



April 9, 2020

Foster and Company, LLC
PO Box 872194
Wasilla, AK 99687

We are providing this letter in connection with your reviews of the financial statements of Homer Foundation, which comprise the statement of financial positions as of June 30, 2019 and 2018, and the related statements of activity, functional expenses and cash flow for the years then ended, and the related notes to the financial statements, for the purpose of obtaining limited assurance as a basis for reporting whether you are aware of any material modifications that should be made to the financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person using the information would be changed or influenced by the omission or misstatement.

We confirm, to the best of our knowledge and belief, as of April 9, 2020, the following representations made to you during your reviews.

We have fulfilled our responsibility for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, as set out in the terms of the engagement.

- 1) We have made available to you all—
 - a) Financial records and related data.
 - a) Minutes of the meetings of stockholders, directors, and committees of directors, or summaries of actions of recent meetings for which minutes have not yet been prepared.
 - b) Additional information you have requested from us for the purpose of the review.
 - c) Unrestricted access to company personnel from whom you determined it necessary to obtain review evidence.
- 2) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
- 3) All material transactions have been recorded and have been properly reflected in the financial statements.
- 4) There are no uncorrected misstatements.
- 5) We acknowledge and have fulfilled our responsibility for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
- 6) We acknowledge our responsibility for designing, implementing, and maintaining internal control to prevent and detect fraud.
- 7) We have no knowledge of any fraud or suspected fraud affecting the company involving management, employees who have significant roles in internal control, or others where the fraud could have a material effect on the financial statements, including any communications received from employees, former employees, or others.

- 8) We have no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
- 9) The following have been properly recorded or disclosed in the financial statements:
 - a) Related-party transactions and related accounts receivable or payable, including sales, purchases, loans, transfers, leasing arrangements, and guarantees.
 - b) Guarantees, whether written or oral, under which the company is contingently liable to a bank or other lending institutions.
 - c) Commitments to purchase or sell investments or agreements to repurchase assets previously sold.
 - d) Significant estimates and material concentrations known to management that are required to be disclosed in accordance with FASB ASC 275, *Risks and Uncertainties*.
- 10) There are no—
 - a) Known or suspected instances of noncompliance with laws or regulations whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency.
 - b) We are not aware of any pending or threatened litigation, claims, or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements in accordance with FASB ASC 450 Contingencies, and we have not consulted a lawyer concerning litigation, claims, or assessments.
 - b) Other material liabilities or gain or loss contingencies that are required to be accrued or disclosed by FASB ASC 450 Contingencies.
- 11) The company has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged.
- 12) I (We) have complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
- 13) We have identified all accounting estimates that could be material to the financial statements, including the key factors and significant assumptions underlying those estimates, and we believe the estimates are reasonable in the circumstances.
- 14) We are in agreement with the adjusting journal entries, if any, you have recommended, and they have been posted to the company's accounts.
- 15) No events have occurred subsequent to the date of the company's financial statements and through the date of this letter that would require adjustments to, or disclosure in, the aforementioned financial statements.
- 16) We have responded fully and truthfully to all inquiries made to us by you during your review.
- 17) In regards to the financial statement preparation services performed by you, we have:
 - Assumed all management responsibilities.
 - Overseen the services by designating an individual who possesses suitable skill, knowledge, and/or experience.
 - Evaluated the adequacy and results of the services performed.
 - Accepted responsibility for the results of the services.

Signature: 

Title: EXECUTIVE DIRECTOR

The Homer Foundation
Reviewed Financial Statements
Years Ended June 30, 2019 and 2018

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Foster and Company, LLC

Karen M. Foster, CPA
Michael C. Foster, CPA

Independent Accountant's Review Report

Board of Trustees
The Homer Foundation
Homer, Alaska

We have reviewed the accompanying financial statements of The Homer Foundation (a nonprofit organization), which comprise the statements of financial position as of June 30, 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. A review includes primarily applying analytical procedures to management's financial data and making inquiries of company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Foster and Company, LLC

Foster and Company, LLC
Wasilla, Alaska

April 9, 2020

THE HOMER FOUNDATION
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2019 and 2018

<u>ASSETS</u>	<u>2019</u>	<u>2018</u>
Unrestricted Cash and Cash Equivalents	\$ 466,915	\$ 382,251
Accounts Receivable	364	-
Inventory	15,690	16,021
Prepaid Expenses	4,139	607
Cash Surrender Value of Life Insurance	2,606	3,090
Investments, at Fair Value		
Marketable Equity Securities	2,487,833	2,113,260
Mortgage Notes Receivable, Net of Discounts	-	5,674
Total Current Assets	<u>2,977,547</u>	<u>2,520,903</u>
PROPERTY AND EQUIPMENT		
Equipment	14,815	14,815
LESS ACCUMULATED DEPRECIATION	<u>(14,815)</u>	<u>(14,815)</u>
PROPERTY AND EQUIPMENT - NET	<u>-</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 2,977,547</u>	<u>\$ 2,520,903</u>
<u>LIABILITIES AND NET ASSETS</u>		
Grants Payable	\$ 22,750	\$ 14,685
Accounts Payable	199	53,670
Payroll Taxes Payable	2,940	1,118
Funds Managed For Others	<u>284,188</u>	<u>262,986</u>
TOTAL LIABILITIES	<u>310,077</u>	<u>332,459</u>
NET ASSETS		
Net Assets without Donor Restrictions	2,431,529	2,023,774
Net Assets with Donor Restrictions	<u>235,941</u>	<u>164,670</u>
TOTAL NET ASSETS	<u>2,667,470</u>	<u>2,188,444</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,977,547</u>	<u>\$ 2,520,903</u>

See Independent Accountant's Review Report and Notes to the Financial Statements

THE HOMER FOUNDATION
STATEMENTS OF ACTIVITY - PAGE 1 of 2
YEARS ENDED JUNE 30, 2019 and 2018

	2019	2018
CHANGES IN UNRESTRICTED NET ASSETS		
From Cash Operating, Non-Investment Activities		
Support (including \$166,353 and \$338,983 in assets released from restrictions in FY19 and FY18, respectively. See Note 7)		
Individual and Corporation	\$ 483,863	\$ 462,527
Foundation	27,730	14,315
Government	25,000	47,200
Subtotal - Support	536,593	524,042
 Revenue		
Fundraising Event	63,044	40,449
Other Income, net of direct costs	1,536	3,514
Subtotal - Revenue	64,580	43,963
 Revenue from Operating Investments Activities		
Interest Income	61,016	7,730
Dividend Income	1,475	24,462
Investment Revenue, Gain (Loss) on Sale	(38)	(28,150)
Total Revenue from Operating Investments	62,453	4,042
Total Support and Revenue	663,626	572,047
 Expense		
Distributions and Grants	187,644	280,380
Personnel Costs	80,706	97,603
Reimbursed Expenses	-	48
Other Operating Expenses	47,934	75,321
Total Expense	316,284	453,352
 Increase (Decrease) in Net Assets from Cash Operating Activities excluding depreciation and in-kind expenses	\$ 347,342	\$ 118,695

See Independent Accountant's Review Report and Notes to the Financial Statements

THE HOMER FOUNDATION
STATEMENTS OF ACTIVITY - PAGE 2 of 2
YEARS ENDED JUNE 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
CHANGES IN UNRESTRICTED NET ASSETS		
From Non-Cash Activities		
Allowance for Managed Funds	\$ (21,201)	\$ (170)
Investment Revenue, Unrealized Gain (Loss)	81,614	14,115
In-Kind Goods and Services	19,080	47,437
In-Kind Donations - Facility Rental	(18,000)	(27,171)
In-Kind Donations - Professional Services	<u>(1,080)</u>	<u>(20,266)</u>
 Increase (Decrease) in Unrestricted Net Assets from Non-Operating and Non-Cash Activities	 <u>60,413</u>	 <u>13,945</u>
 Increase (Decrease) in Unrestricted Net Assets	 <u>407,755</u>	 <u>132,640</u>
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS		
Contributions	237,624	174,673
Net assets released from restrictions	<u>(166,353)</u>	<u>(338,983)</u>
Increase (Decrease) in Net Assets with Donor Restrictions	 <u>71,271</u>	 <u>(164,310)</u>
 INCREASE (DECREASE) IN NET ASSETS	 479,026	 (31,670)
NET ASSETS, beginning of year	<u>2,188,444</u>	<u>2,220,114</u>
 NET ASSETS, end of year	 \$ <u><u>2,667,470</u></u>	 \$ <u><u>2,188,444</u></u>

See Independent Accountant's Review Report and Notes to the Financial Statements

THE HOMER FOUNDATION
STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED JUNE 30, 2019 and 2018

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>2019 Total</u>
Distributions and Grants	\$ 187,644	\$ -	\$ -	\$ 187,644
Personnel and Fringe Benefits	-	72,635	8,071	80,706
Professional Fees	-	5,060	3,850	8,910
Advertising	60	5,487	-	5,547
Office Expenses and Supplies	3,206	11,016	15,899	30,121
Other Expense	40	2,985	331	3,356
Total Cash Operating Expenses	<u>190,950</u>	<u>97,183</u>	<u>28,151</u>	<u>316,284</u>
In-kind Rent		18,000	-	18,000
In-kind Services		<u>1,080</u>	<u>-</u>	<u>1,080</u>
Total Expenses	<u>\$ 190,950</u>	<u>\$ 116,263</u>	<u>\$ 28,151</u>	<u>\$ 335,364</u>

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>2018 Total</u>
Distributions and Grants	\$ 281,090	\$ -	\$ -	\$ 281,090
Personnel and Fringe Benefits	43,772	48,448	5,383	97,603
Professional Fees	30,865	10,725	-	41,590
Advertising	531	7,115	132	7,778
Office Expenses and Supplies	2,497	11,272	9,342	23,111
Other Expense	325	2,512	746	3,583
Total Cash Operating Expenses	<u>359,080</u>	<u>80,072</u>	<u>15,603</u>	<u>454,755</u>
In-kind Rent	-	18,200	-	18,200
In-kind Services	-	20,129	8,971	29,100
In-kind Supplies	<u>-</u>	<u>-</u>	<u>137</u>	<u>137</u>
Total Expenses	<u>\$ 359,080</u>	<u>\$ 118,401</u>	<u>\$ 24,711</u>	<u>\$ 502,192</u>

See Independent Accountant's Review Report and Notes to the Financial Statements

THE HOMER FOUNDATION
STATEMENTS OF CASH FLOW
YEARS ENDED JUNE 30, 2019 and 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (Decrease) in Net Assets	\$ 479,026	\$ (31,670)
Adjustments to Reconcile Increase (Decrease) in Net Assets to Net Cash Provided by Operating Activities:		
Net Realized (Gains) Losses on Investments	(292,959)	(60,342)
Net Unrealized (Gains) Losses on Investments	(81,614)	(13,567)
Net Cash Surrender Value of Life Insurance	484	720
Amortization of Discount on Mortgage Notes Receivable	(664)	(659)
 (Increase) Decrease in Operating Assets		
Accounts Receivable	(364)	26,204
Inventory	331	402
Prepaid Expenses	(3,532)	(607)
 Increase (Decrease) in Operating Liabilities		
Accounts Payable	(53,471)	22,170
Grants Payable	8,065	(23,165)
Payroll Taxes Payable	1,822	1,118
Funds Managed For Others	21,202	169
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	78,326	(79,227)
 CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Sale of Investments	-	2,410,856
Purchases of Investments	-	(2,993,404)
Payments Received on Mortgage Notes Receivable	6,338	5,400
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	6,338	(577,148)
 NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	84,664	(656,375)
 BEGINNING CASH AND CASH EQUIVALENTS	382,251	1,038,626
 ENDING CASH AND CASH EQUIVALENTS	\$ 466,915	\$ 382,251

See Independent Accountant's Review Report and Notes to the Financial Statements

THE HOMER FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

1. Summary of Significant Accounting Policies

Nature of Activities

The Homer Foundation (the "Foundation") is a community foundation established in 1991 to increase charitable resources in the southern Kenai Peninsula of Alaska. The Foundation receives contributions from individuals, businesses and other non-profit organizations most of whom live or work in the area benefitted by the Foundation's activities. These funds are held in trust and pooled together for investment purposes. The income earned on these funds is distributed annually in the form of grants to nonprofit agencies enhancing the quality of life for area citizens.

Tax Status

The Foundation is recognized as exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code (the Code) and has been determined not to be a private foundation as defined under Section 509(a)(1). The Foundation is exempt from State income taxes under the Alaska Nonprofit Corporation Act. Therefore, the accompanying statements do not reflect a provision for income taxes. Although the Foundation is exempt from federal income taxes, any income derived from unrelated business activities is subject to the requirement of filing Federal Income Tax Form 990-T and a tax liability may be determined on these activities. The Foundation believes that it has appropriate support for any tax positions taken, and as such does not have any uncertain tax positions that are material to the financial statements.

Financial Statement Presentation – The Organization's accounting records are maintained on the accrual basis of accounting under which revenues are recognized when earned and expenses when incurred.

The financial statements of the Organization have been prepared in accordance with U.S. generally accepted accounting principles ("US GAAP"), which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of The Foundation's management and the board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of The Foundation or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

See Independent Accountant's Review Report

THE HOMER FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

1. Summary of Significant Accounting Policies, *continued*

Classification of Revenue, Support and Net Assets

Contributions received are recorded as restricted, or unrestricted, depending on the existence and nature of donor restrictions. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Contributions that are restricted by the donor for specific purposes or for future periods are reported as an increase in temporarily restricted or permanently restricted support. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

FASB ASC Topic 958-605, *Not-for-Profit Entities: Revenue Recognition*, and its subsequent interpretations, provides that if the governing body of an organization has the ability to remove a donor restriction (i.e., variance power), the contribution should be classified as an unrestricted net asset. Accordingly, such assets are classified in the accompanying financial statements as unrestricted net assets absent donor-imposed restrictions to maintain the assets permanently. This classification does not alter the longstanding policy of the foundation to distribute assets entrusted to the Foundation in accordance with the original fund agreements and to manage the assets of the component funds in a manner similar to an endowment with only a portion of each component fund distributed annually, unless directed otherwise by the fund advisor.

Fund Groups

The Foundation maintains donated assets in individual component funds established primarily by donors. This framework classifies the Foundation's resources into funds established in accordance with the Foundation's objectives and ensures the observance of donor intentions. Grants charged to the individual funds are directed to purposes identified by the donors and by the Foundation's Distributions Committee.

Component Fund Investments and Spending Policy

Investments in equity securities with readily determinable fair values and all debt securities are measured at fair value in the statement of financial position. The Foundation allocates realized and unrealized gains and losses on investments to the individual component funds based on the average balance for each fund measured on a monthly basis.

The Foundation's component funds are managed in such a way as to balance the generation of income for the distribution process with the preservation and growth of principal to equal or exceed inflation. The Foundation uses an income approach to determine how much will be available for annual distributions. Under this income approach interest and dividends realized from the investment portfolio, pass-through grants, matching grants and appropriations from unrestricted net assets may be awarded by the Board of Trustees. Growth from realized and unrealized gains and losses is thus available to maintain or increase the real value of the component funds.

The Foundation recognizes the gain or loss on non-hedging derivative instruments as changes in net assets in the period of change in accordance with FASB ASC 815-10-35-3.

See Independent Accountant's Review Report

THE HOMER FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

1. Summary of Significant Accounting Policies, *continued*

Cash and Cash Equivalents

The Foundation considers all highly liquid investments purchased with initial maturities of three months or less to be cash equivalents. Cash and cash equivalents for purposes of the statement of cash flows excludes cash and cash equivalents of the Foundation that are held for investment. Cash and cash equivalents that are held for investment are in accounts that are not insured by the FDIC.

Conditional Promises and Indications of Intentions to Give

Pursuant with the Foundation's policy and in conformity with FASB ASC Topic 958-605, the Foundation does not recognize conditional promises as revenue until the condition is met. A donor's indication of an intention to give at a future date is not recognized as revenue until the intention is communicated as an unconditional promise to give.

Inventory

Inventory consists of books for resale and is stated at cost using the first in, first out method.

Furniture and Equipment

Purchases of furniture and equipment are made from operating funds and recorded at cost. Donated furniture is reported at fair value at the date of gift. It is the Foundation's policy to capitalize property and equipment purchases over \$1,000. Depreciation is computed by the straight-line method over the estimated useful lives of the assets, which is generally five years.

Contributed Services and Facilities

Contributions in-kind are recognized in accordance with the provisions of FASB ASC Topic 958-605. Donated facilities are recorded at estimated fair value. Contributed services that require a specialized skill and that the Foundation would have paid for if not donated are recorded at the estimated fair value at the time the services are rendered. The Foundation also receives donated services that do not require specialized skills but which are nonetheless central to the Foundation's operations. These contributed services are not reflected in the financial statements.

Credit Risk

Financial instruments which potentially subject the Foundation to a concentration of credit risk consist principally of cash and investments. The Foundation has significant amounts of cash equivalents that are not federally insured, however, the Foundation places cash and temporary investments with high credit quality financial institutions.

The Foundation's investments are managed by an Investment Manager in accordance with asset allocation guidelines adopted by the Board of Trustees. An Investment Committee, consisting of members of the Board of Trustees and outside members, provides oversight of the Investment Manager and reports at least quarterly to the Board of Trustees. The Investment Manager is also a member of the Board of Trustees and does not receive compensation for his services.

See Independent Accountant's Review Report

THE HOMER FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

1. Summary of Significant Accounting Policies, *continued*

Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and disclosure of contingent assets and liabilities for the reported periods. Actual results could differ from those estimates and assumptions.

Functional Allocation of Expenses – The cost of providing the various programs and other activities has been summarized on a functional basis in the Statements of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Such allocations are determined by management on an equitable basis. The expenses that are allocated include the following:

<u>Expense</u>	<u>Method of Allocation</u>
Salaries and benefits	Time and effort
Occupancy	Square footage
Office and board expense	Time and effort
Travel	Time and effort
Other	Time and effort

New Accounting Pronouncement – On August 18, 2016, FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Foundation has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented.

2. Investments and Fair Value Measurements

The fair value of an asset is the amount at which the asset could be bought or sold in a current transaction between willing parties, that is, other than in a forced or liquidation sale. The Foundation's financial assets carried at fair value have been classified, for disclosure purposes, based on a hierarchy defined by generally accepted accounting principles. The hierarchy gives the highest ranking to fair values determined using unadjusted quoted prices in active markets for identical assets (Level 1) and the lowest ranking to fair values determined using methodologies and models with unobservable inputs (Level 3). An asset's classification is based on the lowest level input that is significant to its measurement. For example, a level 3 fair value measurement may include inputs that are both observable (Levels 1 and 2) and unobservable (Level 3). The levels of the fair value hierarchy are as follows:

Level 1 – Values are unadjusted quoted prices for identical assets in active markets accessible at the measurement date.

THE HOMER FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

2. Investments and Fair Value Measurements, *continued*

Level 2 – Inputs include quoted prices for similar assets in active markets, quoted prices from those willing to trade in markets that are not active, or other inputs that are observable or can be corroborated by market data for the term of the instrument. Such inputs include market interest rates and volatilities, spread and yield curves.

Level 3 – Certain inputs are unobservable (supported by little or no market activity) and significant to the fair value measurement. Unobservable inputs reflect the Foundation's estimate of what hypothetical market participants would use to determine a transaction price for the asset at the reporting date.

Managed Investments – Level 1

Publicly traded managed investments are stated on the basis of quoted market prices. Funds managed by the Foundation are subject to its investment policy, which is to maintain a well-diversified portfolio comprised of common stocks, and fixed income securities. Policy goals are prioritized to maintain safety of principal, provide sufficient liquidity to meet cash flow requirements, and diversify risk.

Other Investments – Level 3

Mortgage notes receivable consist of first mortgage deeds of trust, secured by real estate and are carried at the amounts contractually due net of allowances for uncollectible amounts and discounts, if any. The Foundation typically purchases the notes at a discount to the face value of the note and the discount is amortized to interest income over the life of the note. The Foundation periodically reviews the balances of mortgage notes receivable and provides an allowance for uncollectible amounts when it believes collection of all or some portion of the balance is doubtful. No allowance for uncollectible notes was considered necessary at June 30, 2019 and 2018.

Fair values of assets measured on a recurring basis at June 30, 2019 are as follows:

	Fair Value	Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Marketable Equity Securities	\$ 2,487,833	\$ 2,487,833	\$ -	\$ -

Fair values of assets measured on a recurring basis at June 30, 2018 are as follows:

	Fair Value	Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Marketable Equity Securities	\$ 2,113,260	\$ 2,113,260	\$ -	\$ -
Mortgage Notes Receivable	5,674	-	-	5,674
	<u>\$ 2,118,934</u>	<u>\$ 2,113,260</u>	<u>\$ -</u>	<u>\$ 5,674</u>

See Independent Accountant's Review Report

THE HOMER FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

2. Investments and Fair Value Measurements, *continued*

Earnings from investments for the years ended June 30, 2019 and 2018 is summarized as follows:

	2019	2018
Interest and Dividends	\$ 62,491	\$ 32,192
Net Realized Gains (Losses)	(38)	(28,150)
Unrealized Gains (Losses)	81,614	14,115
	\$ 144,094	\$ 18,157

Cost, market value and unrealized appreciation for marketable equity securities and contractual amount due, carrying amount and unamortized discount for mortgage notes receivable at June 30, 2019 and 2018 are summarized as follows:

		Cost and Contractual Amount Due	Carrying Amount	Unrealized Appreciation & (Unamortized Discount)
2019				
Marketable Equity Securities	\$	2,377,324	\$ 2,487,833	\$ 110,509
2018				
Marketable Equity Securities	\$	2,099,693	2,113,260	\$ 13,567
Mortgage Notes Receivables		6,892	5,674	(1,218)
	\$	2,106,585	\$ 2,118,934	\$ 12,349

3. Office Furniture & Equipment

Office furniture and equipment at June 30, 2019 and 2018 consisted of the following:

	2019	2018
Office Furniture and Equipment	\$ 14,815	\$ 14,815
Less: Accumulated Depreciation	(14,815)	(14,815)
	\$ -	\$ -

See Independent Accountant's Review Report

THE HOMER FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

4. Grants Payable

At June 30, 2019 and 2018, respectively, the Foundation has committed to award grants totaling \$22,750 and \$14,685.

5. Funds Managed for Others

FASB ASC Topic 958-605 identifies certain situations when an organization does not record contribution revenue when it receives funds. Instead, the recipient organization records an asset and a liability. These situations include transactions where the organization receives funds as an agent, trustee or intermediary.

The Foundation has agreements in which it invests resources for the sole benefit of donor organizations. These situations are created when the donor organization creates a component fund and specifies itself or an affiliate as the beneficiary. At June 30, 2019 and 2018, the amount invested by the Foundation for others was \$284,188 and \$262,986, respectively. The investment return earned on behalf of these organizations is not included in the Foundation's statement of activities.

6. Availability and Liquidity

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of June 30 are:

Financial assets at year-end:	2019	2018
Cash and cash equivalents	\$ 466,915	\$ 382,251
Accounts receivable	364	-
Cash Surrender Value of Life Insurance	2,606	3,090
Mortgage Notes Receivable, Net of Discounts	-	5,674
Investments at fair value	2,487,833	2,113,260
Total financial assets	2,957,718	2,504,275
 Less financial assets held to meet donor-imposed restrictions:		
Purpose-restricted net assets	(164,547)	(96,526)
Time-restricted net assets	(71,394)	(68,144)
 Less financial assets not available within one year:		
Life insurance policies	(2,606)	(3,090)
Less board-designated endowments and endowment funds without donor restrictions	(2,413,928)	(2,007,443)
Financial assets available to meet general expenditures over the next twelve months	\$ 305,243	\$ 329,072

The above table reflects donor-restricted and board-designated endowment funds as unavailable because it is the organization's intention to invest those resources for the long-term support of the organization. However, in the case of need, the board of directors could appropriate resources from either the donor-restricted funds available for general use or from its designated endowment fund. Note 7 provides more information about those funds and about the spending policies for all endowment funds.

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7. Net Assets

Net assets without donor restrictions at June 30, 2019 and 2018 consisted of the following:

	2019	2018
Administrative Funds	\$ 396,707	\$ 309,521
Board Designated Funds	63,217	49,669
Repair and Replacement Funds	91,329	87,323
Other Designated Funds	85,518	87,720
Field of Interest Funds	902,365	747,163
Donor Advised Funds	892,393	742,378
	\$ 2,431,529	\$ 2,023,774

Net assets with donor restrictions were as follows:

Purpose restricted net assets, which consist entirely of funds whose use by the Foundation has been restricted by specified purpose limitations by the donor, were \$164,547 and \$96,526 at June 30, 2019 and 2018, respectively.

Time restricted net assets consisted of an endowment that must be maintained in perpetuity by the Foundation. In accordance with donor instructions the Foundation may use the investment income from this endowment to support operations. The restricted amount was \$71,394 and \$68,144 at June 30, 2019 and 2018, respectively.

8. Subsequent Events

Management has evaluated subsequent events through April 9, 2020, that date which the financial statements were available for issue. No events were identified that would require disclosure according to generally acceptable accounting principles.