



2021

Annual Report

SECU Foundation

PEOPLE HELPING PEOPLE®



Table of Contents

Independent Auditors' Report	1
Statements of Financial Position	3
Statements of Activities and Changes in Net Assets	4
Statements of Cash Flows	5
Notes to Financial Statements	6
Board of Directors, Executive Director, and Contact Information	22



Independent Auditors' Report



CliftonLarsonAllen LLP
CLAconnect.com

INDEPENDENT AUDITORS' REPORT

Board of Directors
State Employees' Credit Union Foundation
Raleigh, North Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of State Employees' Credit Union Foundation (the Foundation), which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities and changes in net assets, and cash flows for the years then ended, and the related notes to financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Foundation'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 Foundation'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.



Independent Auditors' Report

Board of Directors
State Employees' Credit Union Foundation

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of June 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The report of the Board of Directors, Executive Director and Contact Information is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



CliftonLarsonAllen LLP

Timonium, Maryland
August 23, 2021

Statements of Financial Position

June 30, 2021 and 2020

Assets	2021	2020
Cash and cash equivalents	\$ 34,368,512	\$ 33,227,581
Loans receivable (See Notes 2 & 3)		
NC Teacher Housing	4,143,282	4,771,380
NCHFA construction loans	2,150,861	809,926
Maple Court Apartments Veterans' Housing	329,141	340,736
Longview Terrace	124,056	143,345
Greenfield Place	2,586,416	2,646,887
Booker Park North	2,354,126	2,400,000
Habitat for Humanity	9,257,418	9,681,124
Less: allowance for loan losses	(519,045)	(491,572)
Total loans receivable	<u>20,426,255</u>	<u>20,301,826</u>
Prepaid expenses	-0-	7,199
Total assets	\$ 54,794,767	\$ 53,536,606
Liabilities		
Accounts payable and other liabilities	\$ 162,511	\$ 182,165
Grants payable		
SECU Internship Program	758,940	756,290
SECU Family House at UNC Hospitals	-0-	500,000
NC GreenPower Solar+ Schools	105,000	199,054
State Employees Combined Campaign	60,435	40,884
Governor's Awards for Excellence	-0-	17,525
Rural Opportunity Grant Program	-0-	150,000
Veterans Life Center	-0-	350,000
MATCH Wellness	-0-	66,199
Mission Development Grant Program	260,000	325,000
COVID-19 Response Phase 3	-0-	500,000
Asheville Buncombe Community Christian Ministry	-0-	500,000
NC Freedom Park Grant	-0-	500,000
Capacity Building Grants	-0-	61,262
Hospice & Home Care Foundation	-0-	86,129
Children's Center of Northwest North Carolina	-0-	350,000
The Shepherd's House	250,000	500,000
Addiction Recovery Care Association	1,000,000	1,000,000
Komen North Carolina	-0-	66,000
North Carolina Baptists on Mission	2,000,000	3,400,000
Lead for North Carolina	500,000	-0-
Healing Transitions	300,000	-0-
Partners in Ministry	1,000,000	-0-
My Kid's Club	500,000	-0-
NC Museum of Natural Sciences	2,000,000	-0-
Total grants payable	<u>8,734,375</u>	<u>9,368,343</u>
Scholarships payable		
University scholarships	10,457,416	9,907,362
Community College scholarships	846,435	819,691
SECU Bridge to Career Program	1,196,563	966,500
SECU Partnership East	-0-	15,200
SECU Appalachian Partnership	-0-	460,776
Total scholarships payable	<u>12,500,414</u>	<u>12,169,529</u>
Total liabilities	<u>21,397,300</u>	<u>21,720,037</u>
Net Assets		
Without donor restrictions		
Undesignated	8,150,687	5,380,757
Designated	25,246,780	26,435,812
Total net assets	<u>33,397,467</u>	<u>31,816,569</u>
Total liabilities & net assets	\$ 54,794,767	\$ 53,536,606

The accompanying notes are an integral part of the financial statements.

Statements of Activities and Changes in Net Assets

Years Ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Revenues, gains, and other support		
SECU member contributions	\$ 18,283,722	\$ 17,364,020
SECU contributed services	705,467	674,197
Interest and dividends	234,404	561,083
Total revenues, gains, and other support	<u>19,223,593</u>	<u>18,599,300</u>
Program expenses		
University scholarships	4,250,474	3,686,929
Community College scholarships	419,245	394,763
SECU Bridge to Career Program	1,044,000	879,000
SECU Partnership East	(15,200)	-0-
SECU Appalachian Partnership	1,862	7,946
SECU Internship Program	1,450,000	1,100,000
Hospice & Home Care Foundation	253,270	4,751
State Employees Combined Campaign	45,551	1,047
NC GreenPower Solar+ Schools	946	199,241
Governor's Awards for Excellence	475	937
EdNC – First Vote NC	223	1,537
Capacity Building Grants	(2,357)	80,443
MATCH Wellness	(66,199)	-0-
Asheville Buncombe Community Christian Ministry	-0-	1,500,000
Children's Center of Northwest North Carolina	-0-	700,000
The Shepherd's House	-0-	500,000
Addiction Recovery Care Association	-0-	1,000,000
Mission Development Grant Program	-0-	400,000
Rural Opportunity Grant Program	-0-	186,000
Komen North Carolina	-0-	150,000
NC Baptists on Mission	-0-	5,000,000
Veterans Life Center	-0-	1,000,000
Feeding the Carolinas	-0-	1,000,000
Meals on Wheels North Carolina	500,000	500,000
Salvation Army	1,000,000	1,000,000
The North Carolina Healthcare Foundation	-0-	2,500,000
COVID-19 Response Phase 3	-0-	3,050,000
Lead for North Carolina	752,766	-0-
Pathway to Practice North Carolina	(17,396)	-0-
NC Education Corps	200,000	-0-
NC Alliance for School Leadership Development	80,000	-0-
Healing Transitions	500,000	-0-
My Kid's Club	500,000	-0-
Partners in Ministry	1,000,000	-0-
NC Community Foundation	3,000,000	-0-
NC Museum of Natural Sciences	2,000,000	-0-
Total program expenses	<u>16,897,660</u>	<u>24,842,594</u>
Management and general expense	<u>745,035</u>	<u>716,302</u>
Total expenses	<u>17,642,695</u>	<u>25,558,896</u>
Changes in net assets	1,580,898	(6,959,596)
Net assets at beginning of year	31,816,569	38,776,165
Net assets at end of year	\$ 33,397,467	\$ 31,816,569

The accompanying notes are an integral part of the financial statements.



Statements of Cash Flows

Years Ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:		
Changes in net assets	\$ 1,580,898	\$ (6,959,596)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Allowance for loan losses	27,473	77,668
(Decrease)/Increase in grants payable	(633,968)	3,232,015
Increase in scholarships payable	330,885	76,476
(Decrease) in accounts payable	(19,654)	(45,342)
Decrease/(Increase) in prepaid expense	7,199	(7,199)
	<hr/>	<hr/>
Net cash provided (used) by operating activities	1,292,833	(3,625,978)
Cash flows from investing activities:		
Loan issuance	(1,340,934)	(3,807,267)
Principal collected on loans	1,189,032	3,375,715
Net cash used in investing activities	<hr/> (151,902)	<hr/> (431,552)
Net increase/(decrease) in cash and cash equivalents	1,140,931	(4,057,530)
Cash and cash equivalents at beginning of year	33,227,581	37,285,111
Cash and cash equivalents at end of year	\$ 34,368,512	\$ 33,227,581

The accompanying notes are an integral part of the financial statements.



Notes to Financial Statements

June 30, 2021 and 2020

Note 1: Organization and Summary of Significant Accounting Policies

Organization: The State Employees' Credit Union Foundation (the Foundation) is a private, non-profit, charitable foundation established by the membership of the State Employees' Credit Union (SECU or Credit Union) in North Carolina. The Foundation was approved by the Internal Revenue Service as a 501(c) (3) corporation in 2001 and began operating in July 2004. The focus of the Foundation is to promote local community development primarily through high impact projects in the areas of housing, education, healthcare and human services. The members of the Board of Directors of SECU and up to four additional appointees serve as the Board of Directors of the Foundation. As an extension of the cooperative ideals on which the Credit Union was founded, the funding for the Foundation is provided through donations of SECU members. Members provide the funding of the Foundation primarily through voluntary contributions of \$1.00 monthly maintenance fees on checking accounts. These fees would otherwise go toward the operation of the Credit Union. Additional voluntary unrestricted contributions from members are accepted. While a \$1.00 per month maintenance fee contribution is generally not a significant burden on any individual member, the collective impact of the donations creates opportunities to positively impact and improve the quality of life in neighborhoods and communities throughout North Carolina. The SECU Foundation is an outreach of the "People Helping People®" cooperative philosophy on which the Credit Union was organized and by which the Credit Union operates.

Basis of Accounting: The financial statements of the Foundation are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America for non-profit organizations. The financial statements include the accounts maintained by and directly under the control of the Foundation.

The financial statements of the Foundation are presented following the guidance of the "Not-for-Profit Organizations – Audit and Accounting Guide," including ASC 958-605 "Accounting for Contributions Received and Contributions Made" and ASC 958-205, "Financial Statements of Not-for-Profit Organizations" which require the Foundation to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions are available for use in general operations. Board designated funds represent net assets without donor restrictions which are designated by the Board of Directors of the Foundation (the Board) action for scholarships or grants. All net assets of the Foundation were classified as without donor restrictions as of June 30, 2021 and 2020.

Net assets with donor restrictions consist of amounts that are subject to donor restrictions and income earned on donor restricted investments in perpetuity. The Foundation is permitted to use up or expend the donated assets in accordance with the donor restriction. The Foundation does not have any net assets with donor restrictions as of June 30, 2021 and 2020.

Cash and Cash Equivalents: For purposes relating to the statements of cash flows, the Foundation considers all highly liquid debt instruments with a maturity of three months or less, at the time of purchase, to be cash equivalents. The Foundation also includes money market accounts as cash equivalents. Cash and cash equivalents are held at the State Employees' Credit Union.

The Foundation maintains cash balances at SECU. Accounts are insured by the National Credit Union Share Insurance Fund (NCUSIF) up to specified limits. Balances in these accounts generally exceed NCUSIF limits. The Foundation held balances in excess of NCUSIF limits of \$34,380,844 and \$33,500,164 as of June 30, 2021 and 2020, respectively.

Loans Receivable: In furtherance of its charitable purpose, the Foundation provides loans to certain tax-exempt organizations primarily to build housing initiatives that support teachers, older adults and persons with disabilities in North Carolina. Loans receivable are recorded during the year in which the funds are disbursed. Loans are stated at the amount of unpaid principal, reduced by an allowance for loan losses. Management has an established methodology to determine the adequacy of the allowance for loan losses that assesses the risks and losses inherent in the loan portfolio. The Allowance for Loan Loss was \$519,045 and \$491,572 as of June 30, 2021 and 2020, respectively. Past due status is based on contractual terms of the loan.

Grants and Scholarships: Unconditional grants and scholarships are recorded as an expense during the year of approval. Grants and scholarships subject to certain conditions are recorded as expenses during the year in which conditions are substantially met or when the possibility that the conditions will not be met is remote, as determined by management. Grants and scholarships payable within one year are recorded at their fair value at the date of authorization. Grants and scholarships payable in more than one year are recorded at the present value of their future cash flows, using a risk-free rate of return based on U.S. Treasury securities.

Revenue Recognition: The Foundation has adopted the accounting treatment prescribed by Financial Accounting Standards Board ASC 958, Accounting for Contributions Received and Contributions Made, and Financial Statements for Not-for-Profit Organizations (FASB ASC 958). In accordance with FASB ASC 958, contributions received by the Foundation are treated as net assets without donor restrictions unless restricted by donor. As of June 30, 2021, there are no donor restrictions present.

Net Assets: As of June 30, 2021, and 2020, all net assets of the Foundation were classified as without donor restriction. These assets have no donor restrictions and may be used for any purpose consistent with the mission of the Foundation. Undesignated net assets of \$8,150,687 and \$5,380,757 are available to be awarded as of June 30, 2021 and 2020, respectively. The Board designated \$25,246,780 and \$26,435,812 of net assets without donor restrictions for current projects related to amounts included in loans receivable and any unfunded construction loan commitments as of June 30, 2021 and 2020, respectively.

Contributed Services: Donations of services that create or enhance physical assets and essential services that require and are donated by persons with specialized skills are to be measured at fair value and reported as increases in net assets without donor restrictions during the reporting period. Services donated by persons without specialized skills are not recorded. The Foundation does not own physical assets. The Foundation receives donations of management, legal, and accounting services as contributed services. Expenses related to contributed services are included

in management and general expense on the Statements of Activities and Changes in Net Assets. Contributed services provided by persons with specialized skills and support services in the amounts of \$705,467 and \$674,197 were recognized in the years ended June 30, 2021 and 2020, respectively.

Functional Allocation of Expenses: The Foundation reports expenses on a functional basis in the statement of activities and changes in net assets. These functions consist of programs as well as management and general. Expenses directly related to individual programs are classified as program expenses. Taxes, insurance, and administrative costs related to SECU Foundation are reported as management and general.

Federal Excise Taxes: The Foundation qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and is not subject to federal income taxation except to the extent that it has unrelated business taxable income. The Foundation is classified as a private foundation and is subject to a Federal excise tax of two percent on net investment income unless certain conditions are met in which case the Federal excise tax is 1 percent. In both 2021 and 2020 the Foundation was subject to a one percent rate with estimated excise tax expenses of \$2,344 and \$5,611, respectively.

Management has evaluated the Foundation's tax positions and concluded that the Foundation has taken no uncertain tax positions that would require adjustments or disclosure in the Financial Statements to comply with the provisions of ASC Topic 740, Accounting for Uncertainty in Income Taxes.

The Foundation is also required to make certain minimum qualifying distributions of its assets in accordance with formulas provided by Federal law. As a private foundation, SECU Foundation is required to make a minimum distribution of five percent of the net value of noncharitable-use assets. The minimum distribution may be further increased for recoveries of amounts treated as distributions from a previous year. In 2021, the Foundation was required to make minimum distributions of \$2,783,580 (\$5,284,543 in 2020). The Foundation made qualifying distributions in 2021 totaling \$18,822,259 and \$25,388,211 in 2020, satisfying the minimum requirements.

Use of Estimates: When preparing these financial statements in conformity with generally accepted accounting principles in the United States of America, management is required to make certain estimates that affect the reported amounts of assets and liabilities as of the date of the financial statements and the revenues and expenses in the reporting period. Actual results could differ from those estimates.

In March 2020, the World Health Organization (WHO) declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. This global pandemic brings additional uncertainties and susceptibility to significant change in the near term to the Foundation's determination of allowance for loan losses.

Change in Accounting Principle: In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, Revenue from Contracts with Customers (Topic 606). Subsequent to May 2014, the FASB issued six ASUs to clarify certain matters related to Topic 606. Topic 606 supersedes the revenue recognition requirements in FASB Accounting Standards Codification (ASC) 605, Revenue Recognition, and requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services.

The updates address the complexity and understandability of revenue recognition and provide sufficient information to enable financial statements users to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers.

The Foundation's financial statements reflect the application of ASC 606 guidance beginning July 1, 2019. No cumulative-effect adjustment in net assets was recorded because the adoption of ASU 2014-09 did not significantly impact the Organization's reported historical revenue.

During the year ended June 30, 2020, the Foundation adopted Guidance for Contributions Received and Contributions Made (Topic 958). This is a clarifying ASU that distinguishes between contributions and exchange transactions and assists in determining which guidance to apply. Additionally, once a transaction is deemed to be a contribution, this ASU assists in determining whether a contribution is conditional or unconditional, and if unconditional, whether the transaction is donor-restricted for limited purpose or timing. There was no material impact on the Foundation's financial position and changes in net assets as a result of the adoption of this accounting standard.

Note 2: Programs, Scholarships, and Grants

A key mission of the Foundation is to fund planning and development of projects which have the potential to attract broad-based local and state partnerships and to be self-sustaining. The SECU Foundation promotes local and community development primarily by funding high impact projects in the areas of housing, education, healthcare and human services. Letters of interest are accepted on a rolling basis throughout the year and awards are made in January and July. All grants and awards for projects are approved by the SECU Foundation Board.

Since 2004, through the Foundation, SECU members have funded a \$10,000 four-year college scholarship for a graduating senior in every regular public high school. In 2018, the Foundation set a limit of 435 scholarships to be distributed statewide. The allocation of scholarships is based on the Local Education Agencies (LEA). The statewide distribution per school district ensures the equitable dissemination of scholarships across North Carolina. The Foundation runs the allocation formula each year based on the information provided by the Department of Public Instruction. In addition, SECU Foundation has provided two \$5,000 scholarships over two years to students attending each of the 58 community colleges in the North Carolina Community College System.

In 2018, the Foundation collaborated with the North Carolina Community College System to establish the SECU Bridge to Career Program replacing the Continuing Education Scholarship Program. The new program was established to help remove financial barriers for students seeking to obtain state-regulated or industry-recognized credentials that lead to sustainable wage careers within their local communities. The Program had an initial funding of \$474,000 for 20 Community Colleges. During the fiscal year 2021 an additional \$1,044,000 was granted to the program. The outstanding balances at June 30, 2021 and 2020 were \$1,196,563 and \$966,500, respectively.

In 2014, the Foundation, East Carolina University (ECU), North Carolina Community Colleges, and North Carolina public schools collaborated in the creation of SECU Partnership East scholarships with an initial funding of \$2.28 million. This program allows students to graduate with a four-year degree from ECU by completing the first two years of the program at any one of the partnering community colleges followed by taking ECU courses online. Students graduate with a Bachelor of Science degree in elementary education, middle grades education, or special education. The outstanding balance at June 30, 2020 was \$15,200 with the project being fully disbursed in June 2021.

In 2015, the Foundation and Appalachian State University (ASU) Foundation collaborated in the creation of the SECU Appalachian Partnership program with an initial funding of \$1.76 million. The scholarships will support junior and senior students enrolled in elementary education, middle grades education, or special education program. Eligible students will graduate with a four-year teaching degree from Appalachian State University Reich College of Education by completing the first two years of coursework at regional community colleges. The outstanding balance at June 30, 2020 was \$460,776 with the project being fully disbursed in December 2020.

In 2015, the Foundation partnered with the University of North Carolina at Pembroke, Appalachian State University, and East Carolina University to roll-out a pilot program named the SECU Public Fellows Internship Program with an initial investment of \$300,000 and provided for each university to be awarded up to \$100,000 in support of paid internships for 20 qualifying in-state undergraduates for the summer of 2015. The program is designed to provide sophomore or junior college students with meaningful job experiences through internship assignments focused on local leadership in rural North Carolina communities. This initiative was continued with additional commitments of \$1,450,000 in 2021 and \$1,100,000 in 2020. The Foundation Board expanded the program to include fifteen of our state universities in 2021. The outstanding balances at June 30, 2021 and 2020 were \$758,940 and \$756,290, respectively.

The University scholarship, Community College scholarship, SECU Partnership East, SECU Appalachian Partnership, SECU Bridge to Career, and SECU Public Fellows Internship program commitments total \$7.4 million in 2021 (\$6.9 million in 2020) and total over \$91 million since inception of the educational programs in 2004.

In 2005, the Foundation granted \$2 million for the SECU Family House at UNC Hospitals to provide a convenient, safe, and affordable haven for those far from home needing a place to rest while caring for a loved one at UNC Hospitals. In 2017, an additional \$2,000,000 was granted for constructing, furnishing, and landscaping an expansion of this project. The outstanding balance of the grant at June 30, 2020 was \$500,000 with the project being fully disbursed in February 2021.

The Foundation has partnered with NC GreenPower Solar+ Schools for the advancement of renewable energy sources since 2007. NC GreenPower Solar+ Schools is a non-profit organization that works with electric utilities across the state of North Carolina to encourage development of renewable energy. In 2015, the Foundation granted \$140,000 to the Organization to assist in installing a five-kilowatt solar photovoltaic system in up to 14 North Carolina K-12 schools. This project will serve as an educational tool as well as offer greater energy efficiency. In 2020 an additional \$200,000 was granted to continue the installation of three or five kilowatt solar photovoltaic systems. The outstanding balances at June 30, 2021 and 2020 were \$105,000 and \$199,054, respectively.

Since 2007, the Foundation has provided a grant to support the administration of the North Carolina State Employees Combined Campaign which raises funds from state government employees for a variety of charities and educational efforts. In 2020 a two-year renewal was granted in the amount of \$45,000 to continue supporting the campaign. The outstanding balances of the grant at June 30, 2021 and 2020 were \$60,435 and \$40,884, respectively.

Since 2008, the Foundation has sponsored the Governor's Awards for Excellence program. The Awards for Excellence program honors the achievements of State employees by recognizing deserving State employees who have demonstrated outstanding achievements in the categories of Human Relations, Innovations, Outstanding State Government Service, Public Service, Heroism and Spirit of North Carolina. In 2018, \$72,000 was granted to be disbursed equally over a four-year period. The outstanding balance of the grant at June 30, 2020 was \$17,525 with the project being fully disbursed in June 2021.

In January 2020, the Foundation granted \$186,000 for the Rural Opportunity Grant Program. This program's purpose is to support public charities in the economically distressed counties in the Northwest, Northeast, and Sandhills regions of North Carolina. The program provides resources for public charity organizations to build the capacity required to create and sustain projects addressing key regional needs. The outstanding balance of the grant at June 30, 2020 was \$150,000 with the project being fully disbursed in October 2020.

In 2014, SECU Foundation provided a \$1,000,000 grant to establish the SECU Hospice House of WNC. It will be the first hospice facility west of Hendersonville and will serve Macon, Swain, Clay, Graham, Cherokee, and Jackson counties. The six-bed in-patient hospice house is a converted private residence in Franklin and will be operated by Four Seasons Hospice of Flat Rock, NC. The outstanding balance at June 30, 2019 was \$1,000,000 with the project being fully disbursed in June 2020.

In 2014, the Foundation granted \$1,500,000 to assist with the construction and renovation of the Asheville Art Museum. This project will enhance educational opportunities for students and teachers in the region and will contribute as an economic driver for Western North Carolina. The outstanding balance at June 30, 2019 was \$1,500,000 with the project being fully disbursed in July 2019.

In February 2020, the Foundation granted \$1,000,000 for the Veterans Life Center project. The grant will help support the construction of a 100-bed facility, in Butner, North Carolina, for at-risk veterans of 21st century military service whose discharge status makes them eligible for medical benefits from the Veterans Administration. The outstanding balance at June 30, 2020 was \$350,000 with the project being fully disbursed in August 2020.

In January 2017, the Foundation granted \$3,500,000 for the SECU Comprehensive Cancer Center at CarolinaEast in New Bern, North Carolina. The facility will provide comprehensive care for and address the high incidence of cancer among the citizens in the region. The outstanding balance at June 30, 2019 was \$1,166,667 with the project being fully disbursed in January 2020.

In November 2017, the Foundation granted \$200,000 for the MATCH Wellness Program which is managed by East Carolina University. The MATCH Wellness Program, started in 2007, is a school-based program that empowers 7th grade students to make healthy choices for eating and physical activity through lessons taught over a 16-week period to reduce the prevalence of obesity among children in rural Eastern North Carolina. The outstanding balance at June 30, 2020 was \$66,199 with the project being fully disbursed in February 2021.

In May 2020, the Foundation provided a grant of \$3,050,000 for the COVID-19 Response Phase 3 grant program. The program supported 34 Foundation grantees, the grants were to be awarded in lump sum payments of \$50,000 or \$100,000 depending on need. The operational funding is to help ensure these organizations withstand the economic stress of the pandemic. Phase 3 grantees

represent projects with exterior or interior SECU Foundation naming as well as Mission Development Grant recipients. The outstanding balance at June 30, 2020 was \$500,000 with the project being fully disbursed in July 2020.

In September 2019, the Foundation provided a grant of \$1,500,000 to Asheville Buncombe Community Christian Ministry to help fund phase one of the Transformation Village project. The project will provide a 90-bed transitional housing facility and community center to support the needs of homeless women and children from Buncombe and surrounding counties. The Transformation Village will provide services for approximately 350 residents annually. The outstanding balance at June 30, 2020 was \$500,000 with the project being fully disbursed in May 2021.

In June 2018, the Foundation provided a grant of \$500,000 to NC Freedom Monument Project, Inc for the construction of the North Carolina Freedom Park. The NC Freedom Park will celebrate the enduring contributions of African Americans in North Carolina who struggled to gain freedom and enjoy full citizenship. The park will represent the values of “freedom for all” and be a vibrant place for cultural enlightenment and thoughtful reflection. The outstanding balance at June 30, 2020 was \$500,000 with the project being fully disbursed in December 2020.

In August 2018, the Foundation provided a grant of \$150,000 to Education NC – First Vote NC. The program seeks to create a more informed, participatory, and robust citizenship by providing North Carolina high school students with an authentic, consistent, and relevant civics experience. The outstanding balance at June 30, 2019 was \$48,240 with the project being fully disbursed in March 2020.

In March 2019, the Foundation provided a grant of \$268,196 to The Hospice & Home Care Foundation of North Carolina. This project will address the shortage of registered nurses in home health and hospice settings by developing a comprehensive and systematic program to on-board recently graduated and recently hired registered nurses for this field. In July 2020 the Foundation provided an additional \$250,000 as part of their COVID-19 response. The outstanding balances at June 30, 2020 was \$86,129 with the project being fully disbursed in June 2021.

In September 2019, the Foundation provided a grant of \$700,000 to Children’s Center of Northwest North Carolina (CCNWNC), a non-profit organization that provides shelter and programs for children dealing with abuse, neglect, or homelessness and provides programming for parents to support improved caregiving skills. CCNWNC will use the grant to fund the construction of a new 5,000 square foot building and to renovate their existing building. The outstanding balance at June 30, 2020 was \$350,000 with the project being fully disbursed in July 2020.

In October 2019, the Foundation provided a grant of \$500,000 to The Shepherd’s House, a non-profit organization that works to address the needs of a rising homeless population in Surry County and the surrounding region. The grant is part of a capital project to fund construction of a 12-bedroom shelter in Mount Airy that will provide emergency housing and food for up to 48 individuals nightly. The outstanding balances at June 30, 2021 and 2020 were \$250,000 and \$500,000.

In November 2019, the Foundation provided a grant of \$1,000,000 to Addiction Recovery Care Association (ARCA), a non-profit organization that provides transitional housing and rehabilitative services for individuals recovering from drug and alcohol addiction in Forsyth and surrounding counties. The grant is part of a capital project to renovate a 200-bed nursing home to accommodate 24 detox beds, 75 residential treatment beds, physicians’ offices, nursing stations, counseling rooms, and administrative space. The outstanding balance at June 30, 2021 and 2020 was \$1,000,000.

In November 2019, the Foundation provided a grant of \$150,000 to Komen North Carolina, a non-profit organization that supports cancer education, research, advocacy, health services, and support programs. The grant funds will help support a two-year assessment of community-level cancer care to identify treatment gaps for women who have been screened or diagnosed with breast cancer. The outstanding balance at June 30, 2020 was \$66,000 with the project being fully disbursed in March 2021.

In March 2020, the Foundation provided a grant of \$5,000,000 to North Carolina Baptists on Mission, a non-profit that mobilizes volunteers to respond to identified state, national, and international needs. The grant funds will be used to repair up to 1,000 of the 2,100 homes identified by the North Carolina Department of Public Safety as still in need of repair from damages sustained by Hurricane Florence in 2018. The outstanding balances at June 30, 2021 and 2020 were \$2,000,000 and \$3,400,000.

In April 2020, the Foundation provided a grant of \$1,000,000 to Feeding the Carolinas, a non-profit that operates a network of food banks that are working to solve hunger. The grant was provided to help aid in the COVID-19 pandemic disaster relief response in North Carolina. The grant enabled Feeding the Carolinas to purchase a 3-week supply of food to distribute statewide. The grant was fully disbursed in April 2020.

In April 2020, the Foundation provided a grant of \$500,000 to Meals on Wheels North Carolina, a non-profit statewide network of senior nutrition providers allied in passion to end senior hunger. The grant was provided to help aid in the COVID-19 pandemic disaster relief response in North Carolina. In July 2021 the Foundation provided an additional \$500,000 to Meals on Wheels North Carolina. The grant was fully disbursed in July 2021.

In April 2020, the Foundation provided a grant of \$2,500,000 to the North Carolina Healthcare Foundation, a non-profit that supports hospitals, health systems, and healthcare providers to improve the delivery and quality of affordable care. The grant was provided to help aid in the COVID-19 pandemic disaster relief response in North Carolina. Funds from the grant were to be used to provide online training for medical staff required to deliver COVID-19 care, personal protective equipment, healthcare employee support, and operating support for small and rural hospitals at risk of closure due to lack of traditional revenue. The grant was fully disbursed in April 2020.

In April 2020, the Foundation provided a grant of \$1,000,000 to The Salvation Army of the Carolinas, a non-profit that utilizes local groups of members and volunteers to impact residents across North Carolina. The grant was provided to aid in the COVID-19 pandemic disaster relief response in North Carolina. The grant was fully disbursed in April 2020.

In September 2020, the Foundation provided a grant of \$3,000,000 to the NC Community Foundation to support the NC Healing Communities Fund. The Fund will support communities that have been disproportionately affected by the pandemic and underserved by other sources of financial assistance. Fund resources will be managed by the North Carolina Community Foundation to make grants to non-profits across the state meeting community needs which have emerged or increased as a result of the pandemic. The project was fully disbursed in December 2020.

In December 2020, the Foundation provided a grant of \$1,000,000 to The Salvation Army of the Carolinas, a non-profit organization that provides services across North Carolina to help those in need. The Salvation Army was awarded the grant to assist their efforts in supporting the North Carolina counties impacted by the COVID-19 pandemic. The project was fully disbursed in December 2020.

In February 2021, the Foundation provided a grant of \$80,000 to the NC Alliance for School Leadership Development, a non-profit that seeks to increase leadership capacity among aspiring and practicing school principals through programs aligned to performance evaluation standards and competencies for effective school leadership. The grant will support a two-year implementation of a Distinguished Practitioners Network to provide virtual statewide leadership development for public school principals in high-needs schools. The project was fully disbursed in February 2021.

In February 2021, the Foundation provided a grant of \$200,000 to the NC State Board of Education NC Education Fund to support the NC Education Corps, a joint project of the State Board of Education, the Governor's Office, and Local Education Agencies to provide support services for public school K-12 students addressing inequities in learning intensified by underlying economic, health, and social issues. The grant will support a statewide initiative to address student needs highlighted by COVID-19. The project was fully disbursed in February 2021.

In March 2021, the Foundation provided a grant of \$500,000 to Healing Transitions, a non-profit organization that provides services for homeless, underserved, and uninsured individuals suffering from alcoholism and other drug addictions at separate campuses in Wake County for men and women and helps participants return to a meaningful and productive life. The grant will support a \$6,000,000 renovation and expansion of the Women's Campus. The outstanding balance as of June 30, 2021 was \$300,000.

In March 2021, the Foundation provided a grant of \$1,000,000 to the UNC School of Government for the Lead for North Carolina program. The grant will support up to 50 fellows participating in the Lead for North Carolina post-graduate fellowship program at the UNC School of Government over a 3-year period. The outstanding balance as of June 30, 2021 was \$500,000.

In March 2021, the Foundation provided a grant of \$1,000,000 to Partners in Ministry, a non-profit organization that provides services in housing, education, and community resources in the Sandhills region of North Carolina. The grant will support the construction of a \$2,700,000 community education center for Partners in Ministry serving as the hub for educational and human services programming for residents of Scotland, Richmond, and Robeson counties. The outstanding balance as of June 30, 2021 was \$1,000,000.

In March 2021, the Foundation provided a grant of \$500,000 to My Kid's Club, a non-profit organization that encourages youth to grow through opportunities for academic success, civic engagement, and healthy living habits to achieve their potential as responsible and caring citizens. The grant will support construction of a new \$1,700,000 facility in Selma, North Carolina which will serve as the hub of programs for low-resource youth from Johnston County. The outstanding balance as of June 30, 2021 was \$500,000.

In June 2021, the Foundation provided a grant of \$2,000,000 to the Friends of the North Carolina Museum of Natural Sciences to support the SECU DinoLab project. The grant funds will support the construction of the Paleontology Conservation Lab in the Museum's Nature Research Center. Visitors to the lab will witness the gradual uncovering of the skeletal remains of two dinosaurs in real time with discovery details and interactive educational resources shared live online. The outstanding balance as of June 30, 2021 was \$2,000,000.

In October 2017, the Foundation started providing capacity building grants, now referred to as Mission Development grants, to organizations to help the grantees address certain organizational challenges. By helping address these challenges, the hope is that the grantees can overcome them and grow to be more successful in their various missions.

In January 2020, the Foundation provided a grant of \$400,000 to renew the Mission Development Grant Program. The program will award up to 10 grantees \$40,000 each over a two-year period. Funding will assist grantees with developing strategies to support key elements of their organization's mission and goals. The outstanding balances at June 30, 2021 and 2020 were \$260,000 and \$325,000.

In October 2017, the Foundation provided a grant of \$40,000 to Hospice House of WNC. The capacity building grant provides certain organizational coaching and consulting services for the benefit of the Grantee through WNC Nonprofit Pathways. The outstanding balance at June 30, 2020 was \$2,379 with the project being fully disbursed in February 2021.

In March 2019, the Foundation provided a grant of \$40,000 to Alleghany Partnership for Children. The capacity building grant provides certain organizational assessment, coaching, and consulting services for the benefit of the Grantee through HandsOn Northwest North Carolina. The outstanding balance at June 30, 2020 was \$28,883 with the project being fully disbursed in January 2021.

In April 2019, the Foundation provided a grant of \$40,000 to St. Gerard House, a non-profit organization in Hendersonville, North Carolina offering evidence-based treatment for individuals with Autism Spectrum Disorder (ASD) and other behavioral health needs. The capacity building grant allows the organization to develop its human resources department and address infrastructure needs to catch up with programmatic growth. Other challenges to be addressed are improving financial sustainability, strategic planning, and senior leadership succession planning. The outstanding balance at June 30, 2019 was \$15,000 with the project being fully disbursed in February 2020.

In August 2019, the Foundation provided a grant of \$40,000 to Masonic Home for Children at Oxford (MHCO), a non-profit organization that provides residential care and supporting services to children and families as well as an Independent Living Program for youth who are transitioning from foster care to adulthood. The capacity building grant is to help MHCO develop a comprehensive plan for the expansion of their Independent Living Program for young adults ages 18-23. The outstanding balance at June 30, 2020 was \$15,000 with the project being fully disbursed in October 2020.

In August 2019, the Foundation provided a grant of \$40,000 to Samaritan Colony, a non-profit organization that operates a residential substance abuse treatment facility in the town of Rockingham. Samaritan Colony serves approximately 139 people per year from Richmond and surrounding counties. The capacity building grant is to help Samaritan Colony prepare for a planned expansion of their campus to include a new facility for women seeking treatment for substance abuse. The outstanding balance at June 30, 2020 was \$15,000 with the project being fully disbursed in December 2020.

Note 3: Loans Receivable

In 2007, the Foundation made a \$2.25 million interest-free loan for the construction of an affordable rental housing complex for teachers in Hertford County, North Carolina. The ability to offer affordable rental housing has aided in the recruitment of qualified teachers to this rural county which has historically had difficulty attracting new teachers and has an acute shortage of rental housing.

The Foundation worked with the Partners for Hertford County Public Schools, the Hertford County Board of Education, and other supporters within Hertford County to provide this benefit to teachers moving into the county. The “Hertford Pointe” outstanding balances at June 30, 2021 and 2020 were \$33,428 and \$193,028, respectively.

In August 2018, the Foundation consolidated two interest-free loans to Dare Education Foundation in the total amount of \$998,778 for the construction of the Run Hill Ridge apartment complex and the Hatteras Teacher Housing complex. The outstanding balances at June 30, 2021 and 2020 were \$634,640 and \$759,488, respectively.

In 2010, the Foundation approved a \$2.25 million interest-free loan to the Partners for Hoke County Public Schools Education Foundation for a 24-unit Hoke County Teacher Housing project. Additional funding of \$330,000 was approved in 2013. The outstanding balances of the loan at June 30, 2021 and 2020 were \$1,317,464 and \$1,487,864, respectively.

In 2015, the Foundation agreed to provide an interest-free loan for \$2,500,000 to Eblen Charities, Inc., a North Carolina nonprofit corporation for the construction of a teacher housing complex for teachers that work within the Buncombe County and Asheville City Schools. Additional funding of \$335,000 was approved in 2016. The construction phase was completed in July 2017 and converted to a loan in December 2017. The outstanding balances at June 30, 2021 and 2020 were \$2,157,750 and \$2,331,000, respectively.

Beginning in 2009, the Foundation partnered with the North Carolina Housing Finance Agency (NCHFA) to finance the construction of supportive housing for persons with disabilities and special needs through local non-profit organizations. The Foundation provides interest-free construction financing for a variety of projects. Each construction loan is to be repaid by permanent financing previously committed to the project by NCHFA, allowing the funds to be recycled and available for future housing projects. The projects have been in a multitude of counties throughout North Carolina. Since 2009, \$15.3 million in loan advances have been made. Outstanding balances at June 30, 2021 and 2020 were \$2,150,861 and \$809,926, respectively. The following paragraphs detail the individual construction loans supported by the partnership between SECU and NCHFA.

In March 2019, the Foundation provided a \$500,000 interest-free loan to Religious Community Services for the BEE Emergency Shelter. The project will rehabilitate an existing homeless shelter which contains 20 beds for emergency housing. The outstanding loan balances at June 30, 2021 and 2020 were \$500,000 and \$482,842, respectively.

In May 2020, the Foundation provided a \$592,340 interest-free loan to the North Carolina Indian Housing Authority for the Springs Cove II project located in Red Springs, North Carolina. The project will involve the construction of three duplexes to provide permanent housing for six low-income households with two units set aside for persons with disabilities. The outstanding loan balances at June 30, 2021 and 2020 were \$590,861 and \$15,401.

In June 2020, the Foundation provided a \$700,000 interest-free loan to St. John Community Development Corporation for the construction of the Renaissance Apartments project located in Wilson, North Carolina. The project will consist of 16 units to provide permanent housing for low-income households, with four units to be set aside for persons with disabilities. The outstanding loan balances at June 30, 2021 and 2020 were \$700,000 and \$305,907.

In June 2020, the Foundation provided a \$360,000 interest-free loan to the Tammy Lynn Memorial Foundation for the Montreal Court project located in Cary, North Carolina. The project will involve the acquisition and rehabilitation of an existing three-bedroom licensed group home to create a four-bedroom licensed group home that is an accessible property that will provide permanent supportive housing for persons with severe intellectual and developmental disabilities. The outstanding loan balances at June 30, 2021 and 2020 were \$360,000 and \$5,776.

The terms of the construction loans call for balloon payments of all outstanding principal through proceeds from permanent financing previously committed to the project by NCHFA. The outstanding advances on these loans were as follows at June 30, 2021 and 2020:

<u>Project Name</u>	<u>Location</u>	<u>2021</u>	<u>2020</u>
Religious Community Services	New Bern	\$ 500,000	\$ 482,842
NC Indian Housing II	Red Springs	590,861	15,401
Renaissance Apartments	Wilson	700,000	305,907
Montreal Court	Cary	360,000	5,776
		<u>\$ 2,150,861</u>	<u>\$ 809,926</u>

In June 2010, the Foundation provided a \$435,000 installment loan to finance the construction of Maple Court Apartments Veteran Housing, located in Durham County. The housing complex provides transitional rental housing for homeless veterans and veterans at risk of being homeless. The outstanding balances at June 30, 2021 and 2020 were \$329,141 and \$340,736, respectively.

In January 2015, the Foundation provided an interest-free loan to the Roanoke Chowan Development Corporation for the construction of Longview Terrace. The 12-unit apartment complex will provide housing for low to moderate income individuals with disabilities in Ahoskie. This loan was structured in two parts, with the NCHFA construction portion advanced, completed, and paid in full. The outstanding balances at June 30, 2021 and 2020 were \$124,056 and \$143,345, respectively.

In August 2018, the Foundation provided a loan to DHIC for the construction of the Greenfield Place affordable housing community. The five-building community will provide housing for low to moderate income individuals and to individuals with disabilities. The loan has an interest rate of 3.0 percent and a 30-year term. The outstanding balances as of June 30, 2021 and 2020 were \$2,586,416 and \$2,646,887, respectively.

In June 2020, the Foundation provided a loan to Booker Park North for the construction of a three-story building housing 72 units for low-income senior adults located in Raleigh, North Carolina. The loan has an interest rate of 3.0 percent with a term of 18 years and amortized over 30 years with one final balloon payment at the end of the term. The outstanding balances as of June 30, 2021 and 2020 were \$2,354,126 and \$2,400,000.

In 2015, the Foundation entered an agreement with Habitat for Humanity for the purchase of mortgage loans in North Carolina. The Foundation has agreed to provide interest-free loans for a maximum loan term of 25 years in each of the 100 counties in North Carolina. 102 mortgages have been originated, completing the challenge to Habitat for Humanity of North Carolina to expand their reach to all NC counties. The outstanding loan balances as of June 30, 2021 and 2020 were \$9,257,418 and \$9,681,124, respectively.

Note 4: Allowance for Loan Losses

In 2016, the Foundation entered into an agreement with Habitat for Humanity for the purchase of mortgage loans in North Carolina. In 2016, management established an allowance for loan losses that estimates losses inherent in the loan portfolio. The allowance for loan losses is established through a provision for loan losses charged to expense. Loans are charged against the allowance when management believes that the principal and interest is uncollectible. Any recoveries of previously charged off loans are recorded to the allowance to offset the charge-off. The Foundation has no net loan charge-offs for the years ended June 30, 2021 and 2020.

A summary of the activity in the allowance for loan losses for the years ended June 30, 2021 and 2020 are as follows:

	2021	2020
Beginning balance	\$ 491,572	\$ 413,904
Provision for loan losses	-0-	-0-
Transfer from Habitat Escrow Payable	27,473	77,668
Charge-offs	-0-	-0-
Recoveries	-0-	-0-
Allowance for loan losses	<u>\$ 519,045</u>	<u>\$ 491,572</u>

A portion of the allowance for loan loss is specifically for the coverage of any losses from the Habitat for Humanity loans and is funded by the Habitat for Humanity escrow account. Any losses incurred from Habitat for Humanity loans within three years of the closing of the final loan can be covered by the funds in the Habitat for Humanity escrow account. The funds cannot be used to cover losses on non-Habitat for Humanity loans and therefore, are in a separate allowance. The three-year period ends May 2023. A summary of the breakdown of the allowance for loan losses for the years ended June 30, 2021 and 2020 are as follows:

	2021	2020
Allowance for loan losses - Non-Habitat	\$ 131,576	\$ 131,576
Allowance for loan losses - Habitat	387,469	359,996
Allowance for loan losses	<u>\$ 519,045</u>	<u>\$ 491,572</u>

The Foundation's loan portfolio consists of a combination of larger balance Teacher Housing loans and other Foundation loans, as well as smaller-balance homogenous Habitat for Humanity loans that are collectively evaluated for impairment. Loans classified as troubled debt restructurings are individually evaluated for impairment. The Foundation has three loans that are in a troubled debt restructuring as of June 30, 2021 with a balance of \$253,465. As of June 30, 2020, the Foundation had three loans that were in a troubled debt restructuring with a balance of \$263,910. The Foundation has eight loans it considers to be impaired as of June 30, 2021 and had eight loans it considered to be impaired as of June 30, 2020.

A summary of recorded investment in loans by portfolio segment and method of evaluation for impairment for the years ended June 30 is as follows:

<u>2021</u>	<u>Real Estate Loans</u>	<u>Total</u>
Loans:		
Ending balance: Individually evaluated for impairment	\$ 932,109	\$ 932,109
Ending balance: Collectively evaluated for impairment	<u>20,013,191</u>	<u>20,013,191</u>
Ending balance	<u>\$ 20,945,300</u>	<u>\$ 20,945,300</u>

<u>2020</u>	<u>Real Estate Loans</u>	<u>Total</u>
Loans:		
Ending balance: Individually evaluated for impairment	\$ 837,428	\$ 837,428
Ending balance: Collectively evaluated for impairment	<u>19,955,970</u>	<u>19,955,970</u>
Ending balance	<u>\$ 20,793,398</u>	<u>\$ 20,793,398</u>

As of June 30, 2021 and June 30, 2020 the Foundation had eight modified loans with balances of \$671,598 and \$615,285, respectively.

On March 22, 2020, Interagency Statement on Loan Modifications and Reporting for Financial Institutions Working with Customers Affected by the Coronavirus (Interagency Release) was issued and later revised on April 7, 2020. The Interagency Release seeks to provide relief when structuring loan modifications with borrowers impacted by COVID-19. In order to qualify, the modification must be related to COVID-19, the loan was current at the time the modification program was implemented, and the modification period must be six months or less. Under the Interagency Release, these loan modifications are not considered to be TDRs. As of June 30, 2021, the Foundation had eleven loans with a total balance of \$1,115,773 modified in accordance with this policy. The Foundation had five loans with a total balance of \$561,531 modified in accordance with this policy as of June 30, 2020.

Delinquent Loans and Loan Balances

The tables below provide an age analysis of past due loans by class at June 30, 2021 and 2020. All loans greater than 90 days delinquent are in non-accrual status.

2021	30-59 Days	60-89 Days	90 Days or Greater	Total Past Due	Current	Total Loans
Real Estate First mortgage	\$ 1,086,805	\$ 294,577	\$ 319,967	\$ 1,701,349	\$ 19,243,951	\$ 20,945,300
Total	\$ 1,086,805	\$ 294,577	\$ 319,967	\$ 1,701,349	\$ 19,243,951	\$ 20,945,300

2020	30-59 Days	60-89 Days	90 Days or Greater	Total Past Due	Current	Total Loans
Real Estate First mortgage	\$ 495,031	\$ 193,028	\$ 222,143	\$ 910,202	\$ 19,883,196	\$ 20,793,398
Total	\$ 495,031	\$ 193,028	\$ 222,143	\$ 910,202	\$ 19,883,196	\$ 20,793,398

Real Estate Credit Quality Indicators

As part of the on-going monitoring of the credit quality of the real estate portfolio, management tracks certain credit quality indicators based on whether the loans are performing or non-performing. To differentiate these categories, management tracks loan performance and when loans become 90 days or more past due, the loans are classified as non-performing. The delinquency reports enable management to monitor the loan portfolio.

The real estate credit risk profile based on payment activity by class at June 30 is as follows:

2021	First Mortgage	Total
Performing	\$ 20,625,333	\$ 20,625,333
Non-performing	319,967	319,967
Total	\$ 20,945,300	\$ 20,945,300

2020	First Mortgage	Total
Performing	\$ 20,571,255	\$ 20,571,255
Non-performing	222,143	222,143
Total	\$ 20,793,398	\$ 20,793,398

Note 5: Grants and Scholarships Payable

The fair value of grants and scholarships payable as of June 30, 2021 and 2020 using a weighted average discount rate of 0.46 percent at June 30, 2021 (0.70 percent at June 30, 2020) are as follows:

	2021	2020
Payable within 1 year	\$ 14,586,259	\$ 15,051,994
Payable between 1 and 2 years	3,438,373	3,380,899
Payable between 2 and 3 years	2,150,620	2,027,832
Payable between 3 and 4 years	1,059,537	1,077,147
Total grants and scholarships payable	<u>\$ 21,234,789</u>	<u>\$ 21,537,872</u>

Interest expense recognized on grants and scholarships payable amounted to \$103,969 for 2021 (\$182,459 in 2020).

Note 6: Liquidity

The Foundation receives contributions without donor restrictions from members of State Employees' Credit Union to be used in accordance with the missions of the Foundation.

The Foundation regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of available funds. The Foundation had \$34,368,512 and \$33,227,581 in cash and cash equivalents as of June 30, 2021 and 2020, respectively. Cash and cash equivalents include interest-bearing checking accounts and money market accounts.

Note 7: Subsequent Events

Management evaluated subsequent events through August 23, 2021, the date the financial statements were available to be issued. Events or transactions occurring after June 30, 2021 but prior to August 23, 2021 that provided additional evidence about conditions that existed at June 30, 2021 have been recognized in the financial statements for the year ended June 30, 2021.



Board of Directors and Executive Director

Members of the Board of Directors are as follows:

Jo Anne Sanford, Chair
Bob Brinson, Vice Chair
Chris Ayers, Secretary/Treasurer
Shirley Bell
J. Lee Brown III
Karan Bunn
Mark Fleming
Alice Garland
Jennifer Haygood
Mona Moon
Stelfanie Williams
McKinley Wooten Jr.

The Executive Director is Jama Campbell.

Contact Information

The mailing address and phone numbers of the SECU Foundation are:

SECU Foundation
PO Box 25966
Raleigh, NC 27611-5966

919.839.5000
1.800.438.1104 (toll-free)

The SECU Foundation website address is: www.ncsecufoundation.org

The SECU Foundation email address is: secufoundation@ncsecu.org

Follow us on:

