

**COMMUNITY FOUNDATION OF
CENTRAL GEORGIA, INC.
CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2012 AND 2011**

COMMUNITY FOUNDATION OF CENTRAL GEORGIA, INC.

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BUTLER, WILLIAMS & WYCHE, LLP
CERTIFIED PUBLIC ACCOUNTANTS
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MACON, GEORGIA 31201

November 7, 2012

INDEPENDENT AUDITOR'S REPORT

**To the Board of Directors of
Community Foundation of Central Georgia, Inc.**

We have audited the accompanying consolidated statements of financial position of Community Foundation of Central Georgia, Inc. (a nonprofit organization) as of June 30, 2012 and 2011, and the related consolidated statements of activities and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Community Foundation of Central Georgia, Inc. as of June 30, 2012 and 2011, and the changes in its consolidated net assets and its consolidated cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Butler, Williams & Wyche, LLP

COMMUNITY FOUNDATION OF CENTRAL GEORGIA, INC.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

June 30, 2012 and 2011

ASSETS	2012	2011
Cash and cash equivalents	\$ 6,663,737	\$ 6,703,663
Investments, at market value	47,884,506	50,125,079
Interest and dividends receivable	88,151	90,659
Contributions receivable, net	420,632	709,845
Prepaid expenses	24,235	16,430
Donated real property, at appraised fair value	2,070,900	2,070,900
Office equipment & renovations	317,163	304,429
Accumulated depreciation	(242,010)	(192,469)
Collections	12,000	12,000
Assets held in split interest agreements	4,678,510	5,116,849
TOTAL ASSETS	\$ 61,917,824	\$ 64,957,385
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	\$ 778	\$ 1,378
Grants payable	146,396	161,385
Accrued annual leave	7,745	10,061
Agency endowments	5,699,367	6,293,444
Liabilities under split interest agreements	3,089,400	3,386,460
TOTAL LIABILITIES	8,943,686	9,852,728
NET ASSETS		
Unrestricted	50,851,535	52,551,021
Temporarily restricted	2,007,509	2,438,542
Permanently restricted	115,094	115,094
TOTAL NET ASSETS	52,974,138	55,104,657
TOTAL LIABILITIES AND NET ASSETS	\$ 61,917,824	\$ 64,957,385

The accompanying notes are an integral part of these statements.

COMMUNITY FOUNDATION OF CENTRAL GEORGIA, INC.

CONSOLIDATED STATEMENTS OF ACTIVITIES

For the Years Ended June 30, 2012 and 2011

	2012			
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
REVENUES, GAINS AND OTHER SUPPORT				
Contributions & pledges	\$ 3,340,165	\$ 50,000	\$ -	\$ 3,390,165
Interest and dividends	1,507,045	-	-	1,507,045
Net unrealized and realized gain (loss) on marketable securities	(2,085,345)	-	-	(2,085,345)
Special event revenue net of related expenses of \$6,743 and \$4,897	(3,136)	-	-	(3,136)
Project safe neighborhood grants	-	-	-	-
Administration of funds, grants, and trusts net of related expenses of \$404,964 and \$396,132	57,483	(8,752)	-	48,731
Change in value of split interest agreements	-	(133,068)	-	(133,068)
Net assets released from restrictions:				
Satisfaction of program restrictions related to federal grant	-	-	-	-
Decrease in contributions & pledges receivable due to receipt of assets	339,213	(339,213)	-	-
	<u>339,213</u>	<u>(339,213)</u>	<u>-</u>	<u>-</u>
TOTAL REVENUES, GAINS AND OTHER SUPPORT	<u>\$ 3,155,425</u>	<u>\$ (431,033)</u>	<u>\$ -</u>	<u>\$ 2,724,392</u>
EXPENSES				
Program services:				
Grants	3,770,899	-	-	3,770,899
Other	283,182	-	-	283,182
Supporting services:				
Management and general	641,968	-	-	641,968
Fundraising	158,862	-	-	158,862
	<u>4,854,911</u>	<u>-</u>	<u>-</u>	<u>4,854,911</u>
TOTAL EXPENSES	<u>4,854,911</u>	<u>-</u>	<u>-</u>	<u>4,854,911</u>
CHANGE IN NET ASSETS	(1,699,486)	(431,033)	-	(2,130,519)
NET ASSETS-BEGINNING OF YEAR	<u>52,551,021</u>	<u>2,438,542</u>	<u>115,094</u>	<u>55,104,657</u>
NET ASSETS-END OF YEAR	<u>\$ 50,851,535</u>	<u>\$ 2,007,509</u>	<u>\$ 115,094</u>	<u>\$ 52,974,138</u>

The accompanying notes are an integral part of these statements.

2011

<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
\$ 3,909,209	\$ 500	\$ -	\$ 3,909,709
1,306,950	-	-	1,306,950
8,326,060	-	-	8,326,060
(2,418)	-	-	(2,418)
-	1,808	-	1,808
59,034	(9,687)	-	49,347
-	(511,588)	-	(511,588)
1,808	(1,808)	-	-
<u>246,770</u>	<u>(246,770)</u>	<u>-</u>	<u>-</u>
<u>\$ 13,847,413</u>	<u>\$ (767,545)</u>	<u>\$ -</u>	<u>\$ 13,079,868</u>
2,848,322	-	-	2,848,322
252,069	-	-	252,069
680,840	-	-	680,840
<u>149,991</u>	<u>-</u>	<u>-</u>	<u>149,991</u>
<u>3,931,222</u>	<u>-</u>	<u>-</u>	<u>3,931,222</u>
9,916,191	(767,545)	-	9,148,646
<u>42,634,830</u>	<u>3,206,087</u>	<u>115,094</u>	<u>45,956,011</u>
<u>\$ 52,551,021</u>	<u>\$ 2,438,542</u>	<u>\$ 115,094</u>	<u>\$ 55,104,657</u>

COMMUNITY FOUNDATION OF CENTRAL GEORGIA, INC.

CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES

For the Years Ended June 30, 2012 and 2011

	2012				
	Program Services		Supporting Services		
	Grants	Other	Management and General	Fundraising	Total
Communications	\$ -	\$ 21,977	\$ -	\$ 19,192	\$ 41,169
Computer related expenses	-	12,568	10,656	4,098	27,322
Depreciation	-	23,294	19,750	7,596	50,640
Development	-	-	-	14,540	14,540
Dues	-	7,263	6,158	2,368	15,789
Grants	3,770,899	-	-	-	3,770,899
Health insurance	-	7,700	6,529	2,511	16,740
Insurance-other	-	414	9,910	135	10,459
Investment management fees	-	-	369,502	-	369,502
Legal and professional	-	9,853	8,354	3,213	21,420
Merchant fees	-	-	-	349	349
Office supplies	-	4,838	4,102	1,578	10,518
Payroll taxes	-	10,529	10,463	5,849	26,841
Postage	-	2,007	1,702	654	4,363
Property taxes	-	-	13,101	-	13,101
Rent	-	10,063	8,532	3,282	21,877
Repairs and maintenance	-	-	3,177	-	3,177
Retirement plan	-	12,077	11,999	6,709	30,785
Salaries	-	150,011	149,057	83,336	382,404
Telephone	-	2,390	2,026	779	5,195
Training and seminars	-	2,289	1,941	746	4,976
Travel	-	5,909	5,009	1,927	12,845
	<u>\$ 3,770,899</u>	<u>\$ 283,182</u>	<u>\$ 641,968</u>	<u>\$ 158,862</u>	<u>\$ 4,854,911</u>

The accompanying notes are an integral part of these statements.

2011

Program Services		Supporting Services		
Grants	Other	Management and General	Fundraising	Total
\$ -	\$ 19,372	\$ 14,745	\$ 4,706	\$ 38,823
-	9,824	12,151	3,878	25,853
-	18,600	23,006	7,342	48,948
-	-	-	17,731	17,731
-	5,916	7,318	2,335	15,569
2,848,322	-	-	-	2,848,322
-	12,304	15,219	4,857	32,380
-	400	7,558	158	8,116
-	-	360,975	-	360,975
-	10,356	12,809	4,088	27,253
-	-	-	717	717
-	2,771	3,427	1,094	7,292
-	9,176	11,242	5,734	26,152
-	942	1,165	372	2,479
-	-	10,707	-	10,707
-	8,151	10,082	3,218	21,451
-	931	2,470	367	3,768
-	10,545	12,920	6,589	30,054
-	132,299	162,082	82,667	377,048
-	1,936	2,394	764	5,094
-	4,271	5,282	1,686	11,239
-	4,275	5,288	1,688	11,251
<u>\$ 2,848,322</u>	<u>\$ 252,069</u>	<u>\$ 680,840</u>	<u>\$ 149,991</u>	<u>\$ 3,931,222</u>

COMMUNITY FOUNDATION OF CENTRAL GEORGIA, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Years Ended June 30, 2012 and 2011

	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets	\$ (2,130,519)	\$ 9,148,646
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	50,640	48,948
(Increase) decrease in:		
Prepaid expenses	(7,805)	7,481
Contributions receivable	289,213	246,270
Increase (decrease) in:		
Accounts payable	(600)	(3,295)
Accrued annual leave	(2,316)	1,273
Agency endowments	(594,077)	1,672,211
Grants payable	(14,989)	(103,192)
Marketable securities received as contributions	(159,482)	(357,486)
Real property received as contributions	(225,000)	-
Disposal of real property	225,000	205,000
Net unrealized and realized gains on marketable securities	2,085,345	(8,326,060)
NET CASH PROVIDED BY OPERATING ACTIVITIES	(484,590)	2,539,796
CASH FLOWS FROM INVESTING ACTIVITIES		
(Increase) decrease in interest and dividends receivable	2,508	(32,986)
Purchases of marketable securities	(24,887,420)	(16,699,948)
Proceeds from sale of marketable securities	25,202,130	13,601,071
Purchases of equipment	(13,833)	(53,045)
(Increase) decrease in assets under split interest agreements	438,339	792,459
Increase (decrease) in liabilities under split interest agreements	(297,060)	(271,144)
NET CASH (USED)/PROVIDED BY INVESTING ACTIVITIES	444,664	(2,663,593)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(39,926)	(123,797)
BEGINNING CASH AND CASH EQUIVALENTS	6,703,663	6,827,460
ENDING CASH AND CASH EQUIVALENTS	\$ 6,663,737	\$ 6,703,663

The accompanying notes are an integral part of these statements.

COMMUNITY FOUNDATION OF CENTRAL GEORGIA, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years Ended June 30, 2012 and 2011

NOTE A – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The mission of the Community Foundation of Central Georgia, Inc. (the “Foundation”) is to enhance the quality of life for the people of Central Georgia. The Foundation receives gifts and bequests from individuals, families, businesses and organizations. These gifts and bequests make up the funds of the Foundation.

Basis of Presentation

The Foundation’s consolidated financial statements have been prepared on the accrual basis of accounting which recognizes revenue when earned and expenses when incurred in accordance with generally accepted accounting principles in the United States of America.

Basis of Consolidation

The consolidated financial statements of the Foundation include the Community Foundation of Central Georgia, Inc. and the three wholly owned subsidiaries of the Foundation: CFCG Holdings, LLC, CFCG Jennifer Drive, LLC, and Dover Hall Tract 100, LLC. These entities have been set up for the purpose of holding real estate contributed to the Foundation. All significant balances and transactions between the entities have been eliminated in consolidation.

Cash and Cash Equivalents

Cash and cash equivalents as reported on the Consolidated Statements of Financial Position consist of cash, money market funds, and U.S. Treasury notes with a maturity of three months or less at the time of purchase.

Investments

Investments in money market funds and marketable securities are reported at their fair market values based upon published quotes. Investments received as contributions are recorded at their fair market value as determined at the time of the gift. Gains and losses on investments for the year are reported in the Consolidated Statements of Activities as part of net unrealized and realized gain (loss) on marketable securities.

Donated Real Property

Donated real property held for sale is stated at fair market value at the date of donation. Periodic fair value appraisals are made as deemed necessary based upon economic conditions and management’s discretion to determine whether the real estate is impaired.

Property and Equipment

Office equipment is recorded on the basis of cost or estimated fair value on the date of gift if received through donation. If the donors stipulate how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of property and equipment are recorded as unrestricted support. Depreciation is provided using the straight-line method over the estimated useful lives of three to thirty years. Depreciation expense in fiscal year ends ended June 30, 2012 and 2011 was \$50,640 and \$48,948, respectively.

COMMUNITY FOUNDATION OF CENTRAL GEORGIA, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years Ended June 30, 2012 and 2011

NOTE A - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Collections

Works of art, historical treasures and similar assets donated to the Foundation are recorded at their estimated fair market value on the date of the gift. They are not depreciated because their economic benefit is used up so slowly that their estimated useful lives are extraordinarily long.

Public Support and Revenue

Support from contributions is recognized when donations and unconditional promises to give are received by the Foundation. Unconditional promises to give due in the next year are recorded at their net realizable value. Unconditional promises to give due in subsequent years are recorded at the present value of their net realizable value using a risk-free interest rate. All non-cash contributions are recognized at their fair market value on the date received. Gifts of cash and other assets are reported as restricted support if they are received with time restrictions such as split interest agreements, contributions receivable, and unconditional promises to give. When the stipulated time restriction ends, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Consolidated Statements of Activities as net assets released from restrictions.

Functional Allocation of Expenses

The Consolidated Statement of Functional Expenses allocates expenses between two categories or “functions.” These functions are program services, which are grants made in support of the Foundation’s mission and related expenses, and supporting services, which are general, administrative and fundraising expenses. During the year ended June 30, 2012 and 2011, the Foundation made grants totaling \$3,770,899 and \$2,848,322 respectively, for various community needs. Certain costs have been allocated between program services and supporting services based on estimates made by management.

Grants

Grants are recorded as expenses in the year they are approved for payment.

Net Assets

In August 2008, the Financial Accounting Standards Board (FASB) issued FASB Accounting Standards Codification (ASC) Topic 958-205. FASB ASC Topic 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 Topic 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 Georgia adopted UPMIFA effective July 1, 2008. The Foundation adopted this guidance beginning with the fiscal year ended June 30, 2009. The Board of Directors, on the advice of legal counsel, has determined that the majority of the Foundation’s net assets do not meet the definition of endowment under UPMIFA. While not UPMIFA-defined endowment, reference to “endowment” or “endowed assets” in these notes relate to those intentions of the Foundation.

COMMUNITY FOUNDATION OF CENTRAL GEORGIA, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years Ended June 30, 2012 and 2011

NOTE A - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Foundation is governed subject to its Articles of Incorporation and Bylaws, its adopted investment policy and individual gift agreements. Certain contributions are received subject to other gift instruments, or are subject to specific agreements with the Foundation. Under the terms of its Articles of Incorporation, the Foundation has the ability to distribute all or any part of its net income, principal or property, in accordance with determination made by the Foundation's Board of Directors. As a result of the ability to distribute corpus, all contributions not classified as temporarily restricted or permanently restricted are classified as unrestricted net assets for financial statement purposes.

Temporarily restricted net assets consist of irrevocable charitable trusts, restricted contributions receivable, and the remaining portion of donor-restricted endowment funds that are not classified as permanently restricted net assets. When donor restrictions expire, that is, when a stipulated time restriction ends or a purpose restriction is fulfilled, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

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

	<u>2012</u>	<u>2011</u>
Contributions Receivable, net	\$ 420,632	\$ 709,845
Split Interest Agreements	<u>1,586,877</u>	<u>1,728,697</u>
Total temporarily restricted net assets	<u>\$ 2,007,509</u>	<u>\$ 2,438,542</u>

Permanently restricted net assets represent the fair value of the original gift as of the gift date and the original value of subsequent gifts to donor-restricted endowment funds. These net assets are subject to donor-imposed stipulations that they be maintained permanently by the Organization.

As of June 30, 2012 and 2011, permanently restricted net assets are restricted to:

Ray Memorial Fund - permanent endowment	<u>\$ 115,094</u>
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Income earned on the Ray Memorial Fund endowment was designated to be paid in equal shares to the South Georgia Methodist Home for the Aging, Inc., the Methodist Home of the South Georgia Conference, Inc. and the Corporation of Mercer University.

Endowment Investment and Spending Policies

Endowment assets are invested pursuant to the Foundation's investment policy. To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk parameters. The Foundation's investment policy statement establishes a payout rate for distribution.

COMMUNITY FOUNDATION OF CENTRAL GEORGIA, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years Ended June 30, 2012 and 2011

NOTE A - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Funds Due to Other Organizations for Organizational Endowments

In accordance with FASB ASC Topic 958-605, if a not-for-profit organization establishes a fund at a community foundation with its own funds and specifies itself as the beneficiary of that fund, the community foundation must account for the transfer of such assets as a liability. The Foundation refers to such funds as organizational endowments.

The Foundation maintains variance power and legal ownership of organizational endowment funds and, as such, continues to report the funds as assets of the Foundation. However, in accordance with ASC 958-605, a liability has been established for the present value of the future payments expected to be made to the not-for-profit organizations, which is generally equivalent to the fair value of the funds. All financial activity for the years ended June 30, 2012 and 2011 related to these funds is not reflected in the Consolidated Statements of Activities and has been classified as a liability in the Consolidated Statements of Financial Position.

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 Foundation and its supporting organizations have been granted exemptions from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the Code) and have been determined not to be private foundations under Section 509(a)(1) of the Code. As such, no provision for income taxes is reflected in the financial statements.

NOTE B – INVESTMENTS

The Foundation's investments are reported at fair value. All other Foundation financial instruments' fair values approximate carrying value. Investments are summarized as follows at June 30:

	2012		2011	
	Cost	Fair Market Value	Cost	Fair Market Value
Stocks, Bonds and Mutual Funds	\$ 46,523,781	\$ 47,884,506	\$ 45,325,513	\$ 50,125,079

COMMUNITY FOUNDATION OF CENTRAL GEORGIA, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years Ended June 30, 2012 and 2011

NOTE B – INVESTMENTS (CONTINUED)

Fair Value Measurement

The Foundation follows the provisions of fair value measurement and disclosures codified in the *Fair Value Measurements and Disclosures* Topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820. This Standard is intended to increase consistency and comparability in fair value measurements by defining fair value, establishing a framework for measuring fair value, and expanding disclosures about fair value measurements. FASB ASC 820 establishes a three-level hierarchy for disclosure of assets and liabilities recorded at fair value. The classification of assets and liabilities within the hierarchy is based on whether the inputs to the valuation methodology used for measurement are observable or unobservable. Observable inputs reflect market-derived or market-based information obtained from independent sources while unobservable inputs reflect estimates about market data.

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels:

Level I – Quoted prices are available in active markets for identical investments as of the reporting date. Valuation adjustments are not applied to Level I instruments. Since valuations are based on quoted prices that are readily available in an active market, valuation of these products does not entail a significant degree of judgment. Classifications consist of common stocks and mutual funds that are valued at the closing price reported on the active market on which the individual securities are traded.

Level II – Pricing inputs are observable for the investments, either directly or indirectly, as of the reporting date, but are not the same as those used in Level I. Inputs include quoted prices for similar assets in active markets, quoted prices for identical assets in inactive markets, or other than quoted prices that are observable for assets. Classifications consist of commingled funds, private placement mutual funds, and limited partnerships where detailed holdings were available and consisted of securities reported on active markets, as well as debt securities valued using inputs of quoted prices for similar assets.

Level III – Pricing inputs are unobservable for the investment and include situations where there is little, if any, market activity for the investment. The inputs into the determination of fair value require significant management judgment or estimation. Classifications consist of hedge funds and other securities that do not have a readily determinable market value because detailed holdings were unavailable or the securities are not publicly traded. Fair values are based on information provided by administrators of each underlying fund.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the determination of which category within the fair value hierarchy is appropriate for any given investment is based on the lowest level of input that is significant to the fair value measurement. The Foundation's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the investment.

The fair value of each financial instrument in the table below was measured using FASB ASC 820 input guidance and valuation techniques. The following table sets forth carrying amounts and estimated fair values for financial instruments measured and recorded at fair value on recurring bases at June 30:

COMMUNITY FOUNDATION OF CENTRAL GEORGIA, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years Ended June 30, 2012 and 2011

NOTE B – INVESTMENTS (CONTINUED)

	2012		
	<u>Level I</u>	<u>Level II</u>	<u>Total</u>
Fixed income	\$ 3,983,942	\$ -	\$ 3,983,942
Equity funds	25,615,689	-	25,615,689
Mutual funds	16,536,675	-	16,536,675
Other	1,748,200	-	1,748,200
Total Investments	<u>\$ 47,884,506</u>	<u>\$ -</u>	<u>\$ 47,884,506</u>

	2011		
	<u>Level I</u>	<u>Level II</u>	<u>Total</u>
Fixed income	\$ 4,163,061	\$ 185,300	\$ 4,348,361
Equity funds	24,940,408	211,878	25,152,286
Mutual funds	20,123,342	-	20,123,342
Other	501,090	-	501,090
Total Investments	<u>\$ 49,727,901</u>	<u>\$ 397,178</u>	<u>\$ 50,125,079</u>

NOTE C – CONTRIBUTIONS RECEIVABLE

Unconditional contributions are recorded when the promise to contribute is made. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value. Contributions received with donor-imposed restrictions (including those for acquisition of long-lived assets) that are met within the same year as received are reported as revenues of the unrestricted net asset class.

Unconditional contributions and pledges outstanding are generally due as follows:

	<u>2012</u>	<u>2011</u>
Unconditional promises expected to be collected in:		
Less than one year	\$ 490,105	\$ 557,080
One to five years	<u>64,800</u>	<u>225,463</u>
Total unconditional contributions	554,905	782,543
Less present value discount at rates of 1%	(10,729)	(16,821)
Less allowance for doubtful accounts	<u>(123,544)</u>	<u>(55,877)</u>
Contributions receivable, net	<u>\$ 420,632</u>	<u>\$ 709,845</u>

COMMUNITY FOUNDATION OF CENTRAL GEORGIA, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years Ended June 30, 2012 and 2011

NOTE D – OPERATING LEASE

During the year ended June 30, 2011, the Foundation entered into a new operating lease for office space. The lease term is for 36 months beginning April 1, 2011. The lease calls for monthly payments of \$1,813.94 for the first twelve months, \$1,850.43 for the second twelve months, and \$1,886.93 for the third twelve months. The total lease expense for the years ended June 30, 2012 and 2011 was \$21,877 and \$21,451 respectively.

The minimum future lease payments under operating leases at June 30, 2012 are as follows:

2013	\$ 22,315
2014	<u>16,982</u>
Total minimum future lease payments	<u>\$ 39,297</u>

NOTE E – ANNUITY OBLIGATIONS

The Foundation has a responsibility to meet annuity obligations. However, where annuity contracts have been purchased, no liability has been recorded since these contracts effectively satisfy these obligations.

NOTE F – SPLIT INTEREST AGREEMENTS

Charitable Remainder Split Interest Agreements

During the year ended June 30, 1999, a donor established a charitable remainder trust with the Foundation as the trustee and remainder beneficiary. Under terms of the split interest agreement, the donor is to receive 7% of the net fair market value of the trust assets as of the first day of each taxable year to be paid in equal quarterly installments until the donor's death. At the time of the donor's death, \$100,000 is to be distributed to the Girl Scouts of Historic Georgia, Inc. with the remaining trust assets to be retained by the Foundation. Based on the donor's life expectancy and a discount rate of 1.2% and 2.8% at June 30, 2012 and 2011, respectively, the present value of future benefits expected to be received by the Foundation is estimated to be \$16,355 and \$36,224, respectively. The present value of amounts to be paid to the donor and to the Girl Scouts of Historic Georgia, Inc. is estimated to be \$147,457 and \$143,547, respectively, and is recorded as a liability under split interest agreements in the accompanying Consolidated Statements of Financial Position with the assets related to this split interest agreement recorded at their fair market value of \$163,812 and \$179,771, respectively.

During the year ended June 30, 2004, two charitable remainder unitrusts were established with the Foundation as the trustee and remainder beneficiary. Under the first trust agreement, the donor is to receive 7% of the fair market value of the trust assets as of the first day of each taxable year to be paid annually until the donor's death. At the time of the donor's death, the trust is to terminate and the remaining trust assets are to be maintained at the Foundation in a designated fund. Based on the donor's life expectancy and a discount rate of 1.2% and 2.8% at June 30, 2012 and 2011, respectively, the present value of future benefits expected to be received by the Foundation is estimated to be \$25,924 and \$28,963, respectively. The present value of amounts to be paid to the donor over the donor's lifetime is estimated to be \$16,919 and \$19,927, respectively, and is recorded as a liability under split interest agreements in the accompanying Consolidated Statements of Financial Position with the assets related to this split interest agreement recorded at their fair market value of \$42,843 and \$48,890, respectively.

Under the second agreement, the donor is to receive 8% of the fair market value of the trust assets as of the first day of each taxable year to be paid in equal quarterly installments until the donor's death.

COMMUNITY FOUNDATION OF CENTRAL GEORGIA, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years Ended June 30, 2012 and 2011

NOTE F – SPLIT INTEREST AGREEMENTS (CONTINUED)

At the time of the donor's death, the trust is to terminate and the remaining trust assets are to be maintained at the Foundation in an unrestricted fund and a scholarship fund. Based on the donor's life expectancy and a discount rate of 1.2% and 2.8% at June 30, 2012 and 2011, respectively, the present value of future benefits expected to be received by the Foundation is estimated to be \$185,126 and \$202,162, respectively. The present value of amounts to be paid to the donor over the donor's lifetime is expected to be \$47,103 and \$54,738, respectively, and is recorded as a liability under the split interest agreements in the accompanying Consolidated Statements of Financial Position with the assets related to this split interest agreement recorded at their fair market value of \$232,229 and \$256,900, respectively.

During the year ended June 30, 2005, three additional charitable remainder unitrusts were established with the Foundation as the trustee and remainder beneficiary. Under the first trust agreement, the donor is to receive 6% of the fair market value of the trust assets as of the first day of each taxable year to be paid monthly until the donor's death. At the time of the donor's death, the trust is to terminate and the remaining trust assets are to be maintained at the Foundation in a donor advised fund. Based on the donor's life expectancy and a discount rate of 1.2% and 2.8% at June 30, 2012 and 2011, respectively, the present value of future benefits expected to be received by the Foundation is estimated to be \$311,453 and \$332,018, respectively. The present value of amounts to be paid to the donor over the donor's lifetime is estimated to be \$83,878 and \$95,262, respectively, and is recorded as a liability under split interest agreements in the accompanying Consolidated Statements of Financial Position with the assets related to this split interest agreement recorded at their fair market value of \$395,331 and \$427,280, respectively.

Under the second agreement, the donor and spouse are to receive 7% of the fair market value of the trust assets as of the first day of each taxable year to be paid quarterly until their death. At the time of the donor and spouse's death, the trust is to terminate and the remaining trust assets are to be maintained at the Foundation in a donor advised fund. Based on their life expectancy and a discount rate of 1.2% and 2.8% at June 30, 2012 and 2011, respectively, the present value of future benefits expected to be received by the Foundation is estimated to be \$90,162 and \$98,363, respectively. The present value of the amount to be paid to the donor and spouse over their lifetimes is estimated to be \$51,251 and \$59,399, respectively, and is recorded as a liability under split interest agreements in the accompanying Consolidated Statements of Financial Position with the assets related to this split interest agreement recorded at their fair market value of \$141,413 and \$157,762, respectively.

Under the third agreement, the donor is to receive 7.6% of the fair market value of the trust assets as of the first day of each taxable year to be paid monthly until the death. At the time of the donor's death, the trust is to terminate and 90% of the trust's assets are to be paid to other charities with the remaining 10% to be maintained at the Foundation in a donor advised fund. Based on the life expectancy and a discount rate of 1.2% and 2.8% at June 30, 2012 and 2011, respectively, the present value of future benefits expected to be received by the Foundation is estimated to be \$57,578 and \$61,715, respectively. The present value of the amount to be paid to the donor over the lifetime and to other charities at the death is estimated to be \$1,113,539 and \$1,233,158, respectively, and is recorded as a liability under split interest agreements in the accompanying Consolidated Statements of Financial Position with the assets related to this split interest agreement recorded at their fair market value of \$1,171,117 and \$1,294,873, respectively.

During the year ended June 30, 2006, the Foundation became the trustee and remainder beneficiary of six additional trusts that were set up under a donor's will. One trust was established as a charitable remainder annuity unitrust and five trusts were established as charitable remainder unitrusts. Under the terms of the annuity trust, the beneficiary specified by the donor is to receive an annuity amount equal to 5% of the initial net fair market value of the trust assets to be paid in quarterly installments until the death of the beneficiary. Under the terms of the five charitable remainder trusts, the beneficiaries specified by the donor are to receive 6% of the fair market value of the trusts' assets as of the first day of each taxable year to be paid in quarterly installments until the death of each beneficiary. For all six trusts, at the time of each beneficiary's death, the trusts are to terminate and the remaining trust assets are to be maintained at the Foundation in a donor advised fund.

COMMUNITY FOUNDATION OF CENTRAL GEORGIA, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years Ended June 30, 2012 and 2011

NOTE F – SPLIT INTEREST AGREEMENTS (CONTINUED)

Based on each beneficiary's life expectancy and a discount rate of 1.2% and 2.8% at June 30, 2012 and 2011, respectively, the present value of future benefits expected to be received by the Foundation from all six trusts is estimated to be \$902,226 and \$970,637, respectively. The present value of amounts to be paid to the beneficiaries over their lifetimes is estimated to be \$1,227,672 and \$1,347,191, respectively, and is recorded as a liability under split interest agreements in the accompanying Consolidated Statements of Financial Position with the assets related to these split interest agreements recorded at their fair market value of \$2,129,898 and \$2,317,828, respectively.

NOTE G – NET ASSETS

Endowment net asset composition by type of fund is summarized below:

	June 30, 2012		
	Unrestricted	Permanently Restricted	Total Net Assets
Donor restricted endowment fund	\$ (38,418)	\$ 115,094	\$ 76,676
	June 30, 2011		
	Unrestricted	Permanently Restricted	Total Net Assets
Donor restricted endowment fund	\$ (31,496)	\$ 115,094	\$ 83,598

Other endowment funds include funds that are subject to the Foundation's spending policy under gift agreements, but are not endowment funds as defined by UPMIFA.

The following table summarizes changes in endowment net assets:

	June 30, 2012		
	Unrestricted	Permanently Restricted	Total
Endowment net assets, beginning of year	\$ (31,496)	\$ 115,094	\$ 83,598
Interest and dividends, net of investment expense	2,010	-	2,010
Net appreciation of investments	(5,257)	-	(5,257)
Amounts appropriated for expenditure	(3,675)	-	(3,675)
Change in endowment net assets	(6,922)	-	(6,922)
Endowment net assets, end of year	\$ (38,418)	\$ 115,094	\$ 76,676

COMMUNITY FOUNDATION OF CENTRAL GEORGIA, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years Ended June 30, 2012 and 2011

NOTE G – NET ASSETS (CONTINUED)

	June 30, 2011		
	Unrestricted	Permanently Restricted	Total
Endowment net assets, beginning of year	\$ (43,220)	\$ 115,094	\$ 71,874
Interest and dividends, net of investment expense	1,659	-	1,659
Net appreciation of investments	14,190	-	14,190
Amounts appropriated for expenditure	(4,125)	-	(4,125)
Change in endowment net assets	<u>11,724</u>	<u>-</u>	<u>11,724</u>
Endowment net assets, end of year	<u>\$ (31,496)</u>	<u>\$ 115,094</u>	<u>\$ 83,598</u>

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the amount of the original donation. In accordance with generally accepted accounting principles, any deficiencies would be reported as a reduction in unrestricted net assets. At June 30, 2012 and 2011, there was \$38,418 and \$31,496, respectively, in deficiencies reported as a reduction in unrestricted net assets.

NOTE H – RETIREMENT PLAN

The Foundation maintains an Internal Revenue Code section 408(K) Simplified Employee Pension plan for its employees. The Foundation's contribution rate is equal to 8% of the annual gross salaries of eligible employees. During the years ended June 30, 2012 and 2011, the Foundation's contribution to the plan totaled \$30,785 and \$30,054, respectively.

NOTE I – DONATED SERVICES

No amounts have been recognized in the financial statements for donated services; however, the Board of Directors and other volunteers have donated significant time to the Foundation's mission.

NOTE J – CONCENTRATION OF CREDIT AND MARKET RISK

Financial instruments that potentially expose the Foundation to concentrations of credit and market risk consist primarily of cash and cash equivalents and marketable securities. Cash and cash equivalents are maintained at financial institutions whose deposits are insured by the Federal Deposit Insurance Corporation to specific limits.

Deposits may at times exceed federally insured limits and credit exposure is limited to deposits at any one institution in excess of this limit. The Foundation has not experienced any losses on its cash and cash equivalents. Marketable securities do not represent significant concentrations of market risk inasmuch as the Foundation's marketable securities portfolio is diversified among issuers.

COMMUNITY FOUNDATION OF CENTRAL GEORGIA, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years Ended June 30, 2012 and 2011

NOTE K – NON-CASH TRANSACTIONS

The Foundation received contributions of stock in the amount of \$159,482 and \$357,486 for the years ended June 30, 2012 and 2011, respectively. These contributions have been treated as non-cash transactions for the purpose of the statement of cash flows.

NOTE L – SUBSEQUENT EVENTS

Management has evaluated subsequent events through November 7, 2012, the date these financial statements were available to be issued.