

**COMMUNITY FOUNDATION OF  
CENTRAL GEORGIA, INC.  
CONSOLIDATED FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2013 AND 2012**

**COMMUNITY FOUNDATION OF CENTRAL GEORGIA, INC.**

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CERTIFIED PUBLIC ACCOUNTANTS  
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MACON, GEORGIA 31201

**October 17, 2013**

**INDEPENDENT AUDITOR'S REPORT**

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

We have audited the accompanying consolidated financial statements of Community Foundation of Central Georgia, Inc. (a nonprofit organization), which comprise the consolidated statement of financial position as of June 30, 2013 and 2012, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated 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 entity'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 consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Community Foundation of Central Georgia, Inc. as of June 30, 2013 and 2012, 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.

*Butler, Williams & Wyche, LLP*

**COMMUNITY FOUNDATION OF CENTRAL GEORGIA, INC.**

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

**June 30, 2013 and 2012**

<b>ASSETS</b>	<b>2013</b>	<b>2012</b>
Cash and cash equivalents	\$ 6,061,686	\$ 6,663,737
Investments, at market value	55,780,797	47,884,506
Interest and dividends receivable	126,314	88,151
Contributions receivable, net	317,718	420,632
Notes receivable	73,500	-
Prepaid expenses	20,531	24,235
Donated real property, at appraised fair value	2,070,900	2,070,900
Office equipment & renovations	317,026	317,163
Accumulated depreciation	(260,691)	(242,010)
Collections	12,000	12,000
Assets held in split interest agreements	4,776,759	4,678,510
<b>TOTAL ASSETS</b>	<b>\$ 69,296,540</b>	<b>\$ 61,917,824</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts payable	\$ 471	\$ 778
Grants payable	393,432	146,396
Accrued annual leave	8,295	7,745
Agency endowments	6,609,651	5,699,367
Liabilities under split interest agreements	3,085,582	3,089,400
<b>TOTAL LIABILITIES</b>	<b>10,097,431</b>	<b>8,943,686</b>
<b>NET ASSETS</b>		
Unrestricted	57,193,069	50,966,629
Temporarily restricted	2,006,040	2,007,509
<b>TOTAL NET ASSETS</b>	<b>59,199,109</b>	<b>52,974,138</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 69,296,540</b>	<b>\$ 61,917,824</b>

*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, 2013 and 2012**

	<b>2013</b>		
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>REVENUES, GAINS AND OTHER SUPPORT</b>			
Contributions & pledges	\$ 4,863,229	\$ 50,000	\$ 4,913,229
Interest and dividends	1,467,192	-	1,467,192
Net unrealized and realized gain (loss) on marketable securities	4,513,648	-	4,513,648
Special event revenue net of related expenses of \$6,743 and \$4,897	(9,363)	-	(9,363)
Administration of funds, grants, and trusts net of related expenses of \$428,582 and \$404,964	60,186	(9,926)	50,260
Change in value of split interest agreements	-	111,371	111,371
Net assets released from restrictions: Decrease in contributions & pledges receivable due to receipt of assets	<u>152,914</u>	<u>(152,914)</u>	<u>-</u>
<b>TOTAL REVENUES, GAINS AND OTHER SUPPORT</b>	<u>\$ 11,047,806</u>	<u>\$ (1,469)</u>	<u>\$ 11,046,337</u>
<b>EXPENSES</b>			
Program services:			
Grants	3,629,482	-	3,629,482
Other	324,740	-	324,740
Supporting services:			
Management and general	702,209	-	702,209
Fundraising	<u>164,935</u>	<u>-</u>	<u>164,935</u>
<b>TOTAL EXPENSES</b>	<u>4,821,366</u>	<u>-</u>	<u>4,821,366</u>
<b>CHANGE IN NET ASSETS</b>	6,226,440	(1,469)	6,224,971
<b>NET ASSETS-BEGINNING OF YEAR</b>	<u>50,966,629</u>	<u>2,007,509</u>	<u>52,974,138</u>
<b>NET ASSETS-END OF YEAR</b>	<u>\$ 57,193,069</u>	<u>\$ 2,006,040</u>	<u>\$ 59,199,109</u>

*The accompanying notes are an integral part of these statements.*

**2012**

<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
\$ 3,340,165	\$ 50,000	\$ 3,390,165
1,507,045	-	1,507,045
(2,085,345)	-	(2,085,345)
(3,136)	-	(3,136)
57,483	(8,752)	48,731
-	(133,068)	(133,068)
<u>339,213</u>	<u>(339,213)</u>	<u>-</u>
<u>\$ 3,155,425</u>	<u>\$ (431,033)</u>	<u>\$ 2,724,392</u>
3,770,899	-	3,770,899
283,182	-	283,182
641,968	-	641,968
<u>158,862</u>	<u>-</u>	<u>158,862</u>
<u>4,854,911</u>	<u>-</u>	<u>4,854,911</u>
(1,699,486)	(431,033)	(2,130,519)
<u>52,666,115</u>	<u>2,438,542</u>	<u>55,104,657</u>
<u>\$ 50,966,629</u>	<u>\$ 2,007,509</u>	<u>\$ 52,974,138</u>

**COMMUNITY FOUNDATION OF CENTRAL GEORGIA, INC.**

**CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES**

**For the Years Ended June 30, 2013 and 2012**

	<b>2013</b>				
	<b>Program Services</b>		<b>Supporting Services</b>		
	<b>Grants</b>	<b>Other</b>	<b>Management and General</b>	<b>Fundraising</b>	<b>Total</b>
Communications	\$ -	\$ 35,104	\$ -	\$ 13,854	\$ 48,958
Computer related expenses	-	12,204	10,347	3,979	26,530
Depreciation	-	13,648	11,571	4,451	29,670
Development	-	-	-	15,870	15,870
Dues	-	7,403	6,276	2,414	16,093
Grants	3,629,482	-	-	-	3,629,482
Health insurance	-	8,307	7,043	2,709	18,059
Insurance-other	-	529	7,736	291	8,556
Investment management fees	-	-	414,584	-	414,584
Legal and professional	-	38,385	32,544	12,517	83,446
Merchant fees	-	-	-	67	67
Office supplies	-	2,688	2,279	876	5,843
Payroll taxes	-	10,876	10,740	5,991	27,607
Postage	-	1,336	1,133	436	2,905
Property taxes	-	-	8,784	-	8,784
Rent	-	10,265	8,703	3,347	22,315
Repairs and maintenance	-	1,223	1,816	399	3,438
Retirement plan	-	12,512	12,356	6,892	31,760
Salaries	-	157,174	155,202	86,574	398,950
Telephone	-	3,587	3,041	1,170	7,798
Training and seminars	-	2,526	2,142	824	5,492
Travel	-	6,973	5,912	2,274	15,159
	<u>\$ 3,629,482</u>	<u>\$ 324,740</u>	<u>\$ 702,209</u>	<u>\$ 164,935</u>	<u>\$ 4,821,366</u>

*The accompanying notes are an integral part of these statements.*

**2012**

<u>Program Services</u>		<u>Supporting Services</u>		
<u>Grants</u>	<u>Other</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
\$ -	\$ 21,977	\$ -	\$ 19,192	\$ 41,169
-	12,568	10,656	4,098	27,322
-	23,294	19,750	7,596	50,640
-	-	-	14,540	14,540
-	7,263	6,158	2,368	15,789
3,770,899	-	-	-	3,770,899
-	7,700	6,529	2,511	16,740
-	414	9,910	135	10,459
-	-	369,502	-	369,502
-	9,853	8,354	3,213	21,420
-	-	-	349	349
-	4,838	4,102	1,578	10,518
-	10,529	10,463	5,849	26,841
-	2,007	1,702	654	4,363
-	-	13,101	-	13,101
-	10,063	8,532	3,282	21,877
-	-	3,177	-	3,177
-	12,077	11,999	6,709	30,785
-	150,011	149,057	83,336	382,404
-	2,390	2,026	779	5,195
-	2,289	1,941	746	4,976
-	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>



**COMMUNITY FOUNDATION OF CENTRAL GEORGIA, INC.**

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

**For the Years Ended June 30, 2013 and 2012**

	<u>2013</u>	<u>2012</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Increase (decrease) in net assets	\$ 6,224,971	\$ (2,130,519)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	29,670	50,640
(Increase) decrease in:		
Prepaid expenses	3,704	(7,805)
Contributions receivable	102,914	289,213
Notes receivable	(73,500)	-
Increase (decrease) in:		
Accounts payable	(307)	(600)
Accrued annual leave	550	(2,316)
Agency endowments	910,284	(594,077)
Grants payable	247,036	(14,989)
Marketable securities received as contributions	(897,318)	(159,482)
Real property received as contributions	-	(225,000)
Disposal of real property	-	225,000
Net unrealized and realized gains on marketable securities	(4,513,648)	2,085,345
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>2,034,356</u>	<u>(484,590)</u>
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
(Increase) decrease in interest and dividends receivable	(38,163)	2,508
Purchases of marketable securities	(20,207,201)	(24,887,420)
Proceeds from sale of marketable securities	17,721,876	25,202,130
Purchases of equipment	(10,852)	(13,833)
(Increase) decrease in assets under split interest agreements	(98,249)	438,339
Increase (decrease) in liabilities under split interest agreements	(3,818)	(297,060)
<b>NET CASH (USED)/PROVIDED BY INVESTING ACTIVITIES</b>	<u>(2,636,407)</u>	<u>444,664</u>
 <b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>	(602,051)	(39,926)
 <b>BEGINNING CASH AND CASH EQUIVALENTS</b>	<u>6,663,737</u>	<u>6,703,663</u>
 <b>ENDING CASH AND CASH EQUIVALENTS</b>	<u>\$ 6,061,686</u>	<u>\$ 6,663,737</u>
 <b><u>Supplemental Disclosure</u></b>		
Non-cash contributions	\$ 897,318	\$ 159,482

*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, 2013 and 2012

### 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, 2013 and 2012 was \$29,670 and \$50,640, respectively.

# COMMUNITY FOUNDATION OF CENTRAL GEORGIA, INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years Ended June 30, 2013 and 2012

### 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, 2013 and 2012, the Foundation made grants totaling \$3,629,482 and \$3,770,899 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

The accompanying financial statements have been prepared in accordance with the Financial Accounting Standards Board (FASB) in Accounting Standards Codification (ASC) Topic 958, *Not-For-Profit Entities*. Under ASC 958, the Foundation is required to present its net assets and its revenue and gains (losses) based upon the existence or absence of donor imposed restrictions into three classes: unrestricted, temporarily restricted, and permanently restricted. ASC 958 provides guidance for the classification of donor-restricted endowment funds that are subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA). The subtopic also provides for enhanced disclosures about endowment funds (both donor-restricted endowment funds and board designated endowment funds). 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, 2013 and 2012**

**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>2013</u>	<u>2012</u>
Contributions Receivable, net	\$ 317,718	\$ 420,632
Split Interest Agreements	1,688,322	1,586,877
Total temporarily restricted net assets	<u>\$ 2,006,040</u>	<u>\$ 2,007,509</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. There were no permanently restricted net assets as of June 30, 2013 or 2012.

**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, 2013 and 2012

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, 2013 and 2012 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:

	2013		2012	
	Cost	Fair Market Value	Cost	Fair Market Value
Stocks, Bonds and Mutual Funds	\$ 50,711,107	\$ 55,780,797	\$ 46,523,781	\$ 47,884,506

# COMMUNITY FOUNDATION OF CENTRAL GEORGIA, INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years Ended June 30, 2013 and 2012

### 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.

**COMMUNITY FOUNDATION OF CENTRAL GEORGIA, INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**Years Ended June 30, 2013 and 2012**

**NOTE B – INVESTMENTS (CONTINUED)**

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:

	<b>2013</b>			
	<u>Level I</u>	<u>Level II</u>	<u>Level III</u>	<u>Total</u>
Fixed income	\$ 4,676,551	\$ -	\$ -	\$ 4,676,551
Equity funds	28,515,088	-	-	28,515,088
Mutual funds	20,511,154	-	-	20,511,154
Closely held stock & partnership interest	-	-	178,474	178,474
Global real estate	1,514,731	-	-	1,514,731
Commodities	304,706	-	-	304,706
Corporate/government bonds	77,175	-	-	77,175
Other	2,918	-	-	2,918
Total Investments	<u>\$ 55,602,323</u>	<u>\$ -</u>	<u>\$ 178,474</u>	<u>\$ 55,780,797</u>

	<b>2012</b>			
	<u>Level I</u>	<u>Level II</u>	<u>Level III</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
Global real estate	1,285,465	-	-	1,285,465
Commodities	342,367	-	-	342,367
Corporate/government bonds	82,473	-	-	82,473
Commodities precious	8,380	-	-	8,380
Bonds	26,124	-	-	26,124
Other	3,391	-	-	3,391
Total Investments	<u>\$ 47,884,506</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 47,884,506</u>

**COMMUNITY FOUNDATION OF CENTRAL GEORGIA, INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**Years Ended June 30, 2013 and 2012**

**NOTE B – INVESTMENTS (CONTINUED)**

For the years ended June 30, 2013 and 2012, the change in Level III assets and liabilities measured at fair value on a recurring basis:

	<u>Closely Held Stock &amp; Partnership Interest</u>	
Balance - July 1, 2011	\$	-
Contribution of Level III assets		-
Balance - June 30, 2012		-
Contribution of Level III assets		178,474
Balance - June 30, 2013	\$	<u>178,474</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>2013</u>	<u>2012</u>
Unconditional promises expected to be collected in:		
Less than one year	\$ 441,767	\$ 490,105
One to five years	<u>16,000</u>	<u>64,800</u>
Total unconditional contributions	457,767	554,905
Less present value discount at rates of 1%	(8,188)	(10,729)
Less allowance for doubtful accounts	<u>(131,861)</u>	<u>(123,544)</u>
Contributions receivable, net	<u>\$ 317,718</u>	<u>\$ 420,632</u>

**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, 2013 and 2012 was \$23,315 and \$21,877 respectively.

The minimum future lease payments under operating leases at June 30, 2013 are as follows:

2014	<u>16,982</u>
Total minimum future lease payments	<u>\$ 16,982</u>



# COMMUNITY FOUNDATION OF CENTRAL GEORGIA, INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years Ended June 30, 2013 and 2012

### NOTE E – 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 1.2% at June 30, 2013 and 2012, respectively, the present value of future benefits expected to be received by the Foundation is estimated to be \$22,748 and \$16,355, 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 \$147,464 and \$147,457, 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 \$170,212 and \$163,812, 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 1.2% at June 30, 2013 and 2012, respectively, the present value of future benefits expected to be received by the Foundation is estimated to be \$27,594 and \$25,924, respectively. The present value of amounts to be paid to the donor over the donor's lifetime is estimated to be \$16,767 and \$16,919, 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 \$44,361 and \$42,843, 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. 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 1.2% at June 30, 2013 and 2012, respectively, the present value of future benefits expected to be received by the Foundation is estimated to be \$191,442 and \$185,126, respectively. The present value of amounts to be paid to the donor over the donor's lifetime is expected to be \$45,309 and \$47,103, 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 \$236,751 and \$232,229, 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 1.2% at June 30, 2013 and 2012, respectively, the present value of future benefits expected to be received by the Foundation is estimated to be \$327,160 and \$311,453, respectively. The present value of amounts to be paid to the donor over the donor's lifetime is estimated to be \$81,948 and \$83,878, 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 \$409,108 and \$395,331, respectively.

# COMMUNITY FOUNDATION OF CENTRAL GEORGIA, INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years Ended June 30, 2013 and 2012

### NOTE E – SPLIT INTEREST AGREEMENTS (CONTINUED)

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 surviving 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 1.2% at June 30, 2013 and 2012, respectively, the present value of future benefits expected to be received by the Foundation is estimated to be \$95,459 and \$90,162, respectively. The present value of the amount to be paid to the donor and spouse over their lifetimes is estimated to be \$50,490 and \$51,251, 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 \$145,949 and \$141,413, 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 1.2% at June 30, 2013 and 2012, respectively, the present value of future benefits expected to be received by the Foundation is estimated to be \$58,282 and \$57,578, 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 \$1,085,772 and \$1,113,539, 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 \$1,144,054 and \$1,171,117, 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. Based on each beneficiary's life expectancy and a discount rate of 1.2% and 1.2% at June 30, 2013 and 2012, respectively, the present value of future benefits expected to be received by the Foundation from all six trusts is estimated to be \$968,492 and \$902,226, respectively. The present value of amounts to be paid to the beneficiaries over their lifetimes is estimated to be \$1,236,915 and \$1,227,672, 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 \$2,205,407 and \$2,129,898, respectively.

### NOTE F – 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, 2013 and 2012, the Foundation's contribution to the plan totaled \$31,760 and \$30,785, respectively.

### NOTE G – 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.

**COMMUNITY FOUNDATION OF CENTRAL GEORGIA, INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**Years Ended June 30, 2013 and 2012**

**NOTE H – 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.

**NOTE I – NON-CASH TRANSACTIONS**

The Foundation received contributions of stock in the amount of \$897,318 and \$159,482 for the years ended June 30, 2013 and 2012, respectively. These contributions have been treated as non-cash transactions for the purpose of the statement of cash flows.

**NOTE J – SUBSEQUENT EVENTS**

Management has evaluated subsequent events through October 17, 2013, the date these financial statements were available to be issued.