

**MOBILE BAYKEEPER, INC.**

**FINANCIAL REPORT**

**DECEMBER 31, 2019**

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## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
Mobile Baykeeper, Inc.  
Mobile, Alabama

### **Report on the Financial Statements**

I have audited the accompanying financial statements of Mobile Baykeeper, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2019 and 2018, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

My responsibility is to express an opinion on these financial statements based on my audits. I conducted my audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### **Opinion**

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Mobile Baykeeper, Inc. as of December 31, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Kim K. Enikeieff*

March 20, 2020

**MOBILE BAYKEEPER, INC.**

**STATEMENTS OF FINANCIAL POSITION**  
**December 31, 2019 and 2018**

ASSETS	<u>2019</u>	<u>2018</u>
Current assets		
Cash	\$ 144,438	\$ 295,346
Investments	299,023	186,544
Unconditional promises to give, without donor restrictions	11,989	39,897
Grant receivable	37,638	29,713
Prepaid expenses	<u>2,991</u>	<u>3,915</u>
Total current assets	496,079	555,415
Unconditional promises to give, without donor restrictions	43,628	38,861
Property, plant and equipment, net	<u>19,550</u>	<u>27,831</u>
Total assets	<u><u>\$ 559,257</u></u>	<u><u>\$ 622,107</u></u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued expenses	<u>\$ 5,353</u>	<u>\$ 13,038</u>
Total current liabilities	<u>5,353</u>	<u>13,038</u>
Net assets		
Without donor restrictions	390,887	394,032
With donor restrictions	<u>163,017</u>	<u>215,037</u>
Total net assets	<u>553,904</u>	<u>609,069</u>
Total liabilities and net assets	<u><u>\$ 559,257</u></u>	<u><u>\$ 622,107</u></u>

See notes to financial statements.

MOBILE BAYKEEPER, INC.

STATEMENTS OF ACTIVITIES  
For the Years Ended December 31, 2019 and 2018

	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
	Support and revenue					
Special events	\$ 194,268	\$ -	\$ 194,268	\$ 208,145	\$ -	\$ 208,145
Less cost of special events	90,588	-	90,588	96,490	-	96,490
Net special events	103,680	-	103,680	111,655	-	111,655
Membership and other contributions	110,600	15,000	125,600	91,375	77,250	168,625
Grants	340,984	107,400	448,384	345,844	136,279	482,123
Investment income	11,612	-	11,612	333	-	333
Merchandise sales	5,510	-	5,510	5,617	-	5,617
Penalty per consent decree	7,325	-	7,325	42,425	-	42,425
Loss on disposal of assets	-	-	-	(1,750)	-	(1,750)
Net assets released from restrictions	174,420	(174,420)	-	194,186	(194,186)	-
Total support and revenue	754,131	(52,020)	702,111	789,685	19,343	809,028
Expenses						
Program Services						
Membership	136,355	-	136,355	139,641	-	139,641
Educate and engage	252,412	-	252,412	220,868	-	220,868
Infrastructure	114,768	-	114,768	146,089	-	146,089
Responsible growth	125,387	-	125,387	137,452	-	137,452
Total program services	628,922	-	628,922	644,050	-	644,050
Supporting Services:						
Management and general	70,386	-	70,386	73,886	-	73,886
Fundraising	57,968	-	57,968	61,562	-	61,562
Total supporting services	128,354	-	128,354	135,448	-	135,448
Total expenses	757,276	-	757,276	779,498	-	779,498
Change in net assets	(3,145)	(52,020)	(55,165)	10,187	19,343	29,530
Net assets, beginning of year	394,032	215,037	609,069	383,845	195,694	579,539
Net assets, end of year	\$ 390,887	\$ 163,017	\$ 553,904	\$ 394,032	\$ 215,037	\$ 609,069

See notes to financial statements.

MOBILE BAYKEEPER, INC.

STATEMENT OF FUNCTIONAL EXPENSES  
For the Year Ended December 31, 2019

	Program Services							
	Membership	Educate and Engage	Infrastructure	Responsible Growth	Total	General and Administrative	Fundraising	Total Expenses
Accounting	\$ 1,600	\$ 1,600	\$ 1,600	\$ 1,600	\$ 6,400	\$ 800	\$ 800	\$ 8,000
Advertising	5,273	2,392	206	1,846	9,717	68	-	9,785
Bank charges	649	-	-	-	649	192	-	841
Baykeeper boat	-	-	829	-	829	-	-	829
Computer expenses	1,344	1,344	1,343	1,343	5,374	896	896	7,166
Conference, meetings, and travel	7,025	22,147	1,194	11,403	41,769	957	-	42,726
Consulting and legal fees	22,316	743	-	-	23,059	5,702	-	28,761
Donations and grants to other organizations	-	27,470	-	-	27,470	-	-	27,470
Dues and memberships	869	1,531	-	850	3,250	-	-	3,250
Education	-	2,500	150	-	2,650	-	-	2,650
Insurance	1,612	1,612	1,612	1,612	6,448	1,075	1,075	8,598
Member mailing	105	105	105	105	420	70	70	560
Merchandise	2,775	1,532	2,139	-	6,446	-	-	6,446
Office furniture and equipment	726	726	726	727	2,905	484	484	3,873
Office supplies	817	817	817	817	3,268	545	545	4,358
Personnel costs	75,417	156,531	87,607	89,362	408,917	49,117	43,617	501,651
Postage	238	238	238	238	952	158	158	1,268
Printing	2,643	2,643	2,643	2,643	10,572	1,762	1,762	14,096
Program supplies	105	15,639	718	-	16,462	-	-	16,462
Rent	5,704	5,704	5,704	5,704	22,816	3,802	3,802	30,420
Repairs	350	351	350	350	1,401	234	234	1,869
Uncollectible pledge expense	-	-	-	-	-	-	-	-
Utilities	3,519	3,519	3,519	3,519	14,076	2,346	2,346	18,768
Total expenses before depreciation	133,087	249,144	111,500	122,119	615,850	68,208	55,789	739,847
Depreciation	3,268	3,268	3,268	3,268	13,072	2,178	2,179	17,429
Total expenses	<u>\$ 136,355</u>	<u>\$ 252,412</u>	<u>\$ 114,768</u>	<u>\$ 125,387</u>	<u>\$ 628,922</u>	<u>\$ 70,386</u>	<u>\$ 57,968</u>	<u>\$ 757,276</u>

See notes to financial statements.

**MOBILE BAYKEEPER, INC.**

**STATEMENT OF FUNCTIONAL EXPENSES  
For the Year Ended December 31, 2018**

	Program Services							
	Membership	Educate and Engage	Infrastructure	Responsible Growth	Total	General and Administrative	Fundraising	Total Expenses
Accounting	\$ 1,600	\$ 1,600	\$ 1,600	\$ 1,600	\$ 6,400	\$ 800	\$ 800	\$ 8,000
Advertising	1,229	1,364	1,013	1,123	4,729	741	968	6,438
Bank charges	286	318	236	262	1,102	172	225	1,499
Baykeeper boat	-	-	270	-	270	-	-	270
Computer expenses	2,151	2,388	1,773	1,967	8,279	1,297	1,695	11,271
Conference, meetings, and travel	9,223	10,239	7,601	8,433	35,496	5,560	7,268	48,324
Consulting and legal fees	562	614	2,044	16,601	19,821	1,617	-	21,438
Donations and grants to other organizations	-	18,330	-	1,467	19,797	-	-	19,797
Dues and memberships	955	1,763	-	1,085	3,803	-	-	3,803
Education	1,557	1,728	1,283	1,424	5,992	939	1,227	8,158
Insurance	2,292	2,544	1,889	2,096	8,821	1,382	1,806	12,009
Member mailing	344	382	283	315	1,324	207	271	1,802
Merchandise	10,413	229	2,078	-	12,720	-	-	12,720
Miscellaneous	-	-	-	26	26	-	-	26
Office furniture and equipment	981	1,089	809	897	3,776	591	773	5,140
Office supplies	913	1,014	753	835	3,515	550	720	4,785
Personnel costs	83,581	127,678	92,130	76,423	379,812	50,385	33,201	463,398
Postage	771	856	636	705	2,968	465	608	4,041
Printing	2,909	3,229	2,397	2,659	11,194	1,753	2,292	15,239
Program supplies	54	24,326	11,642	770	36,792	-	-	36,792
Rent	5,184	5,755	4,272	4,740	19,951	3,125	4,085	27,161
Repairs	681	756	561	622	2,620	410	537	3,567
Uncollectible pledge expense	7,500	7,500	7,500	7,500	30,000	-	-	30,000
Utilities	3,491	3,876	2,877	3,192	13,436	2,105	2,751	18,292
<b>Total expenses before depreciation</b>	<b>136,677</b>	<b>217,578</b>	<b>143,647</b>	<b>134,742</b>	<b>632,644</b>	<b>72,099</b>	<b>59,227</b>	<b>763,970</b>
Depreciation	2,964	3,290	2,442	2,710	11,406	1,787	2,335	15,528
<b>Total expenses</b>	<b>\$ 139,641</b>	<b>\$ 220,868</b>	<b>\$ 146,089</b>	<b>\$ 137,452</b>	<b>\$ 644,050</b>	<b>\$ 73,886</b>	<b>\$ 61,562</b>	<b>\$ 779,498</b>

See notes to financial statements.



**MOBILE BAYKEEPER, INC.**

**STATEMENTS OF CASH FLOWS**  
**For the Years Ended December 31, 2019 and 2018**

	2019	2018
Cash Flows from Operating Activities:		
Change in net assets	\$ (55,165)	\$ 29,530
Adjustments to reconcile change in net assets to net cash used for operating activities:		
Depreciation	17,429	15,528
Uncollectible pledge expense	-	30,000
Donated stocks and bonds	(1,585)	(1,321)
Loss on disposal of assets	-	1,750
Net realized and unrealized (gain) loss on investments	(10,894)	(32)
(Increase) decrease in:		
Promises to give	23,141	(36,590)
Grants receivable	(7,925)	(15,053)
Prepaid expenses	924	272
Increase (decrease) in:		
Accounts payable and accrued expenses	(7,685)	7,087
Net cash (used) provided by operating activities	(41,760)	31,171
Cash flows from investing activities:		
Purchase of fixed assets	(9,148)	(15,628)
Proceeds from the sale of assets	-	4,250
Purchase of investments	(100,000)	-
Net cash used by investing activities	(109,148)	(11,378)
Net (decrease) increase in cash	(150,908)	19,793
Cash, beginning of year	295,346	275,553
Cash, end of year	\$ 144,438	\$ 295,346

See notes to financial statements.

## NOTES TO FINANCIAL STATEMENTS

### Nature of Business

Mobile Baykeeper, Inc. (the "Organization") is a nonprofit organization located in Mobile, Alabama. The Organization provides citizens a means to protect the beauty, health, and heritage of the Mobile Bay Watershed. Revenues are derived mainly from memberships, contributions, fundraising and grant proceeds.

The Organization is directed by an active Board of Directors whose members serve without compensation.

### Summary of Significant Accounting Policies

#### Basis of presentation

The accompanying financial statements have been prepared utilizing the accrual basis of accounting.

#### Cash and cash equivalents

Cash and cash equivalents include all demand deposit accounts, money market accounts and certificates of deposit.

#### Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. 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 net assets without donor restrictions 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. 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.

The Organization values its financial assets and liabilities based on 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. A fair value hierarchy that prioritizes the inputs to valuation techniques is used to measure the fair value. The hierarchy maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. The hierarchy is broken down into the following three levels, based on the reliability of the inputs:

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities that are observable at the measurement date;

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

Level 3: Significant unobservable inputs for the asset or liability that reflect the reporting organization's own estimates about the assumptions that market participants would use in pricing the asset or liability.

## **Summary of Significant Accounting Policies (continued)**

### **Promises to give**

Pledges receivable are stated net of an allowance for uncollectible pledges. The estimated losses are based on management's evaluation of outstanding pledges receivable at the end of the year. The allowance for uncollectible pledges for pledges receivable was \$30,000 and \$100,000 at December 31, 2019 and 2018, respectively.

### **Property and equipment**

Property and equipment is stated at cost, or in the case of gifts, fair value at the date of donation. The Organization follows the practice of capitalizing, at cost, all expenditures for fixed assets in excess of \$500. Depreciation is provided principally on the straight-line method over the estimated useful lives of the depreciable assets.

### **Net assets**

The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or program restriction is accomplished, net assets with donor restrictions are transferred to net assets without donor restrictions and reported in the statement of activities as net assets released from donor restrictions.

The Organization classifies donor-restricted contributions as net assets without donor restrictions if those restrictions are satisfied in the same reporting period.

Net assets with donor restrictions represent contributions which are restricted by donor stipulation.

### **Income taxes**

Income taxes are not provided for in the financial statements since the Organization is exempt from federal and state income taxes under section 501(c)(3) of the Internal Revenue Code and similar state provisions. The Organization is not classified as a private foundation.

A policy for accounting for uncertainty in income taxes was adopted in prior years that require the Organization to determine whether it is more likely than not that a tax position will be sustained upon examination based on the technical merits of the position. The Organization has no uncertain tax positions that qualified for either recognition or disclosure in the financial statements at December 31, 2019 or December 31, 2018.

### **Cost Allocation**

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Expenses have been allocated between Program Services, General and Administrative, and Fundraising based on an analysis of personnel time and space utilized for the related activities.

## Summary of Significant Accounting Policies (continued)

### Grant and cooperative agreements

The Organization receives grants and contracts from Federal and State agencies, as well as from private organizations, to be used for specific programs. The Organization's costs incurred under its government grants and contracts are subject to audit by government agencies. Management believes that disallowance of costs, if any, would not be material to the financial position or changes in net assets of the Organization.

### 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.

### Donated materials and services

Donated materials or equipment, when received, are reflected as contributions in the accompanying statements at their estimated fair market values at the date of receipt. No amounts have been reflected in the statements for donated services as no objective basis is available to measure the value of such services. Nevertheless, a substantial number of volunteers donated significant amounts of their time in the Organization's program services.

### Evaluation of subsequent events

The Organization has evaluated subsequent events through March 20, 2020, the date which the financial statements were available to be issued.

### Restrictions on Net Assets

Net assets with donor restrictions are available for the following purposes or periods at December 31:

	2019	2018
Pledges receivable	\$ 55,617	\$ 78,758
Educate and engage	53,000	85,279
Infrastructure	23,500	10,000
Responsible growth	28,400	41,000
Membership	1,000	-
Management and general	1,500	-
Total	<u>\$ 163,017</u>	<u>\$ 215,037</u>

## Promises to Give

Unconditional promises to give at December 31 are as follows:

	<u>2019</u>	<u>2018</u>
Promises without donor restrictions	\$ 85,617	\$ 178,758
Gross unconditional promises to give	85,617	178,758
Less allowance for uncollectible promises	<u>30,000</u>	<u>100,000</u>
Net unconditional promises to give	<u>\$ 55,617</u>	<u>\$ 78,758</u>
Amounts due in:		
Less than one year	\$ 41,989	\$ 134,897
One to five years	<u>43,628</u>	<u>43,861</u>
Gross unconditional promises to give	<u>\$ 85,617</u>	<u>\$ 178,758</u>

The discount on the long-term promises to give to determine the net present value was not significant.

## Investments

The Community Foundation of South Alabama holds and invests a portion of the Organization's investment portfolio. The funds are under the control of the Community Foundation of South Alabama and at the request of the Organization, the Foundation disburses funds as needed.

Investments are stated at fair value and are summarized as follows as of December 31:

	2019			
	Fair value measurements using			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual funds – Community Foundation of South Alabama	\$ 31,596	\$ -	\$ -	\$ 31,596
Money Market Funds	103,069	-	-	103,069
U.S. Treasuries	110,826	-	-	110,826
Bond fund	<u>53,532</u>	<u>-</u>	<u>-</u>	<u>53,532</u>
Total	<u>\$ 299,023</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 299,023</u>

**Investments (continued)**

	2018			
	Fair value measurements using			
	Level 1	Level 2	Level 3	Total
Mutual funds – Community Foundation of South Alabama	\$ 26,952	\$ -	\$ -	\$ 26,952
Money Market Funds	9,665	-	-	9,665
U.S. Treasuries	99,875	-	-	99,875
Bond fund	50,052	-	-	50,052
Total	<u>\$ 186,544</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 186,544</u>

Investment return for the years ended December 31 is summarized as follows:

	2019		Total
	Without Donor Restrictions	With Donor Restrictions	
Interest and dividend income	\$ 5,269	\$ -	\$ 5,269
Realized gains (losses)	188	-	188
Unrealized gains (losses)	6,590	-	6,590
Administrative fees	(435)	-	(435)
Total	<u>\$ 11,612</u>	<u>\$ -</u>	<u>\$ 11,612</u>

	2018		Total
	Without Donor Restrictions	With Donor Restrictions	
Interest and dividend income	\$ 3,890	\$ -	\$ 3,890
Realized gains (losses)	(1,615)	-	(1,615)
Unrealized gains (losses)	(1,587)	-	(1,587)
Administrative fees	(355)	-	(355)
Total	<u>\$ 333</u>	<u>\$ -</u>	<u>\$ 333</u>

**Governing Board Designations**

Mobile Baykeeper, Inc.'s governing board has designated, from net assets without donor restrictions of \$390,887 and \$394,032 as of December 31, 2019 and 2018, respectively, net assets for the following purposes as of December 31:

	2019	2018
Quasi-endowment	<u>\$ 31,596</u>	<u>\$ 26,952</u>
Total	<u>\$ 31,596</u>	<u>\$ 26,952</u>

### Liquidity and Availability of Financial Assets

The following reflects the Organization's financial assets as of the balance sheet date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date.

	<u>2019</u>	<u>2018</u>
Financial assets at year-end	\$ 536,716	\$ 590,361
Less those unavailable for general expenditures within one year, due to:		
Board designations: Quasi endowment fund	31,596	26,952
Unconditional promises to give due in more than one year	43,628	38,861
Donor restricted	<u>163,017</u>	<u>215,037</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 298,475</u>	<u>\$ 309,511</u>

### Property and Equipment

Property and equipment consist of the following amounts at December 31, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Boat	\$ 24,500	\$ 24,500
Furniture, fixtures and equipment	113,078	103,930
Leasehold improvements	<u>5,794</u>	<u>5,794</u>
	143,372	134,224
Less accumulated depreciation	<u>123,822</u>	<u>106,393</u>
Total	<u>\$ 19,550</u>	<u>\$ 27,831</u>

### Operating Leases

As of February 1, 2020, the Organization entered into a four-year non-cancelable operating lease for its office facility with an unrelated party. The amount reported in rent expense was \$30,420 and \$27,161 for the years ended December 31, 2019 and 2018, respectively.

The future minimum lease payments under this lease are as follows:

2020	\$ 37,910
2021	38,400
2022	38,400
2023	38,400
2024	<u>3,200</u>
Total	<u>\$ 156,310</u>

### Operating Leases (continued)

The following schedule shows the total amount of minimum rentals to be received in the future under noncancelable subleases:

2020	<u>\$ -</u>
Total	<u><u>\$ -</u></u>

The following schedule shows the composition of total rent expense for the operating lease related to the rental of office space.

	<u>2019</u>	<u>2018</u>
Minimum rent	\$ 35,370	\$ 28,961
Less: sublease rent	<u>(4,950)</u>	<u>(1,800)</u>
Total	<u><u>\$ 30,420</u></u>	<u><u>\$ 27,161</u></u>

The Organization has entered into a lease of certain office equipment for a period of five years. This is an operating lease with the lease payments being charged to expense. Future minimum rental payments required under this lease as of December 31, 2019, are as follows:

2020	\$ 1,920
2021	1,920
2022	1,920
2023	<u>1,600</u>
Total	<u><u>\$ 7,360</u></u>

The amount reported in office equipment rental expense was \$1,920 and \$320 for the years ended December 31, 2019 and 2018, respectively



## **Endowment**

The Organization's endowment consists of a fund established for the purpose of providing funding to support the Organization in its mission to protect the beauty, health, and heritage of the Mobile Bay Watershed. Distributions from the endowment fund must have approval from the Endowment Committee. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Organization is subject to the Uniform Prudent Management and Institutional Funds Act (UPMIFA) and, therefore, classifies amounts in its donor-restricted endowment fund as net assets with donor restrictions until the Board appropriates amounts for expenditure and any purpose restrictions have been met. The Board of Trustees of the Organization has interpreted UPMIFA as requiring the maintenance of only the original gift amount contributed to an endowment fund, unless a donor stipulates the contrary. As a result of this interpretation, the Organization would consider the fund to be underwater if the fair value of the fund is less than the sum of (1) the original value of initial and subsequent gifts donated to the fund and (2) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the applicable donor gift instrument. The Organization has interpreted UPMIFA to permit spending from underwater funds in accordance with prudent measures required under the law. The fund is not currently underwater. In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the fund, (2) the purposes of 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 appreciation of investments, (6) other resources of the Organization, and (7) the investment policies of the Organization.

The Organization has adopted investment and spending policies for endowment assets that attempt to subject the fund to low investment risk and provide the Organization's programs with current income. Endowment assets are invested in mutual funds. The Organization seeks to build endowment assets through investment earnings and additional contributions. The Organization has a policy of appropriating for distribution annually a portion of the endowment fund's investment income from the previous years. The current spending policy is expected to allow the Organization's endowment fund to grow as a result of investment returns. This is consistent with the Organization's objective to provide income to the Organization's programs, preserve endowment assets without subjecting them to substantial risk, and provide additional real growth through investment income and new gifts. The Organization's investments which are held by the Community Foundation of South Alabama are directed by the investment policies of the Foundation.



### Administrative Overhead

The following is a calculation of the supporting services expenses to support and revenue for the years ended December 31, 2019 and 2018, respectively:

	<u>2019</u>	<u>2018</u>
Management and general Fundraising	\$ 70,386 <u>57,968</u>	\$ 73,886 <u>61,562</u>
Total supporting services	<u>\$ 128,354</u>	<u>\$ 135,448</u>
Total support and revenue	<u>\$ 702,111</u>	<u>\$ 809,028</u>
Percentage	<u>18%</u>	<u>16%</u>