



OF CENTRAL FLORIDA

UNITED ARTS OF CENTRAL FLORIDA, INC.

Financial Statements

June 30, 2018 and 2017

With Independent Auditors' Report

United Arts of Central Florida, Inc.
June 30, 2018 and 2017

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
United Arts of Central Florida, Inc.
Orlando, Florida

We have audited the accompanying financial statements of United Arts of Central Florida, Inc. (the "Organization") (a nonprofit organization), which comprise the statement of financial position as of June 30, 2018, and the related statements of activities, cash flows, and functional expenses for the year 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.

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 auditors consider internal control relevant to the Organization'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 Organization'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 the Organization as of June 30, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

The financial statements of United Arts of Central Florida, Inc. for the year ended June 30, 2017, were audited by another auditor who expressed an unmodified opinion on those statements on September 18, 2017.

Withum Smith + Brown, PC

September 12, 2018

United Arts of Central Florida, Inc.
Statements of Financial Position
June 30, 2018 and 2017

	2018	2017
Assets		
Cash and cash equivalents	\$ 2,982,901	\$ 2,902,784
Amounts held for others/restricted cash equivalents and receivables	3,557,505	3,784,701
Pledges and grants receivable, net	476,894	1,023,097
Prepaid expenses and other assets	44,763	57,280
Property and equipment, net of accumulated depreciation of \$120,655 and \$106,386	9,156	25,781
Board designated endowments	<u>26,029</u>	<u>25,272</u>
Total assets	<u>\$ 7,097,248</u>	<u>\$ 7,818,915</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 966,432	\$ 982,015
Deferred services revenue	120,992	132,059
Amounts held for others	3,557,505	3,784,701
Designations payable, less allowance for uncollectible pledges of \$11,785 and \$15,025	<u>337,495</u>	<u>439,847</u>
Total liabilities	<u>4,982,424</u>	<u>5,338,622</u>
Net assets		
Unrestricted	881,051	813,916
Temporarily restricted	<u>1,233,773</u>	<u>1,666,377</u>
Total net assets	<u>2,114,824</u>	<u>2,480,293</u>
Total liabilities and net assets	<u>\$ 7,097,248</u>	<u>\$ 7,818,915</u>

The Notes to Financial Statements are an integral part of these statements.

United Arts of Central Florida, Inc.
Statements of Activities
Years Ended June 30, 2018 and 2017

	2018			2017		
	Unrestricted	Temporarily	Total	Unrestricted	Temporarily	Total
		Restricted			Restricted	
Support						
Contributions						
Corporations	\$ -	\$ 618,245	\$ 618,245	\$ -	\$ 646,367	\$ 646,367
Government	2,111,885	-	2,111,885	2,143,844	-	2,143,844
Foundations	-	151,560	151,560	-	324,600	324,600
Individuals and workplace giving	-	1,842,110	1,842,110	-	1,639,584	1,639,584
Total contributions	2,111,885	2,611,915	4,723,800	2,143,844	2,610,551	4,754,395
Less: donor designations, net of provision for losses	(298,375)	(1,766,073)	(2,064,448)	(268,473)	(1,779,318)	(2,047,791)
Net contributions	1,813,510	845,842	2,659,352	1,875,371	831,233	2,706,604
Support and other revenue						
Contract and services revenue	886,094	42,012	928,106	899,346	51,315	950,661
Sponsorships and events	42,685	-	42,685	68,900	-	68,900
Grants and other gifts	65,263	240,000	305,263	91,411	825,000	916,411
Gifts-in-kind	170	-	170	18,880	-	18,880
Interest income	9,040	-	9,040	4,906	-	4,906
Net assets released from restriction	1,560,458	(1,560,458)	-	1,653,861	(1,653,861)	-
Total support and other revenue	2,563,710	(1,278,446)	1,285,264	2,737,304	(777,546)	1,959,758
Total revenue	4,377,220	(432,604)	3,944,616	4,612,675	53,687	4,666,362
Support grants and functional expenses						
Support grants to arts organizations	2,853,898	-	2,853,898	2,893,979	-	2,893,979
Functional expenses						
Program	806,399	-	806,399	916,485	-	916,485
Fundraising	522,338	-	522,338	506,353	-	506,353
Management and general	127,450	-	127,450	106,679	-	106,679
Total functional expenses	1,456,187	-	1,456,187	1,529,517	-	1,529,517
Total support grants and functional expenses	4,310,085	-	4,310,085	4,423,496	-	4,423,496
Change in net assets	67,135	(432,604)	(365,469)	189,179	53,687	242,866
Net assets						
Beginning of year	813,916	1,666,377	2,480,293	624,737	1,612,690	2,237,427
End of year	\$ 881,051	\$ 1,233,773	\$ 2,114,824	\$ 813,916	\$ 1,666,377	\$ 2,480,293

The Notes to Financial Statements are an integral part of these statements.

United Arts of Central Florida, Inc.
Statements of Cash Flows
Years Ended June 30, 2018 and 2017

	2018	2017
Cash flows from operating activities		
Change in net assets	\$ (365,469)	\$ 242,866
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	16,625	24,772
Decrease in board designated endowment	(757)	(1,981)
Changes in		
Amounts held for others/restricted cash equivalents and receivables	(227,196)	(799,000)
Pledges and grants receivable, net	546,203	208,727
Prepaid expenses and other assets	12,517	2,476
Accounts payable and accrued expenses	(15,583)	135,985
Deferred services revenue	(11,067)	(5,200)
Amounts held for others	227,196	799,000
Designations payable, net	(102,352)	(49,689)
Net cash provided by operating activities	<u>80,117</u>	<u>557,956</u>
Cash flows from investing activities		
Purchase of property and equipment	<u>-</u>	<u>(7,510)</u>
Net increase in cash and cash equivalents	80,117	550,446
Cash and cash equivalents		
Beginning of year	<u>2,902,784</u>	<u>2,352,338</u>
End of year	<u>\$ 2,982,901</u>	<u>\$ 2,902,784</u>

United Arts of Central Florida, Inc.
Statements of Functional Expenses
Years Ended June 30, 2018 and 2017

	2018			
	Program	Fundraising	Management and General	Total
Salaries, taxes, and benefits	\$ 478,929	\$ 346,553	\$ 103,516	\$ 928,998
Advertising and promotion	71,942	25,485	-	97,427
Consulting and contracted services	62,854	29,416	10,629	102,899
Rents and utilities	51,640	36,617	5,633	93,890
Technology	18,210	27,588	1,280	47,078
Supplies	8,516	3,921	2,193	14,630
Printing and publication	56,419	15,738	-	72,157
Hospitality, meals, and awards	15,108	10,379	-	25,487
Depreciation	9,144	6,483	998	16,625
Dues and subscriptions	9,295	4,275	625	14,195
Postage	4,579	3,118	469	8,166
Corporate insurance	4,733	2,401	370	7,504
Telecommunication	7,726	5,234	766	13,726
Travel, conferences, and education	7,304	5,130	971	13,405
	<u>\$ 806,399</u>	<u>\$ 522,338</u>	<u>\$ 127,450</u>	<u>\$ 1,456,187</u>
Total functional expenses				
	2017			
	Program	Fundraising	Management and General	Total
Salaries, taxes, and benefits	\$ 465,308	\$ 310,226	\$ 86,194	\$ 861,728
Advertising and promotion	147,281	18,695	-	165,976
Consulting and contracted services	78,482	55,121	4,112	137,715
Rents and utilities	56,245	32,810	4,687	93,742
Technology	17,363	30,523	4,165	52,051
Supplies	27,768	5,711	2,443	35,922
Printing and publication	58,213	23,474	137	81,824
Hospitality, meals, and awards	18,370	2,776	-	21,146
Depreciation	14,863	8,670	1,239	24,772
Dues and subscriptions	6,536	2,401	318	9,255
Postage	1,979	5,505	1,460	8,944
Corporate insurance	4,723	2,016	286	7,025
Telecommunication	8,139	4,344	621	13,104
Travel, conferences, and education	11,215	4,081	1,017	16,313
	<u>\$ 916,485</u>	<u>\$ 506,353</u>	<u>\$ 106,679</u>	<u>\$ 1,529,517</u>
Total functional expenses				

The Notes to Financial Statements are an integral part of these statements.

1. NATURE OF OPERATIONS

United Arts of Central Florida, Inc. (“United Arts” or the “Organization”) is a not-for-profit corporation organized and operated exclusively for cultural and educational purposes in order to further programs in arts, science, and history. Monies raised by United Arts are spent on programs and grants to various arts, science, and history organizations throughout Lake, Orange, Osceola and Seminole counties.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets and revenues are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted Net Assets – Net assets that are not subject to donor-imposed stipulations.

Temporarily Restricted Net Assets – Net assets subject to donor-imposed stipulations that will be met, either by actions of the Organization and/or the passage of time. When a restriction is satisfied or expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently Restricted Net Assets – Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. As of June 30, 2018, there are no permanently restricted net assets.

Liquidity

Assets are presented in the accompanying statements of financial position according to their nearness of conversion to cash and liabilities according to the nearness of their maturity and resulting use of cash.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Pledges and Grants Receivable

Pledges and grants receivable are unconditional promises to give and are recorded when the promises to give are made. Pledges and grants receivable which are expected to be collected in more than one year are stated at the present value of estimated future receipts. The Organization provides an allowance for uncollectible pledges at the time revenues are recorded based on historical write-offs.

Property and Equipment

Property and equipment consists of furniture, office equipment, and software and are recorded at cost, if purchased, and at fair market value on the date received, if donated. Depreciation is computed using the straight-line method over the estimated useful lives of the assets of three to seven years. For the years ended June 30, 2018 and 2017, depreciation expense was \$16,625 and \$24,772, respectively.

Contributions and Designations

Unconditional promises to give, including pledges and grants receivable, are recognized in the period received. Conditional promises to give are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met. Donor designations are included in total contributions, but are deducted to arrive at net contributions for presentation purposes on the statements of activities. Contributions received that are designated to a specified organization by the donor are recorded as designations payable. Pledges received that are designated to a specific organization by the donor are recorded as designations receivable and uncollected designations due when the related promise to give is received, net of an allowance for uncollectible pledges.

Donor Restricted Contributions

Contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or are restricted by the donor for specific purposes are reported as temporarily restricted support that increases that net asset class. United Arts operates on a forward funding basis; therefore, contributions toward the current annual campaign are time restricted to fund grants, programs, and operations in the next fiscal year.

When a donor restriction expires, which is when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and are reported in the statement of activities as net assets released from restriction. If a restriction is fulfilled in the same time period in which the contribution is received, the Organization reports the support as unrestricted.

Due to the timing of revenue recognition in relationship to the release of time and/or purpose restricted net assets, the Organization may experience fluctuations in its total change in net assets. These fluctuations are normal and do not impact general operations.

Deferred Services Revenue

Deferred services revenue represents administrative fees received for grants awarded by Orange County (see Note 3) and restricted program revenue, which have not yet been earned.

Contributed Services and Goods

Contributed services are recognized and recorded at fair market value only to the extent they create or enhance nonfinancial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donations. Contributed goods are recognized at fair market value on the date received. Specialized goods in the form of jewelry was received and recognized in the statements of activities as gifts-in-kind support and the statements of functional expenses as supplies of \$170 and advertising and promotion and supplies of \$18,880 during the years ended June 30, 2018 and 2017, respectively.

Functional Expenses

Salaries and related benefits are allocated among functional categories based upon the estimated proportion of time spent for each function. All other expenses are either directly allocated or distributed based upon management's estimate of the relative functional activity.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Income Taxes

The Organization is exempt from federal income tax under provisions of Section 501(c)(3) of the Internal Revenue Code and from state income taxes under similar provisions of the Florida Income Tax Code.

Accounting principles generally accepted in the United States of America prescribe requirements for the recognition of income taxes in financial statements, and the amounts recognized are affected by income tax positions taken by the Organization in its tax returns. The Organization's status as an exempt organization is defined as an income tax position under these requirements. While management believes it has complied with the Internal Revenue Code, the sustainability of some income tax positions taken by the Organization in its tax returns may be uncertain. There are minimum thresholds of likelihood that uncertain tax positions are required to meet before being recognized in the financial statements. Management does not believe that the Organization has any material uncertain tax positions at June 30, 2018 or 2017.

Concentration of Credit Risk

The Organization's financial instruments that are exposed to concentrations of credit risk consist of cash and cash equivalents, which include checking and money market accounts placed with federally insured financial institutions. Such accounts may, at times, exceed federally insured limits. The Organization has not experienced any losses on such accounts.

In addition, the Organization receives substantial support from individuals, businesses, and governmental entities in the Central Florida area. The financial strength of the Organization is therefore contingent upon the economy of Central Florida.

Advertising Expense

Advertising costs are expensed as incurred. The Organization actively advertises its brand and runs collaborative marketing campaigns on behalf of the arts, science, and history organizations it supports. Advertising is designed to raise awareness for the region's arts and cultural organizations and the diverse variety of events available. Marketing is done regionally to attract residents as well as throughout the state, nationally and internationally to attract tourists to experience arts and culture while they are in the area. The Organization solicits funding specifically to support these marketing efforts. For the years ended June 30, 2018 and 2017, the Organization was awarded grants totaling \$100,000 for each year. Advertising expenses for the years ended June 30, 2018 and 2017, totaled \$97,427 and \$165,976, respectively.

Reclassifications

Certain prior year amounts have been reclassified to conform to the current year presentation.

Subsequent Events

The Organization has evaluated events and transactions through September 12, 2018, which is the date the financial statements were available to be issued. Based upon this evaluation, the Organization has determined that no subsequent events have occurred that require adjustment to or disclosure in the financial statements.

3. DEFERRED SERVICES REVENUE

United Arts provides grants administration services for Orange County, Florida (see Note 4). Service fees are set at 8% of the first \$2,000,000 in grants awarded and 5% thereafter up to total administrative fees of \$199,000 per award year. Administrative fee revenue is earned ratably over the term of the grant of 18 – 21 months and is recorded as contract and services revenue in the statements of activities. Total administrative fees earned during the years ended June 30, 2018 and 2017, were \$210,816 and \$204,200, respectively. As of June 30, 2018 and 2017, deferred service fee revenue was \$120,992 and \$132,059, respectively.

United Arts of Central Florida, Inc.
Notes to Financial Statements
June 30, 2018 and 2017

4. AMOUNTS HELD FOR OTHERS

Orange County

The Organization holds funds on behalf of Orange County for arts and cultural grants to be funded by the tourist development tax at the discretion of Orange County. Funds are held in a separate, interest-bearing account and interest earned is remitted back to Orange County twice per year.

During the years ended June 30, 2018 and 2017, the Organization received \$4,558,388 and \$4,707,877, respectively, in funding for grants awarded for Cultural Tourism and/or Cultural Facilities and/or Blockbuster grants and disbursed \$4,738,382 and \$3,836,167, respectively, in funding for those grants, which were recorded as amounts held for others in the statements of financial position.

The Organization also receives donations to facilitate the purchase of artwork by Orange County Arts & Cultural Affairs on behalf of Orange County, Florida.

Since the Organization acts as an intermediary or agent for these funds on behalf of Orange County, these grants and related interest are not considered revenues of the Organization.

Amounts held for Orange County, including interest, consist of the following as of June 30:

	2018	2017
Cultural Facilities Grants	\$ 1,569,285	\$ 497,941
Cultural Tourism Grants	934,465	1,126,263
Blockbuster Fund	1,033,949	886,297
Arts Education	7,059	62,715
Arts & Cultural Affairs	<u>6,183</u>	<u>6,235</u>
Funds held for Orange County	3,550,941	2,579,451
Receivable from Orange County	-	1,204,851
Interest held for Orange County	<u>6,564</u>	<u>399</u>
Amounts held for Orange County	<u><u>\$ 3,557,505</u></u>	<u><u>\$ 3,784,701</u></u>

5. PLEDGES AND GRANTS RECEIVABLE

Pledges and grants receivable consist of the following as of June 30:

	2018	2017
Less than one year	\$ 480,027	\$ 1,024,673
Less allowance for doubtful accounts	<u>(3,133)</u>	<u>(1,576)</u>
	<u><u>\$ 476,894</u></u>	<u><u>\$ 1,023,097</u></u>

United Arts of Central Florida, Inc.
Notes to Financial Statements
June 30, 2018 and 2017

6. NET ASSETS

Unrestricted net assets consist of the following as of June 30:

	2018	2017
Available for operations	\$ 855,022	\$ 788,644
Board designated endowment investments	<u>26,029</u>	<u>25,272</u>
	<u><u>\$ 881,051</u></u>	<u><u>\$ 813,916</u></u>

Temporarily restricted net assets consist of the following as of June 30:

	2018	2017
Campaign funds restricted for future years	\$ 887,854	\$ 870,547
Purpose restricted – events website	82,632	84,647
Time and purpose restricted – grants	103,251	294,624
Time and purpose restricted – creative industries vocational program	<u>160,036</u>	<u>416,559</u>
	<u><u>\$ 1,233,773</u></u>	<u><u>\$ 1,666,377</u></u>

In June 2014, the Organization was awarded a two-year grant in the amount of \$300,000 from a financial institution. The grant funded the development and implementation of creative industries vocational programs at Evans High School in Orange County, Florida. Students participating in the program are trained in back-of-house creative skills preparing them for careers in the arts and entertainment industries. Funding was time and purpose restricted to fiscal years 2015 and 2016. The grantor approved rolling unexpended funds from 2015 and 2016 into subsequent years to continue to support the student internship portion of the program. Unexpended funds are included in temporarily restricted net assets on the statements of financial position.

In June 2016, the same financial institution awarded the Organization a second grant in the amount of \$350,000 to fund the development and implementation of a creative industries vocational program at a new high school being built in Osceola County. The program is a collaboration among the Organization, the School District of Osceola County, and Valencia College. Students participating in the program will be trained in back-of-house creative skills preparing them for careers in the arts or entertainment industries. Funding is time and purpose restricted with \$50,000 and \$300,000 allocated to fiscal years 2017 and 2018, respectively, and is included in temporarily restricted net assets on the statements of financial position.

Temporarily restricted net assets during the years ended June 30, 2018 and 2017 of \$1,560,458 and \$1,653,861, respectively, were released from donor restrictions to support grants and operations in the current period.

United Arts of Central Florida, Inc.
Notes to Financial Statements
June 30, 2018 and 2017

7. COMMITMENTS AND CONTINGENCIES

The Organization leases office space and office equipment under operating leases, which expire on various dates from 2018 through 2022. Future minimum lease payments due under operating leases having an initial or remaining non-cancelable term of more than one year at June 30, 2018, are approximated as follows:

Year Ending June 30,		
2019	\$	96,600
2020		99,200
2021		58,900
2022 and thereafter		<u>2,200</u>
	\$	<u><u>256,900</u></u>

Rent expense is recorded on a straight-line basis over the life of the lease. Total rent expense for the years ended June 30, 2018 and 2017, was approximately \$86,000 for both years, and is included in rent and utilities in the statements of functional expenses. As of June 30, 2018 and 2017, deferred rent expense was \$10,822 and \$10,739, respectively, and is included in accounts payable and accrued expenses on the statements of financial position.

8. EMPLOYEE BENEFIT PLAN

The Organization provides its employees with defined contribution plans under the provisions of Section 403(b) and 401(k) of the Internal Revenue Code. All employees are eligible to participate immediately upon hire. After one year of employment, participating employees have their contribution matched 100% up to 5% of eligible compensation and are 100% vested immediately. The Organization contributed \$30,056 and \$28,588 to the plans during the years ended June 30, 2018 and 2017, respectively.

9. BOARD DESIGNATED ENDOWMENTS

The Organization maintains two board designated endowment funds with the Central Florida Foundation (“CFF”). Each fund was seeded with \$10,000, which was taken from board-designated assets that had been set aside for this purpose. CFF’s spending policy requires that funds must be invested for at least 12 months before being distributed. Future income may be withdrawn or added to the principal balance of the endowment at CFF’s discretion. The first date a distribution could have been made from either of these funds was January 31, 2010. The Board of Directors oversees the funds management. During fiscal years 2018 and 2017, the Board elected to take a distribution of \$469 and \$450, respectively, from the United Arts Endowment Fund, and \$468 and \$450, respectively, from the United Arts of Central Florida Arts and Education Endowment Fund, to support the Organization’s programming.

The two endowment funds are as follows as of June 30:

	2018	2017
United Arts of Central Florida Endowment Fund	\$ 13,051	\$ 12,671
United Arts of Central Florida Arts and Education Endowment Fund	<u>12,978</u>	<u>12,601</u>
	<u><u>\$ 26,029</u></u>	<u><u>\$ 25,272</u></u>

United Arts of Central Florida, Inc.
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In accordance with accounting standards on the reporting of endowment funds, these funds are classified as unrestricted net assets on the statements of financial position.

The Organization's changes in the board-designated endowments for the years ended June 30, 2018 and 2017 are as follows:

	2018	2017
Board-designated endowment net assets, beginning of year	<u>\$ 25,272</u>	<u>\$ 23,291</u>
Net investment gain	2,019	3,222
Distributions	(937)	(900)
Investments fees	<u>(325)</u>	<u>(341)</u>
Change in board-designated endowment net assets	<u>757</u>	<u>1,981</u>
Board-designated endowment net assets, end of year	<u><u>\$ 26,029</u></u>	<u><u>\$ 25,272</u></u>

The Board of Directors of the Organization has interpreted the Florida Uniform Prudent Management of Institutional Funds Act ("FUPMIFA") as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as unrestricted net assets: (a) the original value of the gift donated to the Board endowment, (b) the original value of subsequent gifts to the Board endowment, and (c) accumulations to the Board endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. In accordance with FUPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate Board endowment funds:

- The duration and preservation of the fund;
- The purposes of the Organization and the endowment fund;
- General economic conditions;
- The possible effect of inflation and deflation;
- The expected total return from income and the appreciation of investments;
- Other resources of the Organization;
- The investment policies of the Organization.