

**GUILFORD TECHNICAL COMMUNITY COLLEGE FOUNDATION, INC.**  
**AUDITED FINANCIAL STATEMENTS**  
**JAMESTOWN, NORTH CAROLINA**  
**AS OF AND FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

Guilford Technical Community College Foundation, Inc.

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Guilford Technical Community College Foundation, Inc.  
Jamestown, North Carolina

### Report on the Financial Statements

We have audited the accompanying financial statements of Guilford Technical Community College Foundation, Inc. (the Foundation), which comprise the statements of financial position as of June 30, 2021 and 2020, the related statement of activities for the year ended June 30, 2021, and cash flows for the years ended June 30, 2021 and 2020, and the related notes to the financial statements (collectively, 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 Guilford Technical Community College Foundation, Inc. as of June 30, 2021 and 2020, 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 the Foundation's 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 1, 2020. In our opinion, the summarized comparative information presented herein for the year ended June 30, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Lovell-Smit & Associates PLLC*

Charlotte, North Carolina  
January 24, 2022

# GUILFORD TECHNICAL COMMUNITY COLLEGE FOUNDATION, INC.

## Statements of Financial Position

As of June 30, 2021 and 2020

|  | 2021                 | 2020                 |
|--|----------------------|----------------------|
| <b>ASSETS</b>  |                      |                      |
| <u>Current Assets</u>  |                      |                      |
| Cash and cash equivalents  | \$ 162,603           | \$ 115,051           |
| Accounts receivable  | 60,774               | 65,659               |
| Promises to give due within one year, net of allowance for doubtful accounts of \$0 and \$26,883 for 2021 and 2020, respectively | 206,594              | 145,471              |
| Investments - available for sale   | 15,968,498           | 13,272,784           |
| Prepaid expenses   | 279                  | 443                  |
| <b>Total Current Assets</b>  | <b>16,398,748</b>    | <b>13,599,408</b>    |
| <u>Other Assets</u>  |                      |                      |
| Promises to give due after one year, less discounts of \$260,184 and \$267,780 for 2021 and 2020, respectively                   | 187,190              | 241,650              |
| Investments-partnership and REIT interests   | 1,333,808            | 1,253,638            |
| Land   | 1,564,540            | 1,564,540            |
| Beneficial interest in charitable remainder trust  | 122,566              | 100,137              |
| <b>Total Other Assets</b>  | <b>3,208,104</b>     | <b>3,159,965</b>     |
| <b>Total Assets</b>  | <b>\$ 19,606,852</b> | <b>\$ 16,759,373</b> |
| <b>LIABILITIES AND NET ASSETS</b>  |                      |                      |
| <u>Current Liabilities</u>   |                      |                      |
| Accounts payable   | \$ 58,997            | \$ 58,310            |
| Deferred revenue   | 2,500                | -                    |
| <b>Total Current Liabilities</b>   | <b>61,497</b>        | <b>58,310</b>        |
| <u>Net Assets</u>  |                      |                      |
| Without donor restrictions   | 11,020,240           | 9,373,464            |
| With donor restrictions  | 8,525,115            | 7,327,599            |
| <b>Total Net Assets</b>  | <b>19,545,355</b>    | <b>16,701,063</b>    |
| <b>Total Liabilities and Net Assets</b>  | <b>\$ 19,606,852</b> | <b>\$ 16,759,373</b> |

**GUILFORD TECHNICAL COMMUNITY COLLEGE FOUNDATION, INC.**

Statement of Activities

For the Year Ended June 30, 2021

(With summarized comparative totals for the year ended June 30, 2020)

|   | Without Donor<br>Restrictions | With Donor<br>Restrictions | Total 2021           | Total 2020           |
|---|-------------------------------|----------------------------|----------------------|----------------------|
| <b>SUPPORT AND REVENUE</b>                                  |                               |                            |                      |                      |
| Contributions, net of discounts                             | \$ 198,349                    | \$ 337,740                 | \$ 536,089           | \$ 801,477           |
| Change in beneficial interest in charitable remainder trust | -                             | 22,429                     | 22,429               | (5,643)              |
| Grants  | -                             | 186,161                    | 186,161              | 25,000               |
| Investment income   | 1,805,582                     | 1,024,593                  | 2,830,175            | 1,508,901            |
| Miscellaneous income  | -                             | 4,636                      | 4,636                | 18,210               |
| Administrative services contributed by college              | 272,539                       | -                          | 272,539              | 247,309              |
| Contributed materials and equipment                         | 13,272                        | 295,746                    | 309,018              | 103,681              |
| Net asset releases/reclassifications:                       |                               |                            |                      |                      |
| Net assets released from restrictions                       | 673,789                       | (673,789)                  | -                    | -                    |
| <b>Total Support and Revenue</b>                            | <b>2,963,531</b>              | <b>1,197,516</b>           | <b>4,161,047</b>     | <b>2,698,935</b>     |
| <b>OPERATING EXPENSES</b>                                   |                               |                            |                      |                      |
| Program support   | 342,188                       | -                          | 342,188              | 496,872              |
| Grants  | 52,233                        | -                          | 52,233               | 21,468               |
| Student aid   | 272,601                       | -                          | 272,601              | 279,307              |
| Contributed materials and equipment                         | 297,762                       | -                          | 297,762              | 91,551               |
| Administration  | 351,971                       | -                          | 351,971              | 314,820              |
| <b>Total Operating Expenses</b>                             | <b>1,316,755</b>              | <b>-</b>                   | <b>1,316,755</b>     | <b>1,204,018</b>     |
| Increase in Net Assets                                      | 1,646,776                     | 1,197,516                  | 2,844,292            | 1,494,917            |
| Net Assets at Beginning of the Year                         | 9,373,464                     | 7,327,599                  | 16,701,063           | 15,206,146           |
| <b>Net Assets at End of the Year</b>                        | <b>\$ 11,020,240</b>          | <b>\$ 8,525,115</b>        | <b>\$ 19,545,355</b> | <b>\$ 16,701,063</b> |

**GUILFORD TECHNICAL COMMUNITY COLLEGE FOUNDATION, INC.**

Statements of Cash Flows

For the Years Ended June 30, 2021 and 2020

|  | 2021                     | 2020                     |
|--|--------------------------|--------------------------|
| <b>Cash Flows from Operating Activities</b>  |                          |                          |
| Increase in net assets   | \$ 2,844,292             | \$ 1,494,917             |
| Adjustments to reconcile change in net assets to net cash and cash equivalents provided by operating activities: |                          |                          |
| Realized and unrealized investment (gains) losses  | (2,572,895)              | (237,772)                |
| Change in value-beneficial interest in charitable remainder trust  | (22,429)                 | 5,643                    |
| Change in value-investments-partnership interests  | (80,170)                 | (987,225)                |
| Endowment contributions  | (58,920)                 | (108,252)                |
| (Increase) Decrease in cash arising from changes in assets and liabilities:                                      |                          |                          |
| Accounts receivable  | 4,885                    | (2,604)                  |
| Promises to give, net  | (6,663)                  | (113,178)                |
| Prepaid expenses   | 164                      | 4,343                    |
| Accounts payable   | 687                      | (24,548)                 |
| Deferred revenue   | 2,500                    | (13,705)                 |
| <b>Net Cash Provided by Operating Activities</b>   | <u>111,451</u>           | <u>17,619</u>            |
| <b>Cash Flows from Investing Activities</b>  |                          |                          |
| Purchases of land  | -                        | -                        |
| Proceeds from sales of investments   | 3,216,641                | 1,078,909                |
| Purchases of investments   | (3,339,460)              | (1,193,623)              |
| Return of capital - partnership interests  | -                        | 28,969                   |
| <b>Net Cash (Used in) Investing Activities</b>   | <u>(122,819)</u>         | <u>(85,745)</u>          |
| <b>Cash Flows from Financing Activities</b>  |                          |                          |
| Endowment contributions  | 58,920                   | 108,252                  |
| <b>Net Cash Provided by Financing Activities</b>   | <u>58,920</u>            | <u>108,252</u>           |
| Net Increase in Cash and Cash Equivalents  | 47,552                   | 40,126                   |
| Cash and Cash Equivalents at Beginning of Year   | 115,051                  | 74,925                   |
| <b>Cash and Cash Equivalents at End of Year</b>  | <u><u>\$ 162,603</u></u> | <u><u>\$ 115,051</u></u> |
| <b>Supplemental Disclosure of Noncash Activity:</b>  |                          |                          |
| Non-cash expenses: Contributed materials and equipment   | <u>\$ 297,762</u>        | <u>\$ 91,551</u>         |
| Non-cash revenue: Administrative services contributed by college   | <u>\$ 272,539</u>        | <u>\$ 247,309</u>        |

**NOTES TO FINANCIAL STATEMENTS**  
**GUILFORD TECHNICAL COMMUNITY COLLEGE FOUNDATION, INC.**  
**AS OF AND FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

**NOTE A – ORGANIZATION & NATURE OF FOUNDATION**

Guilford Technical Community College Foundation, Inc. (the “Foundation”) supports the programs of Guilford Technical Community College (the “College”) by providing scholarships and aid to students, soliciting and collecting donor contributions, assisting the College in developmental activities, and overseeing approximately 93 gift funds that provide financial support for new equipment, athletics, professional development, student travel and more in Guilford County, North Carolina and surrounding areas.

The Foundation was established in 1966 by the Guilford Technical Community College Board of Trustees to facilitate fundraising and promote awareness of the College. The Foundation qualifies for exemption from federal income taxes under section 501(c)(3) of the Internal Revenue Code and is classified as a publicly supported foundation by virtue of its status as a foundation operated for the benefit of a college that is part of a governmental unit.

The Foundation is supported primarily by contributions from the general public.

Consistent with the Community College Laws of North Carolina for nonprofit corporations whose sole purpose is to support the community college system, the College provides various resources and services to the Foundation. The management, fundraising, and administration of the Foundation are carried out by employees of the College. Office facilities for Foundation activities are also provided by the College. In addition, several of the financial functions of the Foundation are handled by, and processed through, the College’s Business Office.

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Basis of Accounting

The accompanying basic financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Financial Statement Presentation

Accounting standards established for external financial reporting by not-for-profit organizations require that resources be classified for accounting and reporting purposes into two net asset categories according to externally imposed restrictions. Descriptions of the two net asset classes are as follows:

Net Assets Without Donor Restrictions – Net assets that are not subject to donor-imposed restrictions and that are available for general operating expenses of the Foundation.

Net Assets With Donor Restrictions – Net assets subject to donor-imposed restrictions as to the purpose, time of use, or maintained permanently by the Foundation.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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 period. Actual results could differ from those estimates.



## **NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

### Cash and Cash Equivalents

For purposes of reporting on the statement of cash flows, the Foundation considers all unrestricted, highly liquid investments purchased with an initial maturity of three months or less to be cash equivalents, unless Board designated or donor-restricted for long-term purposes. Restricted cash in endowment funds are not considered a cash equivalent for the statement of cash flows, because it is designated for a restricted purpose. Cash designated or restricted for long-term purposes is classified as investments.

### Accounts Receivable and Bad Debts

Accounts receivable are charged to bad debt expense when they are determined to be uncollectible based upon a periodic review of the accounts by management. Accounting principles generally accepted in the United States of America require that the allowance method be used to recognize bad debts; however, the effect of using the direct write-off method is not materially different from the results that would have been obtained under the allowance method. No provision has been made for bad debt on these financial statements as all amounts due at June 30, 2021 and 2020 were deemed collectible.

### Investments – Available for Sale

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair value in the statement of financial position. Unrealized and realized gains and losses are included in the change in net assets in the statement of activities.

### Contributions

Depending on the existence and/or nature of any donor restrictions, contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support. As restrictions expire, net assets are reclassified to unrestricted net assets and are reported on the statement of activities as “Net Assets Released from Restrictions.” Donor-restricted contributions whose restrictions are met in the same year are recorded as unrestricted contributions. Amounts received to be maintained in perpetuity are reported as permanently restricted. Promises to give are recorded when the Foundation is notified of the contribution.

### Contributed Services, Materials, Equipment and Use of Facilities

Contributed services are recognized if they require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. The Foundation’s daily operating functions are carried out by several employees of the College.

The Foundation also receives donor contributions of materials and equipment, which are then transferred to various College departments or programs. These contributions are reported at the fair market value of such materials and equipment at the date of the gift.

Donations of land are valued at the appraised value as of the date of donation.

### Restricted Endowment Funds

The Foundation’s endowment consists of approximately 93 individual donor-restricted endowment funds established for a variety of purposes. As required by U.S. GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

## NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### Restricted Endowment Funds (continued)

Consistent with the Uniform Prudent Management of Institutional Funds Act (UPMIFA), enacted in North Carolina in 2009, the Foundation's policy continues to require the preservation of original value of gifts donated to the permanent endowment. As such, losses on the investments do not reduce the original value of gifts to an endowment, and accumulated investment income is temporarily restricted until appropriated for use. Investment income and gains on endowment funds are allocated to the corresponding temporarily restricted scholarship fund. Those amounts are appropriated for expenditure by the Foundation when scholarships are awarded.

The Foundation classifies as net assets with permanent 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 that are required by the applicable donor gift instrument, if any. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Foundation considers the following factors in deciding to appropriate or accumulate donor-restricted endowment funds:

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

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Foundation to retain as a fund of perpetual duration. There were no deficiencies of this nature to be reported in net assets without donor restrictions at June 30, 2021 or 2020.

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowments while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity or for donor-specified periods. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of appropriate market indices while assuming a moderate level of investment risk.

The spending rate for the permanently restricted endowment funds is at a rate approved annually by the Foundation Board based on an analysis of earnings over the preceding twelve quarters. In establishing this policy, the Foundation considered the long-term expected return on its endowment. Accordingly, over the long term, the Foundation expects the current spending policy to allow its endowment to grow annually. This is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return. The established spending rate for the years ended June 30, 2021 and 2020 was 4.5% of the average of the previous twelve quarters' ending net asset values.

## **NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

### Restricted Endowment Funds (continued)

To satisfy its long-term rate-of-return objectives, the Foundation 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 Foundation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

### Beneficial Interest in Charitable Remainder Trust

The Foundation recognizes the beneficial interest of gifts in irrevocable trusts in contributions and values the contribution and the corresponding asset at fair value. See *Beneficial Interest in Charitable Remainder Trust* on the Statement of Financial Position, as well as additional disclosure within Note E to the financial statements.

### Promises to Give Due After One Year

The Foundation recognizes the contributions from long-term promises to give at present value, with the discount amortized to contributions over the period during which collection is expected. See Note D to the financial statements for additional disclosure.

### Fair Value Measurements

Accounting standards established a single definition of fair value and a framework for measuring fair value. The standard also expands disclosures about fair value measurements. Fair value is defined as, “the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. That is, fair value is based on an exit price, which may differ from the price paid to acquire the asset. If there is a principal market for the asset, fair value represents the price in that market.” See Note F to the financial statements for additional disclosure.

### Income Tax Status

The Guilford Technical Community College Foundation, Inc. is an exempt Foundation under Section 501(c)(3) of the United States Internal Revenue Code. Consequently, no provision for income taxes has been made in the accompanying statements. The Foundation’s management believes that there is a basis for all tax positions taken by the Foundation in their tax returns. Therefore, there are no uncertain positions disclosed in these financial statements. Though the Foundation has not been notified of any pending audits, all tax years ending after June 30, 2017 are still subject to examination by taxing authorities.

### Functional Allocation of Expenses

Operating expenses are allocated to specific functions based on management’s judgment.

## **NOTE C – CONCENTRATION OF CREDIT RISK**

In addition to FDIC insurance coverage on deposit accounts, the Foundation’s cash and cash equivalents are collateralized by Guilford Technical Community College’s deposit accounts at FDIC-insured banking institutions.

## NOTE D – PROMISES TO GIVE

Promises to give due in more than one year are reflected at the present value of estimated future cash flows using a discount rate of 1.23% (2021) and a rate range between 0.16% and 0.66% (2020) based on treasury securities of comparable maturities. The Foundation periodically evaluates the balances of any significant past due amounts to determine if any balances are uncollectible. The statements of financial position carry an allowance for doubtful promises to give of \$0 and \$26,883 as of June 30, 2021 and 2020, respectively.

Promises to give consisted of the following at June 30, 2021:

|                                       | <u>Gross</u>      | <u>Discount</u>     | <u>Allowance</u> | <u>Net</u>        |
|---------------------------------------|-------------------|---------------------|------------------|-------------------|
| Receivable within one year            | \$ 458,968        | \$ (252,374)        | \$ -             | \$ 206,594        |
| Receivable in one to five years       | 140,000           | (5,488)             | -                | 134,512           |
| Receivable in greater than five years | 55,000            | (2,322)             | -                | 52,678            |
| Total                                 | <u>\$ 653,968</u> | <u>\$ (260,184)</u> | <u>\$ -</u>      | <u>\$ 393,784</u> |

Promises to give consisted of the following at June 30, 2020:

|                                       | <u>Gross</u>      | <u>Discount</u>     | <u>Allowance</u>   | <u>Net</u>        |
|---------------------------------------|-------------------|---------------------|--------------------|-------------------|
| Receivable within one year            | \$ 172,354        | \$ -                | \$ (26,883)        | \$ 145,471        |
| Receivable in one to five years       | 394,430           | (207,331)           | -                  | 187,099           |
| Receivable in greater than five years | 115,000           | (60,449)            | -                  | 54,551            |
| Total                                 | <u>\$ 681,784</u> | <u>\$ (267,780)</u> | <u>\$ (26,883)</u> | <u>\$ 387,121</u> |

## NOTE E – BENEFICIAL INTEREST IN CHARITABLE REMAINDER TRUST

The Foundation has been named as a beneficiary in a charitable remainder trust. The assets in the trust will be available for unrestricted use at the termination of the trust, which will be at the death of the last living donor. The Foundation's interest in the trust is valued at the present value of the estimated future payments and is calculated using discount rates of 1.22% at June 30, 2021 and 0.52% at June 30, 2020, as well as applicable mortality tables. The statements of activities include a gain (loss) from the change in value of \$22,429 and \$(5,643) for the years ended June 30, 2021 and 2020, respectively. The year-end values of the trusts are as follows:

| <u>As of June 30:</u>                                 | <u>2021</u>       | <u>2020</u>       |
|---|-------------------|-------------------|
| Fair market value of trust                            | \$ 183,712        | \$ 154,338        |
| Less: discount to present value of remainder interest | (61,146)          | (54,201)          |
| Charitable remainder trust, net of discount           | <u>\$ 122,566</u> | <u>\$ 100,137</u> |

## NOTE F – FAIR VALUE MEASUREMENTS

Financial assets valued using Level 1 inputs are based on unadjusted quoted market prices within active markets. Financial assets valued using Level 2 inputs are based primarily on quoted prices for similar assets in active or inactive markets. Financial assets valued using Level 3 inputs are based primarily on unobservable inputs and require that management make assumptions to value the assets.

Fair value for the Beneficial Interest in Remainder Trust (Level 3) is determined by estimating the present values of the future distributions expected to be received. Inputs include June 30, 2021 and 2020 values of the investments in the trust, data from published life expectancy tables and discount rates of 1.22% at June 30, 2021 and 0.52% at June 30, 2020.

Fair values of assets measured on a recurring basis at June 30, 2021 were as follows:

| <u>June 30, 2021</u>           | <u>Fair Value</u>    | <u>Level 1</u>       | <u>Level 2</u> | <u>Level 3</u>      |
|--------------------------------|----------------------|----------------------|----------------|---------------------|
| Cash and cash equivalents      | \$ 571,724           | \$ 571,724           | \$ -           | \$ -                |
| Fixed income funds             | 3,498,848            | 3,498,848            | -              | -                   |
| Equity funds                   | 10,573,264           | 10,573,264           | -              | -                   |
| Diversifying funds             | 1,324,662            | 1,324,662            | -              | -                   |
| Grubb SE Residential Fund, LLC | 1,048,032            | -                    | -              | 1,048,032           |
| Grubb QOF REIT                 | 285,776              | -                    | -              | 285,776             |
| Beneficial interest in CRT     | 122,566              | -                    | -              | 122,566             |
| Total                          | <u>\$ 17,424,872</u> | <u>\$ 15,968,498</u> | <u>\$ -</u>    | <u>\$ 1,456,374</u> |

Fair values of assets measured on a recurring basis at June 30, 2020 were as follows:

| <u>June 30, 2020</u>           | <u>Fair Value</u>    | <u>Level 1</u>       | <u>Level 2</u> | <u>Level 3</u>      |
|--------------------------------|----------------------|----------------------|----------------|---------------------|
| Cash and cash equivalents      | \$ 1,168,956         | \$ 1,168,956         | \$ -           | \$ -                |
| Fixed income funds             | 4,517,412            | 4,517,412            | -              | -                   |
| Equity funds                   | 6,505,792            | 6,505,792            | -              | -                   |
| Diversifying funds             | 1,080,624            | 1,080,624            | -              | -                   |
| Grubb SE Residential Fund, LLC | 972,668              | -                    | -              | 972,668             |
| Grubb QOF REIT                 | 280,970              | -                    | -              | 280,970             |
| Beneficial interest in CRT     | 122,566              | -                    | -              | 122,566             |
| Total                          | <u>\$ 14,648,988</u> | <u>\$ 13,272,784</u> | <u>\$ -</u>    | <u>\$ 1,376,204</u> |

## NOTE G – INVESTMENTS – AVAILABLE FOR SALE

Investments – available for sale consist of the following at June 30:

|                           | <u>2021</u>          |                      | <u>2020</u>          |                      |
|---------------------------|----------------------|----------------------|----------------------|----------------------|
|                           | <u>Cost</u>          | <u>Market</u>        | <u>Cost</u>          | <u>Market</u>        |
| Cash and cash equivalents | \$ 571,724           | \$ 571,724           | \$ 1,168,956         | \$ 1,168,956         |
| Fixed income funds        | 3,484,726            | 3,498,848            | 4,444,481            | 4,517,412            |
| Equity funds              | 7,449,733            | 10,573,264           | 5,529,151            | 6,505,792            |
| Diversifying funds        | 1,180,266            | 1,324,662            | 1,062,318            | 1,080,624            |
| Total                     | <u>\$ 12,686,449</u> | <u>\$ 15,968,498</u> | <u>\$ 12,204,906</u> | <u>\$ 13,272,784</u> |

The net asset allocation of the investments at June 30, 2021 and 2020 was as follows:

|                                      | <u>2021</u>          | <u>2020</u>          |
|--------------------------------------|----------------------|----------------------|
| Net assets without donor restriction | \$ 7,873,314         | \$ 6,346,992         |
| Net assets with donor restriction    | 8,095,184            | 6,925,792            |
| Total                                | <u>\$ 15,968,498</u> | <u>\$ 13,272,784</u> |

Investment income consisted of the following for the years ended June 30, 2021 and 2020:

|   | <u>2021</u>         | <u>2020</u>         |
|---|---------------------|---------------------|
| Interest and dividends                    | \$ 356,140          | \$ 231,830          |
| Net realized gain on investments          | 256,973             | 1,427,610           |
| Net unrealized gain (loss) on investments | 2,135,232           | (1,189,838)         |
| Net gain from real estate partnerships    | 81,830              | 1,039,299           |
| Total                                     | <u>\$ 2,830,175</u> | <u>\$ 1,508,901</u> |

## NOTE H – INVESTMENTS-PARTNERSHIP INTERESTS

Investments-partnership interests in real estate at June 30, 2021 and 2020 consisted of the following, which approximates fair value:

| <u>2021</u>                        | Grubb SE                 |                   |  | Total              |
|------------------------------------|--------------------------|-------------------|--|--------------------|
|                                    | Residential<br>Fund, LLC | Grubb QOF<br>REIT |  |                    |
| Balance, beginning of year         | \$ 972,668               | \$ 280,970        |  | \$1,253,638        |
| Net real estate gain (loss)        | (3,132)                  | 4,806             |  | 1,674              |
| Increase (reduction) in fair value | 78,496                   | -                 |  | 78,496             |
| Balance, end of year               | <u>\$1,048,032</u>       | <u>\$ 285,776</u> |  | <u>\$1,333,808</u> |

  

| <u>2020</u>                        | Ballentine<br>Crossing,<br>LLC | Grubb SE<br>Residential<br>Fund, LLC | Grubb QOF<br>REIT | Total              |
|------------------------------------|--------------------------------|--------------------------------------|-------------------|--------------------|
|                                    | Balance, beginning of year     | \$ 55,148                            | \$ 752,200        | \$ 280,970         |
| Net real estate gain (loss)        | 4,022                          | 3,043                                | -                 | 7,065              |
| Sale                               | (800,001)                      | -                                    | -                 | (800,001)          |
| Distributions                      | (23,378)                       | (5,591)                              | -                 | (28,969)           |
| Increase (reduction) in fair value | 764,209                        | 223,016                              | -                 | 987,225            |
| Balance, end of year               | <u>\$ -</u>                    | <u>\$ 972,668</u>                    | <u>\$ 280,970</u> | <u>\$1,253,638</u> |

## NOTE I – UNRESTRICTED BOARD DESIGNATED NET ASSETS

The Foundation's board designated unrestricted funds for future special investments in the amount of \$3,115,772 and \$2,999,415 at June 30, 2021 and 2020, respectively.

## NOTE J – NET ASSETS WITH TEMPORARY RESTRICTIONS

Net assets with temporary restrictions at June 30, 2021 and June 30, 2020 are restricted for the following purposes:

| <u>As of June 30:</u>                         | <u>2021</u>         | <u>2020</u>         |
|---|---------------------|---------------------|
| Reserved for student aid                      | \$ 2,758,064        | \$ 1,803,024        |
| Reserved for grants                           | 532,818             | 398,096             |
| Reserved for college departments and projects | 1,247,825           | 1,221,419           |
| Total Temporarily Restricted Net Assets       | <u>\$ 4,538,707</u> | <u>\$ 3,422,539</u> |

## NOTE K – NET ASSETS WITH PERMANENT RESTRICTIONS

Net assets with permanent restrictions included 93 scholarship endowment funds with a total value of \$3,986,408 as of June 30, 2021 and 91 scholarship funds with a total value of \$3,905,060 as of June 30, 2020.

Net assets with permanent restrictions at June 30, 2021 and June 30, 2020 are restricted for the following purposes:

| <u>As of June 30:</u>                             | <u>2021</u>         | <u>2020</u>         |
|---|---------------------|---------------------|
| Endowment funds for student aid                   | \$ 3,863,842        | \$ 3,804,923        |
| Beneficial interest in charitable remainder trust | 122,566             | 100,137             |
| Total Permanently Restricted Net Assets           | <u>\$ 3,986,408</u> | <u>\$ 3,905,060</u> |

## NOTE L – RELATED PARTY TRANSACTIONS

The Foundation and Guilford Technical Community College (GTCC) are related parties. During the years ended June 30, 2020 and 2019, the Foundation recorded revenues for administrative services contributed by GTCC. In addition, the Foundation donated materials and equipment to GTCC. Administrative services contributed by GTCC to the Foundation amounted to \$272,539 and \$247,309 for the years ended June 30, 2021 and 2020. Materials and equipment donated to GTCC from the Foundation amounted to \$297,762 and \$91,551 for the years ended June 30, 2021 and 2020.

Members of the board of directors make contributions for the support of the Foundation's general operations and programs. Contributions made by members of the board of directors were not considered significant during the years ended June 30, 2021 and 2020.

## NOTE M – COMPARATIVE DATA

The financial statements include certain prior year summarized comparative information. Accordingly, such information should be read in conjunction with the Foundation's financial statements for the year ended June 30, 2020, from which the summarized information was derived.

## NOTE N – SUBSEQUENT EVENTS

Management has evaluated events subsequent to June 30, 2021, to assess the need for potential recognition or disclosure in this report. Such events were evaluated through January 24, 2022, the date these financial statements were available to be issued.