

**COMMUNITY FOUNDATION OF
CENTRAL GEORGIA, INC. AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2018 AND 2017**

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

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

October 10, 2018

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying consolidated financial statements of Community Foundation of Central Georgia, Inc. and Subsidiaries (a nonprofit organization), which comprise the consolidated statement of financial position as of June 30, 2018 and 2017, 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. and Subsidiaries as of June 30, 2018 and 2017, 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. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2018 AND 2017

ASSETS	2018	2017
Cash and cash equivalents	\$ 6,709,491	\$ 8,161,191
Investments, at market value	85,146,590	79,403,964
Interest and dividends receivable	95,997	56,914
Contributions and pledges receivable, net	166,197	277,210
Notes receivable	32,435	107,848
Prepaid expenses	22,701	19,689
Donated real property, at appraised fair value	1,052,000	922,000
Office equipment & renovations	224,527	225,429
Accumulated depreciation	(221,990)	(221,390)
Collections	12,000	12,000
Assets held in split interest agreements	26,330,978	26,310,241
TOTAL ASSETS	\$ 119,570,926	\$ 115,275,096
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	\$ 651	\$ 911
Grants payable	755,095	228,850
Accrued annual leave	10,965	8,302
Agency endowments	11,039,854	8,940,892
Liabilities under split interest agreements	15,079,319	15,251,348
TOTAL LIABILITIES	26,885,884	24,430,303
NET ASSETS		
Unrestricted	80,825,367	79,415,563
Temporarily restricted	11,859,675	11,429,230
TOTAL NET ASSETS	92,685,042	90,844,793
TOTAL LIABILITIES AND NET ASSETS	\$ 119,570,926	\$ 115,275,096

The accompanying notes are an integral part of these statements.

COMMUNITY FOUNDATION OF CENTRAL GEORGIA, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

	2018		
	Unrestricted	Temporarily Restricted	Total
REVENUES, GAINS AND OTHER SUPPORT			
Contributions & pledges	\$ 6,494,397	\$ 151,197	\$ 6,645,594
Interest and dividends	2,674,290	-	2,674,290
Net unrealized and realized gain (loss) on marketable securities	4,222,710	-	4,222,710
Special event revenue net of related expenses of \$0 and \$1,534	-	-	-
Administration of funds, grants, and trusts net of related expenses of \$821,763 and \$772,284	190,350	(59,730)	130,620
Change in value of split interest agreements	-	676,601	676,601
Net assets released from restrictions: Decrease in contributions & pledges receivable due to receipt of assets	337,623	(337,623)	-
TOTAL REVENUES, GAINS AND OTHER SUPPORT	\$ 13,919,370	\$ 430,445	\$ 14,349,815
EXPENSES			
Program services:			
Grants	10,835,687	-	10,835,687
Other	429,440	-	429,440
Supporting services:			
Management and general	909,750	-	909,750
Fundraising	334,689	-	334,689
TOTAL EXPENSES	12,509,566	-	12,509,566
CHANGE IN NET ASSETS	1,409,804	430,445	1,840,249
NET ASSETS-BEGINNING OF YEAR	79,415,563	11,429,230	90,844,793
NET ASSETS-END OF YEAR	\$ 80,825,367	\$ 11,859,675	\$ 92,685,042

The accompanying notes are an integral part of these statements.

2017

<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
\$ 6,068,166	\$ 370,058	\$ 6,438,224
1,914,713	-	1,914,713
6,529,997	-	6,529,997
(669)	-	(669)
177,979	(58,796)	119,183
-	1,247,110	1,247,110
<u>228,500</u>	<u>(228,500)</u>	<u>-</u>
<u>\$ 14,918,686</u>	<u>\$ 1,329,872</u>	<u>\$ 16,248,558</u>
5,717,360	-	5,717,360
399,074	-	399,074
878,788	-	878,788
<u>334,567</u>	<u>-</u>	<u>334,567</u>
<u>7,329,789</u>	<u>-</u>	<u>7,329,789</u>
7,588,897	1,329,872	8,918,769
<u>71,826,666</u>	<u>10,099,358</u>	<u>81,926,024</u>
<u>\$ 79,415,563</u>	<u>\$ 11,429,230</u>	<u>\$ 90,844,793</u>

COMMUNITY FOUNDATION OF CENTRAL GEORGIA, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

	2018				
	Program Services		Supporting Services		
	Grants	Other	Management and General	Fundraising	Total
Business Insurance	\$ -	\$ 635	\$ 9,401	\$ 525	\$ 10,561
Communications	-	70,604	-	44,562	115,166
Computer related expenses	-	16,026	14,084	8,742	38,852
Contract labor	-	18,300	-	-	18,300
Depreciation	-	620	544	338	1,502
Development	-	-	-	38,505	38,505
Dues	-	11,057	9,716	6,031	26,804
Grants	10,835,687	-	-	-	10,835,687
Health insurance	-	15,443	13,571	8,424	37,438
Investment management fees	-	-	550,665	-	550,665
Legal and professional	-	13,903	12,218	7,584	33,705
Meeting cost	-	5,688	4,998	3,103	13,789
Merchant fees	-	-	-	1,119	1,119
Office supplies	-	7,258	6,379	3,959	17,596
Payroll taxes	-	14,015	15,250	11,587	40,852
Postage	-	2,177	1,913	1,188	5,278
Property taxes	-	-	2,923	-	2,923
Rent	-	18,564	16,314	10,125	45,003
Repairs and maintenance	-	252	220	136	608
Retirement plan	-	15,942	17,347	13,180	46,469
Salaries	-	199,580	217,179	165,013	581,772
Telephone	-	5,100	4,482	2,781	12,363
Training and seminars	-	4,406	3,872	2,403	10,681
Travel	-	9,870	8,674	5,384	23,928
	<u>\$ 10,835,687</u>	<u>\$ 429,440</u>	<u>\$ 909,750</u>	<u>\$ 334,689</u>	<u>\$ 12,509,566</u>

The accompanying notes are an integral part of these statements.

2017

Program Services		Supporting Services		
Grants	Other	Management and General	Fundraising	Total
\$ -	\$ 557	\$ 11,806	\$ 489	\$ 12,852
-	90,905	-	58,278	149,183
-	11,417	11,417	8,507	31,341
-	21,600	-	-	21,600
-	1,106	1,106	823	3,035
-	-	-	31,540	31,540
-	10,806	10,806	8,052	29,664
5,717,360	-	-	-	5,717,360
-	11,022	11,022	8,212	30,256
-	-	533,892	-	533,892
-	15,072	15,072	11,231	41,375
-	-	-	4,267	4,267
-	-	-	1,297	1,297
-	10,068	10,068	7,502	27,638
-	11,703	13,570	10,259	35,532
-	1,990	1,990	1,482	5,462
-	-	4,780	-	4,780
-	15,712	15,712	11,707	43,131
-	-	11,275	-	11,275
-	13,381	15,515	11,731	40,627
-	169,444	196,466	148,542	514,452
-	4,250	4,250	3,166	11,666
-	1,665	1,665	1,240	4,570
-	8,376	8,376	6,242	22,994
<u>\$ 5,717,360</u>	<u>\$ 399,074</u>	<u>\$ 878,788</u>	<u>\$ 334,567</u>	<u>\$ 7,329,789</u>

COMMUNITY FOUNDATION OF CENTRAL GEORGIA, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets	\$ 1,840,249	\$ 8,918,769
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	1,502	3,035
(Increase) decrease in:		
Prepaid expenses	(3,012)	(150)
Contributions receivable	111,013	(33,710)
Notes receivable	75,413	1,838
Increase (decrease) in:		
Accounts payable	(260)	(198)
Accrued annual leave	2,663	3,595
Agency endowments	2,098,962	690,060
Grants payable	526,245	(174,065)
Marketable securities received as contributions	(3,109,528)	(2,272,788)
Net unrealized and realized gains on marketable securities	<u>(4,222,710)</u>	<u>(6,529,997)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>(2,809,463)</u>	<u>606,389</u>
 CASH FLOWS FROM INVESTING ACTIVITIES		
(Increase) decrease in interest and dividends receivable	(39,083)	25,897
Purchases of marketable securities	(12,833,129)	(6,238,490)
Proceeds from sale of marketable securities	14,422,741	10,655,314
(Increase) decrease in assets under split interest agreements	(20,737)	(657,601)
Increase (decrease) in liabilities under split interest agreements	<u>(172,029)</u>	<u>(535,305)</u>
NET CASH (USED)/PROVIDED BY INVESTING ACTIVITIES	<u>1,357,763</u>	<u>3,249,815</u>
 NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(1,451,700)	3,856,204
 BEGINNING CASH AND CASH EQUIVALENTS	<u>8,161,191</u>	<u>4,304,987</u>
 ENDING CASH AND CASH EQUIVALENTS	<u>\$ 6,709,491</u>	<u>\$ 8,161,191</u>
 SUPPLEMENTAL DISCLOSURE		
Non-cash contributions	\$ 3,109,528	\$ 2,272,788

The accompanying notes are an integral part of these statements.

COMMUNITY FOUNDATION OF CENTRAL GEORGIA, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

NOTE A – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The mission of the Community Foundation of Central Georgia, Inc. and Subsidiaries (collectively referred to as 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. Fair market values are adjusted periodically if values materially decline. Periodic fair value appraisals are made as deemed necessary based upon economic conditions and management’s discretion to determine whether the value of the real estate is impaired.

Property and Equipment

Office equipment is recorded on the basis of cost. 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, 2018 and 2017 was \$1,502 and \$3,035, respectively.

COMMUNITY FOUNDATION OF CENTRAL GEORGIA, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

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, 2018 and 2017, the Foundation made grants totaling \$10,835,687 and \$5,717,360 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. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

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:

	2018	2017
Contributions Receivable, net	\$ 166,197	\$ 277,210
Notes Receivable	32,435	107,848
Split Interest Agreements	11,661,043	11,044,172
Total temporarily restricted net assets	\$ 11,859,675	\$ 11,429,230

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, 2018 or 2017.

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. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

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, 2018 and 2017 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 has been granted exemption from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the Code) and has been determined not to be a private foundation under Section 509(a)(1) of the Code. As such, no provision for income taxes is reflected in the financial statements.

The Foundation is required to report unrelated business income as defined under Code sections 511 through 515. There was no unrelated business income tax expense for the years ended June 30, 2018 and 2017.

The Foundation files an information organization return and unrelated business income tax returns, when applicable, in the federal jurisdiction.

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:

	<u>2018</u>		<u>2017</u>	
	<u>Cost</u>	<u>Fair Market Value</u>	<u>Cost</u>	<u>Fair Market Value</u>
Stocks, Bonds and Mutual Funds	<u>\$ 73,043,480</u>	<u>\$ 85,146,590</u>	<u>\$ 69,959,959</u>	<u>\$ 79,403,964</u>

COMMUNITY FOUNDATION OF CENTRAL GEORGIA, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

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. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

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:

	2018			
	Level I	Level II	Level III	Total
Fixed income	\$ 2,550,832	\$ -	\$ -	\$ 2,550,832
Equity funds	23,755,358	-	-	23,755,358
Mutual funds	58,491,602	-	-	58,491,602
Closely held stock & partnership interest	-	-	348,798	348,798
Total Investments	\$ 84,797,792	\$ -	\$ 348,798	\$ 85,146,590

	2017			
	Level I	Level II	Level III	Total
Fixed income	\$ 1,702,234	\$ -	\$ -	\$ 1,702,234
Equity funds	20,284,790	-	-	20,284,790
Mutual funds	57,082,888	-	-	57,082,888
Closely held stock & partnership interest	-	-	334,052	334,052
Total Investments	\$ 79,069,912	\$ -	\$ 334,052	\$ 79,403,964

For the years ended June 30, 2018 and 2017, the change in Level III assets and liabilities measured at fair value on a recurring basis:

	Closely Held Stock & Partnership Interest
Balance - June 30, 2016	\$ 294,860
Change in market value of Level III assets	39,192
Balance - June 30, 2017	334,052
Change in market value of Level III assets	14,746
Balance - June 30, 2018	\$ 348,798

COMMUNITY FOUNDATION OF CENTRAL GEORGIA, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

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>2018</u>	<u>2017</u>
Unconditional promises expected to be collected in:		
Less than one year	\$ 161,197	\$ 267,210
One to five years	5,000	10,000
Contributions receivable, net	<u>\$ 166,197</u>	<u>\$ 277,210</u>

NOTE D – OPERATING LEASE

During the year ended June 30, 2015, the Foundation entered into a new operating lease for office space. The lease term is for 122 months beginning April 1, 2015. The lease calls for the annual rent to commence on June 1, 2015. The total lease expense for the years ended June 30, 2018 and 2017 was \$45,003 and \$43,131 respectively.

The minimum future lease payments under operating leases at June 30, 2018 are as follows:

Fiscal Year Ended June 30,	
<u>2019</u>	\$ 43,248
2020	43,373
2021	44,748
2022	44,748
2023	44,748
2024-2025	<u>85,767</u>
Total minimum future lease payments	<u>\$ 306,632</u>

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NOTE E – SPLIT INTEREST AGREEMENTS

Charitable Remainder Split Interest Agreements

The Foundation serves as trustee for various charitable remainder trusts. Under the terms of these agreements, the Foundation makes specified distributions to designated beneficiaries for a given term or the life of the beneficiaries. Upon the termination of the trust (at the end of the term or upon the death of the beneficiaries), assets remaining in the trust will be transferred to the Foundation. The Foundation records the assets held in these trusts at their fair value based on current quoted market values and records the liability for the respective agreements at the estimated discounted value of the amounts due to the income beneficiaries based on Internal Revenue Service group annuity tables. The present value of payments to beneficiaries under these agreements is calculated using discount rates representing risk-free rates in existence at the date of the gift. Gains or losses resulting from changes in the value of split interest agreements are recorded in the statement of activities.

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, 2018 and 2017, the Foundation's contribution to the plan totaled \$46,469 and \$40,627, 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.

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 \$2,979,528 and \$2,272,788 for the years ended June 30, 2018 and 2017, respectively. Contributions of real estate were received in the amount of \$130,000 and \$0 for the years ended June 30, 2018 and 2017, respectively. These contributions have been treated as non-cash transactions for the purpose of the statement of cash flows.

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NOTE J – TRANSACTIONS IN FUNDS HELD FOR AGENCIES

At June 30, 2018, the Foundation had 52 agency endowment funds. The agency endowments require accounting as funds held for agencies and had a combined value of \$11,039,854. At June 30, 2017, the Foundation had 50 agency endowment funds. The agency endowments require accounting as funds held for agencies and had a combined value of \$8,940,892.

The financial effects of transactions related to agency funds are recorded as changes in the funds held for agencies liability and are not included in the 2018 and 2017 Consolidated Statement of Activities.

The changes in this other liability are summarized as follows:

	Fiscal Year Ended	
	June 30, 2018	June 30, 2017
Funds held for agencies, beginning balance	\$ 8,940,892	\$ 8,250,832
Additions		
Contributions	1,627,830	440,161
Investment results - net of fees	913,356	868,541
Total additions	2,541,186	1,308,702
Deductions		
Distributions - grants	442,224	618,642
Total deductions	442,224	618,642
Funds held for agencies, ending balance	\$ 11,039,854	\$ 8,940,892

NOTE K – SUBSEQUENT EVENTS

Management has evaluated subsequent events through October 10, 2018, the date these financial statements were available to be issued.