DASZKALBOLTON
accountants & advisors

George Snow Scholarship Fund, Inc.

Consolidated Financial Statements

December 31, 2018

Table of Contents

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Independent Auditors' Report

To the Board of Directors
George Snow Scholarship Fund, Inc.
Boca Raton, Florida

We have audited the accompanying consolidated financial statements of the George Snow Scholarship Fund, Inc. (the "Organization"), which comprise the consolidated statement of financial position as of December 31, 2018, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

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

Daszkal Bolton LLP | 561.367.1040 | dbllp.com
2401 NW Boca Raton Boulevard | Boca Raton | Florida 33431-6632
490 Sawgrass Corporate Parkway, Suite 200 | Sunrise | Florida 33325-6252
4455 Military Trail, Suite 201 | Jupiter | Florida 33458-4828

Continued from previous page

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the George Snow Scholarship Fund, Inc. as of December 31, 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.

Daszkal Bolton LLP

Boca Raton, Florida
July 30, 2019

George Snow Scholarship Fund, Inc.
Consolidated Statement of Financial Position
December 31, 2018

ASSETS

Current assets:		
Cash and cash equivalents	$	1,960,522
Pledges receivable, net		366,155
Investments		1,303,966
Endowments		1,443,287
Prepaid expenses and deposits		35,484
Property and equipment, net		230,345
Total assets	$	5,339,759

LIABILITIES AND NET ASSETS

Liabilities:		
Accrued liabilities	$	25,550
Deferred event revenue		12,750
Total liabilities		38,300
Commitments and contingencies		
Net assets:		
Without donor restrictions		3,612,723
With donor restrictions		1,688,736
Total net assets		5,301,459
Total liabilities and net assets	$	5,339,759

See accompanying notes to consolidated financial statements.

George Snow Scholarship Fund, Inc.
Consolidated Statement of Activities
For the Year Ended December 31, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenues:			
Cash contributions	$ 16,200	$ -	$ 16,200
In-kind	59,723	-	59,723
Capital and endowment campaigns	59,366	343,296	402,662
Scholarships	-	1,226,311	1,226,311
Program awards	67,963	-	67,963
Program other	10,000	25,000	35,000
Added value and administrative fees	62,222	80,624	142,846
Fundraising events, net of expenses	442,379	-	442,379
Fundraising income, other	5,290	-	5,290
Investment loss, net	(93,374)	(17,263)	(110,637)
Net assets released from restrictions	1,064,155	(1,064,155)	-
Total support and revenues	1,693,924	593,813	2,287,737
Expenses:			
Program services:			
Scholarships	1,330,034	-	1,330,034
Total program services	1,330,034	-	1,330,034
Fundraising	52,635	-	52,635
Management and general	160,617	-	160,617
Total supporting services	213,252	-	213,252
Total expenses	1,543,286	-	1,543,286
Change in net assets	150,638	593,813	744,451
Net assets, beginning of year	3,462,085	1,094,923	4,557,008
Net assets, end of year	$ 3,612,723	$ 1,688,736	$ 5,301,459

See accompanying notes to consolidated financial statements.

George Snow Scholarship Fund, Inc.
Consolidated Statement of Functional Expenses
For the Year Ended December 31, 2018

	Program Services	Support Services		
	Scholarships and Scholar Support Services	Fundraising and Development	General and Administrative	Total
Salaries and related expenses	$ 206,310	$ 32,109	$ 62,510	$ 300,929
Scholarships	922,967	-	-	922,967
Professional fees	54,635	2,870	40,223	97,728
Occupancy and related costs	59,181	-	9,907	69,088
Information technology	8,287	-	23,961	32,248
Depreciation	18,647	-	3,121	21,768
Awards reception	20,662	-	-	20,662
Communications	10,625	-	6,000	16,625
Office supplies	3,824	-	10,000	13,824
Development	-	13,559	-	13,559
Program development	13,537	-	-	13,537
Conferences, meetings and events	4,533	-	-	4,533
Annual report and newsletter	-	4,097	-	4,097
Dues and subscriptions	-	-	1,302	1,302
Other	6,826	-	3,593	10,419
Total functional expenses	$ 1,330,034	$ 52,635	$ 160,617	$ 1,543,286

See accompanying notes to consolidated financial statements.

George Snow Scholarship Fund, Inc.
Consolidated Statement of Cash Flows
For the Year Ended December 31, 2018

Cash flows from operating activities:	
Change in net assets	$ 744,451
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	21,768
Realized and unrealized loss on investments	136,899
Changes in assets and liabilities:	
Pledges receivable	(366,155)
Prepaid expenses and deposits	(26,109)
Accrued liabilities	(6,262)
Deferred event revenue	(125,400)
Net cash provided by operating activities	379,192
Cash flows from investing activities:	
Purchase of property and equipment	(59,503)
Proceeds from sale of investments	24,256
Purchases of investments	(764,600)
Net cash used in investing activities	(799,847)
Net cash from financing activities	-
Net decrease in cash and cash equivalents	(420,655)
Cash and cash equivalents:	
Beginning of year	2,381,177
End of year	$ 1,960,522
<u>Supplemental disclosures of cash flow information:</u>	
Interest paid	$ -

See accompanying notes to consolidated financial statements.

Note 1 – Organization and Description of Business

The accompanying consolidated financial statements for the year ended December 31, 2018 represent those of the George Snow Scholarship Fund, Inc. ("GSSF") and its wholly owned subsidiary, GSSF Services, LLC ("GSSFS"). GSSF is a non-profit organization incorporated in the State of Florida in 1981 and exempt from income tax under Section 501(c)(3) of the Internal Revenue Code. The purpose of the Organization is to provide educational grants to the deserving young people of Palm Beach and Northern Broward Counties of Florida. The Organization administers scholarships for other individuals, corporations and organizations. GSSFS is a single member LLC formed under the laws of the State of Florida on February 27, 2012. GSSFS was formed for the purpose of owning and operating certain scholarship fund assets for the purpose of protecting and shielding the GSSF from potential liability due to the use and operation of these assets.

Note 2 – Summary of Significant Accounting Policies

Principles of Consolidation

The accompanying consolidated financial statements include the consolidated amounts of GSSF and GSSFS. These entities collectively are referred to as the "Organization". All significant intercompany transactions have been eliminated in consolidation.

Financial Statement Presentation

The Organization's consolidated financial statements are in accordance with accounting principles generally accepted in the United States of America ("GAAP"). Net assets, revenue, gains and losses are classified based on the existence or absence of donor-imposed restrictions, as follows:

> **Net Assets without Donor Restrictions** – Available for use in general operations and are not restricted by donor-imposed stipulations, even though their use may be limited in other respects, such as by contract or board designation.
>
> **Net Assets with Donor Restrictions** – Some restrictions are temporary in nature, such as those that will be met by the passage of time or use for a purpose specified by the donor. Other restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when the stipulated time has elapsed, the stipulated purpose has been fulfilled, or both. Contributions of long-lived assets and of cash restricted for the acquisition of long-lived assets are released when the assets are placed in service. Donor-restricted endowment earnings are released when those earnings are appropriated in accordance with spending policies and are used for their restricted purpose.

Management Estimates

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and judgments that affect the reported amount of assets and liabilities and disclosures of contingencies at the date of the consolidated financial statements and the reported amounts of revenues and expenses recognized during the reporting period. Actual results may differ from those estimates.

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the accompanying consolidated statement of activities. Accordingly, certain costs have been allocated among the programs, general and administrative and fundraising costs based on time expended or space occupied.

Note 2 – Summary of Significant Accounting Policies, continued

Bequests
The Organization is a beneficiary under various will and trust agreements. Related amounts are recorded either when a will is declared valid by a probate court, or when the Organization is notified as a beneficiary of a trust and the amounts are measurable.

Contributions
Contributions received are recorded as revenue without donor restriction or with donor restriction depending on the existence or nature of any donor restrictions. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restriction expires in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Revenue and Expense Recognition
Revenue from contributions and fund-raising events are recorded when cash is received or an unconditional promise to give is made. In-kind contributions are recognized as income when the donated assets are actually received. Expenses are recorded when incurred.

Deferred Revenue
Deferred revenue consists of payments received in advance of the Organization's annual scholarship award payments and annual events. Revenue is recognized in the subsequent year during the time the activity or event occurs.

Fund Raising
The Organization's consolidated financial statements are presented in accordance with the Financial Accounting Standards Board ("FASB") Accounting Standard Codification 958 ("ASC 958"), *Accounting for Costs of Activities of Not-for-Profit Organizations and State and Local Government Entities that include Fund Raising.* ASC 958 establishes criteria for accounting and reporting for any activity that solicits contributions.

Special Events
The Organization recognizes special event income in the year the event occurs. Special event income is reflected net of its related expenditures.

Cash and Cash Equivalents
Cash and cash equivalents include all monies in banks and money market funds. Cash equivalents include highly liquid securities with a maturity of ninety days or less when acquired.

Pledges Receivable
The receipt by the Organization of unconditional promises to give with amounts due in future periods is reported as donor restricted support, unless explicit donor or grantor stipulations or circumstances surrounding the receipt of the promise make clear that the donor or grantor intended it to be used to support activities of the current period. Unconditional promises to give in future periods greater than one year are reported at the discounted present value of estimated future cash flows, using a discount rate that approximates the rate of government securities, and are deemed fully collectible at December 31, 2018. Amortization of the discount is recorded as additional contribution revenue.

Note 2 – Summary of Significant Accounting Policies, continued

Valuation of Investments at Fair Value

The Organization measures its financial assets at fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e., the "exit price") in an orderly transaction between market participants at the measurement date.

The Organization follows a fair value hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are those that market participants would use in pricing the asset or liability based on market data obtained from sources independent of the Organization. Unobservable inputs reflect the Organization's assumption about the inputs market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

The fair value hierarchy is categorized into three levels based on the inputs as follows:

Level 1: Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that the Organization has the ability to access. Valuation adjustments and block discounts are not applied to Level 1 securities. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these securities does not entail a significant degree of judgment.

Level 2: Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3: Valuation based on inputs that are unobservable and significant to the overall fair value measurement.

Property and Equipment

Property and equipment are stated at cost if purchased or fair value if contributed. Depreciation is provided over the estimated useful lives ranging from five to twenty years on the respective assets on a straight-line basis.

Major replacements and betterments of buildings, building improvements and equipment are capitalized while repairs and minor replacements are charged to operations.

Fair Value of Financial Instruments

The carrying amount of the Organization's financial instruments, which include cash and cash equivalents, investments and accrued liabilities, approximate their fair values due to their short-term maturities and market rates of interest.

Income Taxes

GSSF is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and Chapter 220.13 of the Florida Statutes. The Organization has been classified as a publicly supported organization that is not a private foundation under Section 509(a) of the Code. Accordantly there is no provision for income taxes.

GSSFS is a limited liability company and as a result, its income tax effects are passed through to GSSF, its sole member.

Note 2 – Summary of Significant Accounting Policies, continued

Income Taxes, continued

The Organization follows FASB ASC 740-10-25, *Accounting for Uncertainty in Income Taxes*. The Organization will record a liability for uncertain tax positions when it is more likely than not that a tax position would not be sustained if examined by the taxing authority. The Organization continually evaluates expiring statues of limitations, audits, proposed settlements, changes in tax law and new authoritative rulings.

The Organization follows accounting standards relating to accounting for uncertainty in income taxes. Management assessed whether there were any uncertain tax positions which may give rise to income tax liabilities and determined that there were no such matters requiring recognition in the accompanying financial statements. The Organization files income tax returns in the U.S. federal jurisdiction. Generally, the Organization is subject to U.S. federal income tax examinations by tax authorities for three (3) years from the date of filing.

Endowment Funds

The Organization's endowment assets consist of nine (9) individual funds established for the purpose of granting scholarships to qualified students, one (1) community fund, The Snow Education Endowment, established for the purpose of granting scholarships to qualified students and one (1) individual quasi-endowment fund which was designated by the Organization's Board of Directors for scholarships. The endowment assets consist of donor-restricted funds and board designated funds. The Snow Education Endowment is a community asset that provides hope and opportunity to the area's brightest and most talented youth. The endowment funds come from the generosity of donors' legacy gifts, which are then invested. Currently, the income earned from these investments is reinvested back into the Snow Education Endowment so that the endowment will grow into a sustainable source of funding for scholarships and support services for the deserving students of Palm Beach County far into the future. Endowment fund contributions mostly are subject to donor restrictions that stipulate that the principal amount be held and indefinitely invested by the Organization, with the investment earnings available for scholarship and award program services. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Organization has established endowment investment and cash flow policies that attempt to subject endowed funds to low investment risk and provide its scholarship and award program services from current income. Endowment assets are invested in cash equivalents, certificates of deposit, mutual funds, fixed income securities and securities. The Organization seeks to build endowment assets through additional contributions. The Organization has a policy of appropriating for distributions each university semester based on the endowment funds' investment income from the previous year that is not restricted, and the Organization generally expends either all or a portion of the endowment funds' investment income for scholarship program services each semester in the fiscal year following receipt. The Organization's current cash flow policy is not expected to allow the Organization's endowment funds to grow due to market investment returns; this is consistent with the Organization's objectives to provide income for its scholarship programs, preserve endowment asset values without subjecting them to substantial risk, and provide additional real growth through new gifts.

Note 2 – Summary of Significant Accounting Policies, continued

Accounting Pronouncements Adopted

The Organization has adopted the financial statement presentation and disclosure standards contained in the FASB ASU No. 2016-14, *Presentation of Financial Statements for Not-for-Profit Entities,* modifying ASC 958. The change has been applied as of December 31, 2018 with no effect on beginning net assets.

Recent Accounting Pronouncements

In November 2016, the FASB issued Accounting Standards Update ("ASU") No. 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash*, which provides guidance on the classification of restricted cash in the statement of cash flows. ASU No. 2016-18 is effective for fiscal years beginning after December 15, 2018. Early adoption is permitted. The Organization does not expect the adoption of ASU No. 2016-18 to have a material effect on the financial statements and disclosures.

In June 2018, the FASB issued ASU No. 2018-08—Not-for-Profit Entities (Topic 958), *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, which clarifies and improves the scope and the accounting guidance for contributions received and contributions made. ASU No. 2018-08 should assist entities in (i) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, Not-for-Profit Entities, or as exchange (reciprocal) transactions subject to other guidance and (ii) determining whether a contribution is conditional. ASU No. 2018-08 is effective for fiscal years beginning after December 15, 2019. Early adoption is permitted. The Organization does not expect the adoption of ASU No. 2018-08 to have a material effect on the financial statements and disclosures.

Date of Management's Review

The Organization evaluated events and transactions for potential recognition or disclosure in the consolidated financial statements through July 30, 2019, which is the date the consolidated financial statements were available to be issued.

Note 3 – Concentration of Credit Risk

Cash and cash equivalents include checking, savings, and money market mutual funds and are maintained at several financial institutions and major brokerage firms. The Organization may be subject to credit risk to its cash and cash equivalents, which are placed with high credit-quality financial institutions. The Federal Deposit Insurance Corporation ("FDIC") coverage is $250,000 for all depository accounts. The Organization's accounts did not exceeded FDIC insured limits at December 31, 2018.

Accounts held at Securities Investor Protection Corporation ("SIPC") insured brokerage firms are insured up to $500,000. The Organization's accounts exceeded SIPC insured limits by $1,902,052 at December 31, 2018.

Note 4 – Liquidity and Availability

The Organization's financial assets available within one year to meet cash needs for general expenditure, without donor or other restrictions limiting their use, within one year of December 31, 2018 are as follows:

Financial assets:		
Cash and cash equivalents	$	1,960,522
Investments		1,303,966
Endowments		1,443,287
Pledges receivable		366,155
Total financial assets		5,073,930
Less financial assets not available for general expenditure within one year due to:		
Restricted by donors with purpose restrictions	$	(1,530,636)
Restricted by donors in perpetuity		(158,100)
Investment in Camp 7669		(25,285)
Total financial assets unavailable for general expenditure		(1,714,021)
Financial assets available within one year to meet cash needs for general expenditures	$	3,359,909

As part of the Organization's liquidity management, it invests cash in excess of daily requirements in short-term investments.

Note 5 – Pledges Receivable

Unconditional promises to give are recorded at net realizable value. Conditional promises to give are not included as support until the conditions are substantially met. The discounts on those amounts are computed using a risk-free interest rate applicable to the years in which promises are received. Amortization of the discounts is included in contributions revenue.

Receivable balances consisted of the following at December 31, 2018:

Endowments	$	207,500
Scholarships		180,000
Promises to give before unamortized discount		387,500
Less unamortized discount		(21,345)
Promise to give, net	$	366,155
Amounts due in:		
Less than one year	$	142,500
One to five years		245,000
Total	$	387,500

Note 6 – Property and Equipment

Property and equipment consisted of the following at December 31, 2018:

Computer equipment	$	14,609
Furniture and fixtures		87,185
Leasehold improvements		260,747
Other equipment		16,650
		379,191
Less: accumulated depreciation		(148,846)
	$	230,345

Depreciation expense for the year ended December 31, 2018 was $21,768.

Note 7 – Investments

Investments that are stated at fair value have been categorized based upon a fair value hierarchy, in accordance with FASB ASC 820 (see Note 2). All investments held at fair value at December 31, 2018 are summarized below:

	Fair Value Measurement			
	Total	Level 1	Level 2	Level 3
Certificates of deposit	$ 574,410	$ 574,410	$ -	$ -
Camp 7669, LLC	25,285	-	25,285	-
Mutual funds	704,271	704,271	-	-
	$ 1,303,966	$ 1,278,681	$ 25,285	$ -

The following schedule summarizes the investment return and its classification in the consolidated statement of activities for the year ended December 31, 2018:

Interest and dividends	$	48,777
Net realized and unrealized losses		(136,899)
Investment management fees		(22,515)
	$	(110,637)

The Organization owns a 12.5% interest in a privately held limited liability company. This investment is accounted for using the equity method of accounting. Accordingly, the investment is recorded at acquisition cost, adjusted for the Organization's share of equity in the undistributed earnings or losses of the entity. The carrying value of the investment at December 31, 2018 was $25,285 and has been included within the investments classification in the Organization's consolidated statement of financial position.

Note 8 – Lease Commitments

In October 30, the Organization entered into a 5-year lease agreement with an unrelated third party for office space. The lease calls for monthly rental payments of $277. The lease was amended in December 2016 for additional space and increased the monthly rental payments to $298. The difference between market value lease rates and amounts charged under this lease during 2018 is $59,723, which was recognized as in-kind revenue and related expense.

The Organization also leases storage space and equipment under various operating leases. Rent expense under these operating leases for the year ended December 31, 2018 was $77,520.

The minimum future lease payments under operating leases were as follows:

Years Ending December 31,	Amount
2019	$ 3,569
2020	3,569
2021	3,569
2022	3,569
	$ 14,276

Note 9 – Deferred Scholarship Expenditures

Scholarships granted and unpaid are expected to be disbursed over a four (4) year period and resulted in the following deferred scholarship expenditures and deferred scholarship expenditures payable at December 31, 2018:

Deferred scholarship expenditures	$ 1,793,482
Deferred scholarship expenditures payable	(1,793,482)
	$ -

Note 10 – Net Assets with Donor Restrictions

Net assets with donor restrictions at December 31, 2018 are restricted for the following purposes:

Subject to expenditure for specified purpose:	
Scholarships	$ 1,688,736
Total net assets with donor restrictions	$ 1,688,736

Net assets were released from donor restrictions by incurring expenses satisfying the purposes restrictions specified by donors as follows:

Scholarships paid	$ 824,633
Program expenses	239,522
	$ 1,064,155

Note 11 –Net Assets without Donor Restrictions

Net assets without donor restrictions consisted of the following at December 31, 2018:

Undesignated	$	2,812,612
Board-designated		800,111
Total net assets without donor restrictions	$	3,612,723

Note 12 – Endowments

Endowment Funds

The Organization's endowment assets consist of nine (9) individual funds established for the purpose of granting scholarships to qualified students, one (1) community fund established for the purpose of granting scholarships to qualified students and one (1) individual quasi-endowment fund which was designated by the Organization's Board of Directors for scholarships. The endowment assets consist of donor-restricted funds and board designated funds. As required by GAAP, net assets associated with endowment funds are classified based on the existence or absence of donor-imposed restrictions. At December 31, 2018, the fair value of the nine (9) funds was $1,443,287, of which $643,176 represents net assets with donor restrictions and $800,111 represents net assets without donor restrictions. Any periodic deficiencies within the endowment fund balances result from unfavorable market fluctuations and/or from the continued appropriation for the scholarship grants that were deemed prudent by the Board of Directors.

Interpretation of Relevant Law

In June 2011, the State of Florida adopted the *Florida Uniform Prudent Management of Institutional Funds Act* ("FUPMIFA") which is effective July 1, 2012. The Organization has interpreted FUPMIFA 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 Organization classifies as with donor restrictions (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. The remaining portion of the donor-restricted endowment fund is classified as with donor restrictions until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by FUPMIFA.

The Organization considers the following factors in making a determination to appropriate or accumulated donor-restricted endowment fund earnings:

1) The duration and preservation of the fund
2) The purposes of the Organization 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 Organization
7) The investment policies of the Organization

Note 12 – Endowments, continued

Interpretation of Relevant Law, continued

For the year ended December 31, 2018, the Organization has elected to not add appreciation for cost of living or other spending policies to its endowment for inflation and other economic conditions.

Return Objectives and Risk Parameters

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of income to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets on an inflation adjusted basis. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity or for a donor-specified period. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to achieve a competitive rate of return while assuming a moderate level of investment risk. The Organization expects its endowment funds, over time, to provide a rate of return in excess of the original with donor restriction principal. Actual returns in any given year may vary.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation that places emphasis on investments in mutual funds to achieve its long-term return objectives within prudent risk constraints.

The following is a summary of the Organization's endowment funds net asset composition by type of fund at December 31, 2018:

	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	$ 800,111	$ -	$ 800,111
Donor restricted endowment funds	-	643,176	643,176
Total endowments net assets	$ 800,111	$ 643,176	$ 1,443,287

The changes in the Organization's endowment net assets were as follows for the year ended December 31, 2018:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, December 31, 2017	$ 660,377	$ 525,558	$ 1,185,935
Investment return:			
Investment income	9,703	24,789	34,492
Net depreciation (realized and unrealized)	(46,085)	(66,409)	(112,494)
Investment fees	(7,377)	(15,315)	(22,692)
Contributions and transfers	184,726	215,154	399,880
Amounts appropriated for expenditures	(1,233)	(40,601)	(41,834)
Endowment net assets, December 31, 2018	$ 800,111	$ 643,176	$ 1,443,287