OF AICPA AND NCACPA

Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses schedules 1 and 2 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

JOHNSON, BURGESS, MIZELLE & STRAUB, LLP
Certified Public Accountants

A handwritten signature in cursive script that reads "Johnson, Burgess, Mizelle & Straub". The signature is written in black ink and is positioned below the printed name of the firm.

Kitty Hawk, North Carolina
June 30, 2015

THE OUTER BANKS COMMUNITY FOUNDATION, INC.
STATEMENTS OF ASSETS, LIABILITIES AND NET ASSETS - CASH BASIS
December 31, 2014 and 2013

<u>ASSETS:</u>	<u>2014</u>	<u>2013</u>
Cash and cash equivalents	\$ 115,307	\$ 86,668
Sales tax receivable	432	393
Investments	12,657,783	11,515,719
Charitable remainder unitrusts	101,250	101,250
Donated inventory	220	220
Property and equipment, net of depreciation	<u>311,731</u>	<u>316,437</u>
<u>Total Assets</u>	<u>\$ 13,186,723</u>	<u>\$ 12,020,687</u>
<u>LIABILITIES:</u>		
Funds held as agency endowments	<u>\$ 526,464</u>	<u>\$ 503,669</u>
<u>Total Liabilities</u>	<u>526,464</u>	<u>503,669</u>
<u>NET ASSETS:</u>		
Undesignated	6,548,719	6,489,086
Designated	6,010,290	4,926,682
Temporarily restricted	<u>101,250</u>	<u>101,250</u>
	<u>12,660,259</u>	<u>11,517,018</u>
<u>Total Net Assets</u>		
<u>TOTAL LIABILITIES AND NET ASSETS</u>	<u>\$ 13,186,723</u>	<u>\$ 12,020,687</u>

See accompanying notes to financial statements.

THE OUTER BANKS COMMUNITY FOUNDATION, INC.
STATEMENTS OF REVENUES, OTHER SUPPORT, EXPENSES AND
CHANGES IN NET ASSETS - CASH BASIS
For the years ended December 31, 2014 and 2013

	2014		
	Unrestricted	Temporarily Restricted	Total
<u>REVENUES AND OTHER SUPPORT:</u>			
Contributions	\$ 1,211,339	\$ -	\$ 1,211,339
Membership and Undesignated Gifts	58,578	-	58,578
Income on investments	528,607	-	528,607
Other income	9,575	-	9,575
Net assets released from restrictions:			
Satisfaction of restrictions	-	-	-
<u>Total Revenues and Other Support</u>	1,808,099	-	1,808,099
 <u>EXPENSES:</u>			
Community Programs	542,181	-	542,181
Management and general	71,419	-	71,419
Fundraising	51,258	-	51,258
<u>Total Expenses</u>	664,859	-	664,859
 <u>CHANGE IN NET ASSETS</u>	1,143,240	-	1,143,240
 <u>NET ASSETS AT BEGINNING OF YEAR</u>	11,415,769	101,250	11,517,019
 <u>NET ASSETS AT END OF YEAR</u>	\$ 12,559,009	\$ 101,250	\$ 12,660,259

See accompanying notes to financial statements.

THE OUTER BANKS COMMUNITY FOUNDATION, INC.
STATEMENTS OF REVENUES, OTHER SUPPORT, EXPENSES AND
CHANGES IN NET ASSETS - CASH BASIS
For the years ended December 31, 2014 and 2013

	2013		
	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	<u>Total</u>
<u>REVENUES AND OTHER SUPPORT:</u>			
Contributions	\$ 704,399	\$ -	\$ 704,399
Membership and Undesignated Gifts	66,991	-	66,991
Special fund raising events	2,060	-	2,060
Income on investments	1,703,471	-	1,703,471
Other interest income	-	-	-
Other income	3,323	-	3,323
Net assets released from restrictions:			
Satisfaction of restrictions	-	-	-
<u>Total Revenues and Other Support</u>	<u>2,480,244</u>	<u>-</u>	<u>2,480,244</u>
 <u>EXPENSES:</u>			
Community Programs	420,164	-	420,164
Management and general	72,239	-	72,239
Fundraising	48,055	-	48,055
<u>Total Expenses</u>	<u>540,459</u>	<u>-</u>	<u>540,459</u>
 <u>CHANGE IN NET ASSETS</u>	 1,939,785	 -	 1,939,785
 <u>NET ASSETS AT BEGINNING OF YEAR, as previously reported</u>	 9,494,916	 101,250	 9,596,166
Prior period adjustment-Note 11	(18,933)	-	(18,933)
<u>NET ASSETS AT BEGINNING OF YEAR, as restated</u>	<u>9,475,983</u>	<u>101,250</u>	<u>9,577,233</u>
 <u>NET ASSETS AT END OF YEAR</u>	 <u>\$ 11,415,768</u>	 <u>\$ 101,250</u>	 <u>\$ 11,517,018</u>

See accompanying notes to financial statements.

THE OUTER BANKS COMMUNITY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2014 and 2013

1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES:

- A. NATURE OF ACTIVITIES - The Outer Banks Community Foundation, Inc. (the Foundation) is a North Carolina non-profit organization. Its purpose is to help meet local needs across Dare County and the entire Outer Banks. The Foundation encourages contributions for those needs as well as manages charitable funds for individuals and agencies, and targets grants and scholarships toward the Outer Banks's most pressing needs and promising opportunities.
- B. BASIS OF ACCOUNTING - The Foundation prepares its financial statements on the cash basis of accounting. Under this basis, revenues are recognized when collected rather than when pledged, and expenditures are recognized when paid rather than when incurred, a provision for depreciation of property and equipment has been included. This basis is a comprehensive basis of accounting other than generally accepted accounting principles.
- C. INVESTMENTS - Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statements of revenues, other support and expenses and changes in net assets. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.
- D. RECOGNITION OF DONOR RESTRICTIONS - Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.
- E. PROPERTY AND EQUIPMENT - Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Foundation reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Foundation reclassifies temporarily restricted net assets to unrestricted net assets at that time. Property and equipment with a life over five years and a value over \$5,000 are depreciated using the straight-line method.
- F. ESTIMATES - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

THE OUTER BANKS COMMUNITY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS - Continued
December 31, 2014 and 2013

1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES - (Cont.):

G. FUNCTIONAL EXPENSES - Expenses are charged directly to program, management or fund-raising in general categories based on specific identification. Indirect expenses have been allocated based on employee time records.

H. INCOME TAXES - The Foundation is exempt from federal and state income taxes as an organization other than a private foundation under code section 501(c)(3). The Foundation's forms 990, Return of Organization Exempt from Income Tax, for the years ending 2012, 2013 and 2014 are subject to examination by the IRS, generally for three years after they were filed.

I. PRIOR PERIOD ADJUSTMENT - The accompanying financial statements for 2013 have been restated to correct an error for hybrid agency funds that were incorrectly classified as designated nonprofit funds in 2012 and prior. The effect of the restatement was to increase changes in net assets for 2013 by \$3,321. Net assets at the beginning of 2013 has been adjusted for the effects of the restatement in prior years.

2. RESTRICTIONS ON ASSETS - The restrictions on assets at the end of 2014 and 2013 consist of funds contributed to the Foundation that are restricted as future interests (life income gifts).

	<u>Temporarily Restricted</u>	
	<u>2014</u>	<u>2013</u>
Future interests	<u>\$ 101 250</u>	<u>\$ 101 250</u>
	<u>\$ 101 250</u>	<u>\$ 101 250</u>

The fair market value of these future interests at December 31, 2014 and 2013, respectively, was \$99,369 and \$99,771.

The Foundation has been the recipient of one charitable remainder unitrust for which the Foundation is the trustee. Upon the deaths of the beneficiaries this trust will terminate and the principal and income will become the property of the Foundation. The future interests are currently reported at the principal donation amount under temporarily restricted net assets and will become unrestricted upon the beneficiaries deaths.

The foundation has been notified by third party trustees in 2008 that they are the recipients of an additional charitable remainder unitrust. The fair market value of the principal donation of the unitrust at December 31, 2008 is \$74,374, which is not included in these financial statements.

THE OUTER BANKS COMMUNITY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS - Continued
December 31, 2014 and 2013

3. INVESTMENTS - Investments are stated at fair value and are summarized as follows:

	2014		
	Cost	Fair Value	Unrealized Gains (Losses)
Equity Mutual Funds	\$ 5 866 071	\$ 8 142 925	\$ 2 276 854
Equity Common Stock	480	480	-
Fixed Income Mutual Funds	3 996 064	4 017 368	21 304
Money Market Mutual Funds	492 875	492 875	-
Cash	4 135	4 135	-
	10 359 625	12 657 783	2 298 158
Less Agency Funds	(479 038)	(526 464)	47 426
	<u>\$ 9 880 587</u>	<u>\$ 12 131 319</u>	<u>\$ 2 345 584</u>

BY INVESTMENT INSTITUTIONS:

The Trust Company of the South	<u>\$ 9 880 587</u>	<u>\$ 12 131 319</u>	<u>\$ 2 345 584</u>
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The following schedule summarizes investment return for the year ended December 31, 2014.

Interest and dividends	\$ 283 778
Capital gains (losses)	256 831
Unrealized gains (losses)	(12 002)
	<u>\$ 528 607</u>

	2013		
	Cost	Fair Value	Unrealized Gains (Losses)
Equity Mutual Funds	\$ 5 315 409	\$ 7 649 967	\$ 2 334 558
Equity Common Stock	480	480	-
Fixed Income Mutual Funds	3 395 581	3 375 640	(19 941)
Money Market Mutual Funds	384 632	384 632	-
Cash	105 000	105 000	-
	9 201 102	11 515 719	2 314 617
Less Agency Funds	(420 484)	(503 669)	83 185
	<u>\$ 8 780 618</u>	<u>\$ 11 012 050</u>	<u>\$ 2 397 802</u>

BY INVESTMENT INSTITUTIONS:

The Trust Company of the South	<u>\$ 8 780 618</u>	<u>\$ 11 012 050</u>	<u>\$ 2 397 802</u>
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The following schedule summarizes investment return for the year ended December 31, 2013.

Interest and dividends	\$ 228 877
Capital gains (losses)	176 398
Unrealized gains (losses)	1 298 196
	<u>\$ 1 703 471</u>

THE OUTER BANKS COMMUNITY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS - Continued
December 31, 2014 and 2013

3. INVESTMENTS - (Cont.)

These funds represent board and donor designated amounts set aside to provide an income stream for community grants and scholarships.

4. PROPERTY AND EQUIPMENT - Property and equipment consist of the following:

	<u>2014</u>	<u>2013</u>
Office land	\$ 216 000	\$ 216 000
Office building	122 114	122 114
Furniture and equipment	4 150	4 150
Less: Accumulated depreciation	(30 533)	(25 827)
	<u>\$ 311 731</u>	<u>\$ 316 437</u>

5. UNRESTRICTED NET ASSETS - The foundation has designated and undesignated unrestricted net assets. The following is a breakdown of the unrestricted net assets as of December 31, 2014 and 2013.

	<u>2014</u>	<u>2013</u>
<u>Designated:</u>		
<u>Scholarship:</u>		
Catherine Carrington Clawson Scholarship	\$ 27 465	\$ 24 419
Charles H. & Dorothy S. Luedemann Art Scholarship	284 156	286 648
College of the Albemarle Foundation Scholarship	25 109	25 376
Courtney M. Burgess Memorial Scholarship	61 866	62 462
Curtis Creech Memorial Scholarship	35 898	35 014
Dare Community Crime Line Scholarship	27 993	27 996
Dare County Outer Banks Jaycees Scholarship	13 335	13 391
Dare Math & Science Scholarship	34 625	34 482
Douglas Remaley Fire Officers Scholarship	76 039	72 012
Duck Woods Ladies Tennis Association Scholarship	22 031	21 327
ECB Land of Beginnings Living Legend Scholarship	7 281	7 048
Elmer & Betty Jo Sawyer Scholarship	2 285	4 300
F.C. Minton	7 567	7 324
First Flight Society Scholarship	14 592	14 609
Frank M. Cahoon Memorial	33 746	34 122
Founders Scholarship (Duck Woods Ladies Golf Association)	40 565	38 112
Greg & Eden Honeycutt Scholarship	30 294	27 317
George W. Neighbors Memorial	25 944	26 177
Glenn & Pat Eure Endowment for Arts Education	22 700	22 835
Inez Daniels Austin Scholarship	55 459	54 780
John T. Daniels Scholarship	36 056	29 827
Kellogg Cuthrell Manteo Rotary Scholarship	26 831	27 132
Kiwanis Leo Sheetz Memorial Scholarship	45 269	45 753
Lacy J. McNeill First Flight Rotary	19 832	17 984
Linda Porter's Shear Genius Scholarship Fund	5 183	2 523
Lucian Griffin Scholarship	16 602	16 410
Mabel O Cooper Scholarship	9 000	9 000
Milton A Jewell Scholarship	688 846	694 443

THE OUTER BANKS COMMUNITY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS - Continued
December 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
5. <u>UNRESTRICTED NET ASSETS - (Continued)</u>		
NCPC Bettye Neff Merit Award in Communications	\$ 12 857	\$ 12 928
North Banks Rotary Scholarship	20 335	20 538
Ocracoke Island Realty and Village Realty Scholarship	5 507	5 012
Outer Banks Association of Realtors Scholarship	187 203	177 764
Peggy O'Brien Scholarship	26 785	26 991
R. Stewart Couch Hatteras Island Scholarship	159 370	-
Ralph and Ida Lee Saunders Scholarship	17 468	17 076
Robert E. Rollason, Jr. Memorial Scholarship	21 240	21 175
Sawyer Scholarship	5 000	5 000
Scholarship Pass Through Fund	5 207	12 499
Scott Day Family Scholarship	4 980	-
Sgt. Earl Murray Memorial Scholarship	7 577	7 625
Stewart Couch Memorial Scholarship	17 846	17 486
Tom O'Brien Scholarship	25 405	25 655
Wallace H. McCown Scholarship	50 620	51 127
 <u>Field of Interest:</u>		
Annual Advice 5k Turkey Trot Fund	11 861	7 518
Aviation Education Fund of America	6 848	6 911
Banxblock Beach Fund	10 582	-
Benevolent	236 222	223 272
Charles H. & Dorothy S. Luedemann Arts	254 586	250 275
Children & Youth	9 854	9 975
David Aycock Loy Memorial Fund	10 234	7 610
Environment Fund	7 337	7 077
Ocracoke Fund	31 076	31 365
Outer Banks Realtors Disaster Relief	50 839	48 381
Pauline Wright Endowment for Educational & Developmental Needs	144 046	144 836
Pauline Wright Endowment for Dare County Individuals with Special Needs	146 466	144 836
Ruth Pitt Performing Arts	42 523	41 157
Thomas & Annie Baum Memorial	288 238	285 617
 <u>Non-Profit and Other Designated Funds:</u>		
2-1-1 Fund	8 218	6 779
Disaster Relief Fund	12 958	13 092
Chicamacomico Historical Association Endowment-Hybrid amount	613	593
Dare County Arts Council Endowment-Hybrid amount	9 872	9 899
Dare County Library-Hybrid amount	9 121	9 201
Dare Education Foundation Endowment-Hybrid amount	1 517	1 468
Endowment Fund for the Donald & Catharine Bryan Cultural Series	835 519	27 003
Elizabethan Gardens Endowment Fund-Hybrid amount	8 390	8 161
First Flight Society-Hybrid amount	8 263	8 425
Flat Top Preservation	49 421	44 786
Food For Thought-Hybrid amount	12 280	11 889

THE OUTER BANKS COMMUNITY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS-Continued
December 31, 2014 and 2013

5. UNRESTRICTED NET ASSETS - (Continued)

	<u>2014</u>	<u>2013</u>
<u>Non-Profit and Other Designated Funds - (Cont.):</u>		
Frank Stick Memorial Fund (OBHC)	\$ 259 256	\$ 262 423
Frisco Native American Museum and Natural History Center-Hybrid amount	4 289	3 932
George Alden "Buck" Thornton III Memorial- Hybrid amount	1 000	-
Helen Britt Van Cleef Petty	440 914	439 322
Jim Wood Endowment for Children's Arts- Hybrid amount	1 161	-
Love in Action Fund	19 921	-
Martin Smith Endowment (Dare CASA)-Hybrid amount	5 888	4 909
Miscellaneous Pass Through Fund	22 500	10 000
Monument to a Century of Flight	568 667	553 773
Ocracoke Child Care Endowment-Hybrid amount	1 417	1 429
Ocracoke Friends of the Library	17 760	17 189
Ocracoke Preservation Society-Hybrid amount	2 286	2 227
Outer Banks Family YMCA-Hybrid amount	1 481	1 495
Outer Banks S.P.C.A.-Hybrid amount	2 706	2 687
Pauline Wright Endowment for the Dare County Arts Council	94 892	96 557
Pauline Wright Endowment for the Currituck Animal Shelter	47 467	48 279
Pauline Wright Endowment for the Currituck Public Libraries	47 478	48 279
Southern Shores Cemetery Perpetual Care-Hybrid Amount	<u>353</u>	<u>356</u>
	<u>6 010 290</u>	<u>4 926 682</u>
<u>Undesignated:</u>	<u>6 548 719</u>	<u>6 489 086</u>
	<u>\$ 12 559 009</u>	<u>\$ 11 415 768</u>

The Foundation has adopted investment and spending policies for both designated and undesignated endowments that attempt to subject the funds to low investment risk through diversification of assets between equities and fixed income mutual funds.

The Foundation manages several agency funds. These funds are established by not for profit organizations for their own benefit. Agency funds that contain donations solely from the not for profit organization are not considered to be the Foundations. These funds are shown as funds held as agency funds on the Statement of Net Assets. Agency funds that contain both donations from the not for profit organization and unrelated third party donations are considered to be hybrid funds.

Hybrid Funds have both amounts considered to be the Foundation's and amounts determined to be the not for profit organizations. The amounts shown above represent the amounts from unrelated third parties for the benefit of the not for profit but are considered to be the Foundations. Below is a summary of agency funds endowments that the Foundation holds on behalf of not for profit organizations.

THE OUTER BANKS COMMUNITY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS - Continued
December 31, 2014 and 2013

5. UNRESTRICTED NET ASSETS - (Continued)

	<u>2014</u>	<u>2013</u>
Funds held as agency funds:		
Agency Funds:		
Eure Outer Banks Art Center	\$ -	\$ 9 973
Saint Andrews-Whedbee	246 716	227 798
Unitarian Church	17 799	17 986
Hybrid Agency Funds:		
Chicamacomico Historical Association		
Endowment	14 821	14 346
Dare County Arts Council	13 238	13 383
Dare County Library	23 423	23 587
Dare Education Foundation	52 566	50 878
Elizabethan Gardens Endowment	14 652	11 181
First Flight Society	44 583	54 409
Food For Thought	24 948	24 143
Franklin Y. Hundley Education Fund	5 364	-
Friends of Whalehead	1 000	-
Frisco Museum & Center	4 005	3 902
George Alden "Buck" Thornton III Memorial	5 583	-
Jim Wood Endowment for Children/s Art	-	-
Liberty Christian Fellowship Endowment	4 987	-
Martin Smith Endowment Fund (Dare CASA)	11 474	10 640
Ocracoke Child Care Endowment	8 455	8 525
Ocracoke Preservation Society	6 224	6 010
Outer Banks YMCA	4 936	4 992
SPCA	13 844	14 009
Southern Shores Cemetery Perpetual Care	7 846	7 907
	<u>\$ 526 464</u>	<u>\$ 503 669</u>

6. DONATED SERVICES - The value of donated services is not reflected in the accompanying financial statements since there is no objective basis available by which to measure the value of such services.

7. FAIR VALUE MEASUREMENTS - The Foundation applies generally accepted accounting principles (GAAP) for fair value measurements of financial assets that are recognized or disclosed at fair value in the financial statements on a recurring basis. GAAP 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. GAAP also establishes a framework for measuring fair value and expands disclosures about fair value measurements.

The Foundation applies GAAP for fair value measurements of financial assets that are recognized or disclosed at fair value in the financial statements on a recurring basis. GAAP establishes 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 market prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

THE OUTER BANKS COMMUNITY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS - Continued
December 31, 2014 and 2013

7. FAIR VALUE MEASUREMENTS- (Continued)

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity has the ability to access at the measurement date.
- Level 2 inputs are other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

The level in the fair value hierarchy, within which a fair measurement in its entirety falls, is based on the lowest level input that is significant to the fair value measurement in its entirety.

The following table presents assets that are measured at fair value on a recurring basis at December 31, 2014:

	December 31, 2014	Fair Value Measurements at Reporting Date Using:		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments at Market:				
Mutual funds	\$ 12 657 783	\$ 12 657 783	\$ -	\$ -
Total Investments At Market	<u>\$12 657 783</u>	<u>\$12 657 783</u>	<u>\$ -</u>	<u>\$ -</u>

The following table presents assets that are measured at fair value on a recurring basis at December 31, 2013:

	December 31, 2013	Fair Value Measurements at Reporting Date Using:		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments at Market:				
Mutual funds	\$11 515 719	\$11 515 719	\$ -	\$ -
Total Investments at Market	<u>\$11 515 719</u>	<u>\$11 515 719</u>	<u>\$ -</u>	<u>\$ -</u>

8. SUBSEQUENT EVENTS -

Management has evaluated subsequent events through June 30, 2015 the date these financial statements were available to be issued.

THE OUTER BANKS COMMUNITY FOUNDATION, INC.
SCHEDULES OF FUNCTIONAL EXPENSES - CASH BASIS
For the Years Ended December 31, 2014 and 2013

	2014			
	Community Programs	Management and General	Fundraising	Total
Compensation and related expenses:				
Salaries	\$ 33,465	\$ 44,688	\$ 29,368	\$ 107,521
Employee benefits	2,577	3,222	1,824	7,623
Payroll taxes	2,519	3,365	2,217	8,102
Mileage	724	1,043	589	2,355
	<u>39,284</u>	<u>52,318</u>	<u>33,998</u>	<u>125,600</u>
Investment fees	57,724	-	-	57,724
Community grants	280,365	-	-	280,365
Scholarships awarded	137,292	-	-	137,292
Nonprofit workshops and events	6,314	1,334	834	8,482
Accounting	2,000	2,000	2,000	6,000
Board expenses		602		602
Conference expenses	4,091	913	-	5,004
Membership development	-	-	3,298	3,298
Office operations	11,638	10,362	7,015	29,016
Insurance	-	1,203	-	1,203
Dues	1,418	613	383	2,415
Publications	604	69	2,477	3,150
Depreciation	1,449	2,005	1,253	4,707
	<u>\$ 542,181</u>	<u>\$ 71,419</u>	<u>\$ 51,258</u>	<u>\$ 664,859</u>

See accompanying notes to financial statements.

THE OUTER BANKS COMMUNITY FOUNDATION, INC.
SCHEDULES OF FUNCTIONAL EXPENSES - CASH BASIS
For the Years Ended December 31, 2014 and 2013

	2013			Total
	Community Programs	Management and General	Fundraising	
Compensation and related expenses:				
Salaries	\$ 32,247	\$ 42,297	\$ 29,556	\$ 104,100
Employee benefits	2,254	2,760	1,963	6,977
Payroll taxes	2,433	3,194	2,228	7,855
Mileage	831	1,052	886	2,769
	<u>37,765</u>	<u>49,303</u>	<u>34,633</u>	<u>121,701</u>
Investment fees	52,870	-	-	52,870
Community grants	204,754	-	-	204,754
Scholarships awarded	111,687	-	-	111,687
Accounting	1,320	3,560	1,120	6,000
Attorney fees	158	427	134	719
Board Expenses	-	2,636	-	2,636
Conference expenses	971	2,618	824	4,413
Membership development	-	-	4,751	4,751
Nonprofit events and workshop	1,294	-	-	1,294
Office operations	6,665	7,284	4,011	17,960
Insurance	-	1,203	-	1,203
Dues	511	1,378	434	2,323
Publications	757	2,041	642	3,440
Depreciation	1,412	1,789	1,506	4,707
	<u>\$ 420,164</u>	<u>\$ 72,239</u>	<u>\$ 48,055</u>	<u>\$ 540,458</u>

See accompanying notes to financial statements.