

**Eliada Foundation, Inc.**

Asheville, North Carolina

Financial Statements  
Years Ended June 30, 2018 and 2017

and  
Independent Accountants' Review Report



## Table of Contents

	<u>Page Number</u>
<b>Independent Accountants' Review Report</b>	1
<b>Financial Statements</b>	
Statements of Financial Position	2
Statements of Activities	3–4
Statements of Cash Flows	5
Notes to Financial Statements	6–18



## Independent Accountants' Review Report

To the Board of Directors  
Eliada Foundation, Inc.  
Asheville, North Carolina

We have reviewed the accompanying financial statements of Eliada Foundation, Inc. (a not-for-profit corporation), which comprise the statements of financial position as of June 30, 2018 and 2017, and the related statements of activities 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 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.

### **Accountants' Responsibility**

Our responsibility is to conduct the review engagements in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. 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.

### **Accountants' Conclusion**

Based on our reviews, 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.

*Johnson Price Sprinkle PA*

November 12, 2018

**Eliada Foundation, Inc.**

## Statements of Financial Position

June 30,

2018

2017

**Assets**

Cash	\$	87,949	\$	249,523
Accounts receivable		603		-
Receivable from supported organization		425,926		95,171
Investments		2,069,746		2,194,009
Investments restricted for endowment		960,395		934,395
Property – net		8,282,877		8,497,839

**Total assets**

\$	11,827,496	\$	11,970,937
----	------------	----	------------

**Liabilities and Net Assets****Liabilities:**

Accounts payable	\$	5,487	\$	-
Payable to supported organization		9,714		10,114

**Total liabilities**

15,201	10,114
--------	--------

**Net assets:**

## Unrestricted:

Undesignated	8,735,870	8,831,399
Board designated	857,864	829,349
	9,593,734	9,660,748
Temporarily restricted	1,258,166	1,365,680
Permanently restricted	960,395	934,395

**Total net assets**

11,812,295	11,960,823
------------	------------

**Total liabilities and net assets**

\$	11,827,496	\$	11,970,937
----	------------	----	------------

See accompanying notes and independent accountants' review report.

**Eliada Foundation, Inc.**

## Statement of Activities

Year Ended June 30, 2018

	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals
<b>Support and revenues:</b>				
Private grants and contributions	\$ -	\$ 123,263	\$ 26,000	\$ 149,263
Rental income-in-kind	212,700	-	-	212,700
Investment income	70,868	183,255	-	254,123
Interest income	9,296	-	-	9,296
Net assets released from restrictions	414,032	(414,032)	-	-
<b>Total support and revenues</b>	<b>706,896</b>	<b>(107,514)</b>	<b>26,000</b>	<b>625,382</b>
<b>Expenses:</b>				
Program services:				
Subsidies paid to Eliada Homes, Inc.	235,000	-	-	235,000
Subsidies in-kind-Eliada Homes, Inc.	212,700	-	-	212,700
Scholarships	6,655	-	-	6,655
Facility expense	306,686	-	-	306,686
	761,041	-	-	761,041
Supporting expense:				
General expense	12,869	-	-	12,869
<b>Total expenses</b>	<b>773,910</b>	<b>-</b>	<b>-</b>	<b>773,910</b>
<b>Change in net assets</b>	<b>(67,014)</b>	<b>(107,514)</b>	<b>26,000</b>	<b>(148,528)</b>
<b>Net assets, beginning of year</b>	<b>9,660,748</b>	<b>1,365,680</b>	<b>934,395</b>	<b>11,960,823</b>
<b>Net assets, end of year</b>	<b>\$ 9,593,734</b>	<b>\$ 1,258,166</b>	<b>\$ 960,395</b>	<b>\$ 11,812,295</b>

See accompanying notes and independent accountants' review report.

**Eliada Foundation, Inc.**

## Statement of Activities

Year Ended June 30, 2017

	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals
<b>Support and revenues:</b>				
Contributions	\$ 109,164	\$ 6,200	\$ 5,000	\$ 120,364
Rental income-in-kind	242,000	-	-	242,000
Investment income	99,509	264,088	-	363,597
Interest income	2,604	-	-	2,604
Loss on sale of property	(1,355)	-	-	(1,355)
Net assets released from restrictions	44,180	(44,180)	-	-
<b>Total support and revenues</b>	<b>496,102</b>	<b>226,108</b>	<b>5,000</b>	<b>727,210</b>
<b>Expenses:</b>				
Program services:				
Subsidies paid to Eliada Homes, Inc.	118,800	-	-	118,800
Subsidies in-kind- Eliada Homes, Inc.	242,000	-	-	242,000
Scholarships	10,905	-	-	10,905
Facility expense	303,618	-	-	303,618
	675,323	-	-	675,323
Supporting expense:				
General expense	31,775	-	-	31,775
<b>Total expenses</b>	<b>707,098</b>	<b>-</b>	<b>-</b>	<b>707,098</b>
<b>Change in net assets</b>	<b>(210,996)</b>	<b>226,108</b>	<b>5,000</b>	<b>20,112</b>
<b>Net assets, beginning of year</b>	<b>9,871,744</b>	<b>1,139,572</b>	<b>929,395</b>	<b>11,940,711</b>
<b>Net assets, end of year</b>	<b>\$ 9,660,748</b>	<b>\$ 1,365,680</b>	<b>\$ 934,395</b>	<b>\$ 11,960,823</b>

See accompanying notes and independent accountants' review report.

**Eliada Foundation, Inc.**

## Statements of Cash Flows

Years Ended June 30,

2018

2017

**Cash flows from operating activities:**

Change in net assets	\$	(148,528)	\$	20,112
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:				
Contributions restricted for endowment		(26,000)		(5,000)
Loss on sale of property		-		1,355
Depreciation		306,686		303,416
Unrealized gain on investments		(93,772)		(96,733)
Realized gain on investments		(107,377)		(217,748)
(Increase) decrease in assets:				
Accounts receivable		(603)		-
Increase (decrease) in liabilities:				
Accounts payable		5,487		(3,000)
Payable to supported organization		(400)		10,114
Net cash provided by (used in) operating activities		(64,507)		12,516

**Cash flows from investing activities:**

Purchase of investments		(78,974)		(60,315)
Proceeds from sale of investments		378,386		261,862
Collections (advances) on receivable from supported organization		(330,755)		261,829
Purchase of property		(91,724)		(4,370)
Net cash provided by (used in) investing activities		(123,067)		459,006

**Cash flows from financing activities:**

Payments on long-term debt		-		(323,069)
Contributions restricted for endowment		26,000		5,000
Net cash used in financing activities		26,000		(318,069)

**Net increase (decrease) in cash** (161,574) 153,453**Cash, beginning of year** 249,523 96,070**Cash, end of year** \$ 87,949 \$ 249,523**Supplemental disclosures of cash flow information:**

Cash payments for interest \$ - \$ 5,267

See accompanying notes and independent accountants' review report.

## **Eliada Foundation, Inc.**

Notes to Financial Statements

June 30, 2018 and 2017

---

### **Note A – Organization and summary of significant accounting policies:**

---

#### **Organization**

Eliada Foundation, Inc. (the Organization) is a North Carolina not-for-profit corporation, located in Asheville, North Carolina. The Organization exists and operates exclusively to support Eliada Homes, Inc. (EHI), a not-for-profit corporation engaged in a variety of programs designed to benefit children and families in need. The board of directors for the Organization is charged with the management of the physical plant comprising the campus of EHI. Additionally, the board is responsible for capital development for EHI, by securing funding for operational and capital needs and safeguarding existing assets.

#### **Income taxes**

The Organization has been classified as a public charity under the Internal Revenue Code Section 501(c)(3). As a public charity, the Organization is exempt from federal and state income taxes and federal excise taxes under Section 509(a)(1) of the Internal Revenue Code. It is the Organization's policy to evaluate all tax positions to identify any that may be considered uncertain. All identified material tax positions are assessed and measured by a "more-likely-than-not" threshold to determine if the tax position is uncertain, and what, if any, effect the uncertain tax position may have on the financial statements. No material uncertain tax positions were identified for tax years 2017 and 2016. Currently, the statute of limitations remains open subsequent to and including tax year 2014; however, no examinations are in process or anticipated. Any changes in the amount of a tax position will be recognized in the period the change occurs.

#### **Basis of accounting and financial statement presentation**

The accompanying financial statements have been prepared on the accrual basis of accounting and conform to accounting principles generally accepted in the United States of America as applicable to not-for-profit organizations.

Financial statement presentation follows the recommendations of FASB ASC 958-205, *Presentation of Financial Statements*. Under FASB ASC 958-205, the Organization is required to report information regarding its financial position and activities according to three classes of net assets, as follows:

***Unrestricted net assets*** consist of all resources of the Organization which have no donor-imposed restrictions. The Organization's governing board may, at their discretion, designate unrestricted net assets for a specified purpose.



## **Eliada Foundation, Inc.**

Notes to Financial Statements – continued

June 30, 2018 and 2017

---

### **Note A – Organization and summary of significant accounting policies – continued:**

---

#### **Basis of accounting and financial statement presentation – continued**

*Temporarily restricted net assets* consist of contributions received whose use by the Organization is limited by donor-imposed stipulations that expire by passage of time or can be fulfilled by actions of the Organization. When a donor restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as assets released from restrictions.

*Permanently restricted net assets* consist of contributions received from donors whose use by the Organization is restricted to investment in perpetuity. Income from the investment of permanently restricted net assets is classified as unrestricted or temporarily restricted according to donor stipulations.

As permitted by these standards, the accounts of the Organization are maintained in accordance with the principles of fund accounting. This is the procedure by which resources for various purposes are classified for accounting purposes into funds that are in accordance with the activities or objectives specified. However, the Organization has discontinued the use of fund reporting and has, accordingly, reclassified its financial statements to present activity according to the three net asset classes required.

FASB ASC 958-205 provides guidance on the net asset classification of donor-restricted endowment funds for a not-for-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA). FASB ASC 958-205 also improves disclosures about an organization's endowment funds (both donor restricted endowment funds and board designated endowment funds) whether or not the organization is subject to UPMIFA.

The State of North Carolina adopted UPMIFA effective March 19, 2009. The Organization has adopted UPMIFA and FASB ASC 958-205. The board of directors has determined that the majority of the Organization's invested assets meet the definition of endowment funds under UPMIFA.

## **Eliada Foundation, Inc.**

Notes to Financial Statements – continued

June 30, 2018 and 2017

---

### **Note A – Organization and summary of significant accounting policies – continued:**

---

#### **Basis of accounting and financial statement presentation – continued**

Under UPMIFA, the board of directors has the ability to distribute so much of the corpus of any trust or separate gift, devise, bequest, or fund as the board in its sole discretion shall determine. In accordance with UPMIFA, the Organization considers the following factors on a fund by fund basis, before making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund;
- The purposes of the institution and the endowment fund;
- General economic conditions;
- The possible effect of inflation or deflation;
- The expected total return from income and the appreciation (depreciation) of investments;
- Other resources of the institution; and
- The investment policy of the institution.

The Organization adheres to the concept of historic gift value in determining the portion of donor-restricted endowment gifts that will be allocated to permanently restricted net assets.

#### **In-kind contributions**

Volunteers have donated a significant amount of time to the Organization's operations and program services. Contributed services that create or enhance nonfinancial assets or require specialized skills and are provided by individuals possessing those skills will be recognized as support. No amounts have been reflected in the accompanying financial statements for contributed services since the requirements for recognition under FASB ASC 958-605 were not met. Donated materials and use of facilities are reflected as contributions in the accompanying financial statements at their estimated fair market value at date of receipt.

#### **Investments**

The Organization accounts for investment activity in accordance with the requirements of FASB ASC 958-320 which requires the Organization to report investments in equity securities that have readily determinable values and all investments in debt securities at fair market values. The Organization reports investment income, including realized and unrealized gains and losses on investments, as changes in unrestricted net assets and temporarily restricted net assets.

## **Eliada Foundation, Inc.**

Notes to Financial Statements – continued

June 30, 2018 and 2017

---

### **Note A – Organization and summary of significant accounting policies – continued:**

---

#### **Fair value measurement**

FASB ASC 820-10, *Fair Value Measurement and Disclosures*, applies to report balances that are required or permitted to be measured at fair value, defines fair value, establishes a framework for measuring fair value, and requires expanded disclosures about fair value measurements.

The fair value hierarchy prioritizes the input to valuation techniques used to measure fair value into three broad levels. The level in the fair value hierarchy within which the fair value measurement in its entirety falls is determined based on the lowest level input that is significant to the measurement in its entirety.

**Level 1** (the highest level) inputs are based on quoted prices in active markets for identical assets or liabilities that the Organization has the ability to access at the measurement date. For example, securities traded in an active market, such as the New York Stock Exchange, are valued using Level 1 inputs.

**Level 2** inputs are observable inputs other than quoted prices, either directly or indirectly through corroboration with observable market data. If the asset or liability has a specified term, the Level 2 input must be observable for substantially the full term.

**Level 3** inputs are unobservable inputs for the asset or liability, meaning the inputs reflect the Organization's own assumptions about the assumptions market participants would use in pricing the asset or liability, including inputs related to risk, which have been developed based on the best information available in the circumstances.

## **Eliada Foundation, Inc.**

Notes to Financial Statements – continued

June 30, 2018 and 2017

---

### **Note A – Organization and summary of significant accounting policies – continued:**

---

#### **Property**

Property purchased or constructed by the Organization is recorded at historical cost. Donations of property are recorded at the estimated fair market value on the date of donation. Depreciation is recorded on a straight-line basis over the estimated useful life of the underlying asset, ranging from 5 – 40 years. When items are disposed of, the cost and accumulated depreciation are eliminated from the fixed asset records, and the resulting gain or loss is credited or charged to operations. Repairs and maintenance costs that do not enhance the useful lives of the assets are charged to expense as incurred.

#### **Contributions made**

Contributions to other entities which are authorized but unpaid at year-end are reported as liabilities in the statements of financial position.

#### **Use of estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make certain estimates and assumptions. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of assets and contingent liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

#### **Subsequent events**

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through November 12, 2018; the date the financial statements were available to be issued.

## Eliada Foundation, Inc.

Notes to Financial Statements – continued

June 30, 2018 and 2017

### Note B – Investments:

As required by FASB ASC 820-10, as of June 30, 2018 and 2017, the Organization’s investments were classified as follows on fair values:

	2018			
	Fair Value	Level 1	Level 2	Level 3
Cash	\$ 119,116	\$ 119,116	\$ -	\$ -
Stocks and bonds	1,869,054	1,869,054	-	-
CFWNC investments	1,041,971	-	-	1,041,971
Total	\$ 3,030,141	\$ 1,988,170	\$ -	\$ 1,041,971

	2017			
	Fair Value	Level 1	Level 2	Level 3
Cash	\$ 169,935	\$ 169,935	\$ -	\$ -
Stocks and bonds	1,939,824	1,939,824	-	-
CFWNC investments	1,018,645	-	-	1,018,645
Total	\$ 3,128,404	\$ 2,109,759	\$ -	\$ 1,018,645

As required by FASB ASC 820-10, the following table presents reconciliations for the years ended June 30 of the beginning and ending balances of the fair value measurements using significant unobservable inputs (Level 3):

	2018	2017
Balance, beginning of year	\$ 1,018,645	\$ 964,912
Realized losses	(290)	(777)
Unrealized gains	54,664	85,553
Issuances	(51,948)	(50,687)
Interest credited	20,900	19,644
Balance, end of year	\$ 1,041,971	\$ 1,018,645

## Eliada Foundation, Inc.

Notes to Financial Statements – continued

June 30, 2018 and 2017

### Note B – Investments – continued:

The Organization’s investments as of June 30 are reported at fair value, as follows:

	2018		
	Cost Basis	Fair Market Value	Unrealized Appreciation
Stocks and bonds	\$ 2,190,744	\$ 2,911,025	\$ 720,281
Cash management funds	119,116	119,116	-
	\$ 2,309,860	\$ 3,030,141	\$ 720,281

  

	2017		
	Cost Basis	Fair Market Value	Unrealized Appreciation
Stocks and bonds	\$ 2,331,960	\$ 2,958,469	\$ 626,509
Cash management funds	169,935	169,935	-
	\$ 2,501,895	\$ 3,128,404	\$ 626,509

Of the Organization’s investments as of June 30, 2018 and 2017, 34.4% and 32.6%, respectively, of the total is represented by assets transferred to the Community Foundation of Western North Carolina (CFWNC). The Organization has granted certain variance powers to CFWNC, including investment decisions and spendable income calculations. However, the Organization retains the right to access the principal of the fund in full, subject to donor restrictions. The remaining investment in stock and bonds is held in brokerage accounts. Investments in stock and bonds are subject to the risk of principal impairment.

Investments are presented on the accompanying statements of financial position as follows, as of June 30:

	2018	2017
Investments	\$ 2,069,746	\$ 2,194,009
Investments restricted for endowment	960,395	934,395
	\$ 3,030,141	\$ 3,128,404

## Eliada Foundation, Inc.

Notes to Financial Statements – continued

June 30, 2018 and 2017

### Note B – Investments – continued:

Investment income on the accompanying statements of activities consists of the following components for the years ended June 30:

	2018	2017
Dividends and interest	\$ 52,974	\$ 49,116
Realized gains	107,377	217,748
Unrealized gains	93,772	96,733
Investment income from marketable securities	\$ 254,123	\$ 363,597

### Note C – Property, net:

The Organization owns the land, buildings, and improvements which collectively comprise the campus of EHI. The original transfer was recorded at the estimated fair market value at the date of transfer. Subsequent to the original transfer, purchases have been recorded at cost and donations have been recorded at the estimated fair market value.

Following is a summary of property and accumulated depreciation for the years ended June 30:

	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018
<b>Property:</b>				
Land	\$ 4,480,000	\$ -	\$ -	\$ 4,480,000
Buildings and improvements	5,771,180	91,724	-	5,862,904
Land improvements	1,188,437	-	-	1,188,437
Equipment – Office	48,721	-	-	48,721
Equipment – Other	5,400	-	-	5,400
	11,493,738	91,724	-	11,585,462
<b>Accumulated depreciation:</b>				
Buildings and improvements	2,234,719	235,075	-	2,469,794
Land improvements	714,283	69,268	-	783,551
Equipment – Office	41,497	2,343	-	43,840
Equipment – Other	5,400	-	-	5,400
	2,995,899	306,686	-	3,302,585
Property – net	\$ 8,497,839	\$ (214,962)	\$ -	\$ 8,282,877

## Eliada Foundation, Inc.

Notes to Financial Statements – continued

June 30, 2018 and 2017

### Note C – Property, net – continued:

	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017
<b>Property:</b>				
Land	\$ 4,480,000	\$ -	\$ -	\$ 4,480,000
Buildings and improvements	5,766,810	4,370	-	5,771,180
Land improvements	1,193,312	-	(4,875)	1,188,437
Equipment – Office	48,721	-	-	48,721
Equipment – Other	5,400	-	-	5,400
	11,494,243	4,370	(4,875)	11,493,738
<b>Accumulated depreciation:</b>				
Buildings and improvements	2,002,913	231,806	-	2,234,719
Land improvements	648,536	69,267	(3,520)	714,283
Equipment – Office	39,154	2,343	-	41,497
Equipment – Other	5,400	-	-	5,400
	2,696,003	303,416	(3,520)	2,995,899
Property – net	\$ 8,798,240	\$ (299,046)	\$ (1,355)	\$ 8,497,839

Depreciation expense of \$306,686 and \$303,416 was charged to facility expense on the accompanying statements of activities for the years ended June 30, 2018 and 2017, respectively.

### Note D – Line of credit:

The Organization obtained a \$500,000 unsecured line of credit in July 2016 from a local bank, maturing in March 2019. This line requires monthly payments of interest only on outstanding advances at the bank's prime rate (5% as of June 2018) plus 1% with a minimum rate of 5%. As part of this agreement, EHI is a guarantor for this obligation of the Organization. The balance of this line of credit was \$0 as of June 30, 2018 and 2017.



## Eliada Foundation, Inc.

Notes to Financial Statements – continued

June 30, 2018 and 2017

---

### Note E – Transactions with supported organization:

---

The Organization provided facilities to EHI rent free, which represents an in-kind subsidy of \$212,700 and \$242,000 for the estimated fair rental value of the facilities for the years ended June 30, 2018 and 2017 respectively. The in-kind subsidy and related rental income have been recorded in the statements of activities for the years ended June 30, 2018 and 2017.

The Organization provides operating grants and subsidies to EHI as part of the Organization's primary purpose. Additionally, cash flow needs of EHI are often satisfied by short-term advances of funds. EHI pays the Organization 2% interest on all advanced funds, from the date of the advance until the date the funds are approved as a grant. The Organization received \$9,296 and \$2,604 interest from EHI for the years ended June 30, 2018 and 2017, respectively. The following amounts were granted to EHI during the years ended June 30,

	2018	2017
In-kind subsidy of rent	\$ 212,700	\$ 242,000
Operating subsidy to offset deficit of EHI	235,000	118,800
	\$ 447,700	\$ 360,800

---

The Organization owed EHI \$9,714 and \$10,114 as of June 30, 2018 and 2017, respectively, for grants and donations due but not paid.

EHI owed the Organization \$425,926 and \$95,171 as of June 30, 2018 and 2017, respectively.

EHI has various debt, of which the deed of trusts on some real properties owned by the Organization, are security. Current loan balances are \$85,333, net of unamortized discount and the carrying value of properties securing these loans was \$579,843 as of June 30, 2018.

## Eliada Foundation, Inc.

Notes to Financial Statements – continued

June 30, 2018 and 2017

### Note F – Endowment funds:

The net asset composition by type of endowment fund as of June 30, 2018 is as follows:

Purpose	Unrestricted Board Designated	Temporarily Restricted	Permanently Restricted	Total
Donor restricted endowment funds	\$ -	\$ 1,211,882	\$ 960,395	\$ 2,172,277
Board designated endowment funds	857,864	-	-	857,864
Total endowment funds	\$ 857,864	\$ 1,211,882	\$ 960,395	\$ 3,030,141

The net asset composition by type of endowment fund as of June 30, 2017 is as follows:

Purpose	Unrestricted Board Designated	Temporarily Restricted	Permanently Restricted	Total
Donor restricted endowment funds	\$ -	\$ 1,364,660	\$ 934,395	\$ 2,299,055
Board designated endowment funds	829,349	-	-	829,349
Total endowment funds	\$ 829,349	\$ 1,364,660	\$ 934,395	\$ 3,128,404

## Eliada Foundation, Inc.

Notes to Financial Statements – continued

June 30, 2018 and 2017

### Note F – Endowment funds – continued:

The changes in endowment net assets for the year ended June 30, 2018 are as follows:

Purpose	Unrestricted Board Designated	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	\$ 829,349	\$ 1,364,660	\$ 934,395	\$ 3,128,404
Interest and dividends–net	15,028	37,946	-	52,974
Investment gains–net	55,840	145,309	-	201,149
Contributions	-	-	26,000	26,000
Transfers and net assets released from restriction	(42,353)	(336,033)	-	(378,386)
Change in endowment net assets	28,515	(152,778)	26,000	(98,263)
Endowment net assets, end of year	\$ 857,864	\$ 1,211,882	\$ 960,395	\$ 3,030,141

The changes in endowment net assets for the year ended June 30, 2017 are as follows:

Purpose	Unrestricted Board Designated	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	\$ 947,523	\$ 1,138,552	\$ 929,395	\$ 3,015,470
Interest and dividends–net	13,372	35,744	-	49,116
Investment gains–net	86,136	228,344	-	314,480
Contributions	-	6,200	5,000	11,200
Transfers and net assets released from restriction	(217,682)	(44,180)	-	(261,862)
Change in endowment net assets	(118,174)	226,108	5,000	112,934
Endowment net assets, end of year	\$ 829,349	\$ 1,364,660	\$ 934,395	\$ 3,128,404

## Eliada Foundation, Inc.

Notes to Financial Statements – continued

June 30, 2018 and 2017

---

### Note G – Net assets:

---

#### Temporarily restricted net assets

Temporarily restricted net assets consist of funds earmarked by the donor for the following purposes as of June 30:

	2018	2017
Scholarship and future operations	\$ 1,211,882	\$ 1,364,660
Property improvement	46,284	1,020
	\$ 1,258,166	\$ 1,365,680

---

#### Permanently restricted net assets

Permanently restricted net assets consist of contributions received from donors, whose use by the Organization is restricted to investment in perpetuity. Income from the investment of permanently restricted net assets is classified as temporarily restricted, until appropriated for expenditure. Following is a breakdown of the nature of earnings restrictions on permanently restricted net assets as of June 30:

	2018	2017
Scholarship	\$ 53,122	\$ 48,122
Future operational needs	907,273	886,273
	\$ 960,395	\$ 934,395

---

### Note H – Concentrations:

---

The Organization's primary banking relationship is with an institution that is insured by the Federal Deposit Insurance Corporation (FDIC). At times during the year, the Organization's deposits may exceed the FDIC insured limits, especially in periods of high cash flows. The Organization has not experienced any losses in the accounts.

### Note I – Risk management:

---

The Organization is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to persons; and natural disasters. The Organization carries commercial coverage for these risks and as of June 30, 2018 has not experienced any settled claims in excess of insurance coverage.