

**COMMUNITY FOUNDATION OF
CENTRAL GEORGIA, INC. AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2022 AND 2021**

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

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BUTLER, WILLIAMS & WYCHE, LLP
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October 4, 2022

INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the accompanying combined financial statements of Community Foundation of Central Georgia, Inc. and Subsidiaries (a nonprofit organization), which comprise the combined statement of financial position as of June 30, 2022 and 2021, and the related combined statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the combined financial statements.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of the Community Foundation of Central Georgia, Inc. and Subsidiaries as of June 30, 2022 and 2021, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Community Foundation of Central Georgia, Inc and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the combined financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Community Foundation of Central Georgia, Inc's ability to continue as a going concern within one year after the date that the combined financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the combined financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the combined financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the combined financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the combined financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Community Foundation of Central Georgia, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the combined financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Community Foundation of Central Georgia, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Butler, Williams & Styer, LLP

COMMUNITY FOUNDATION OF CENTRAL GEORGIA, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2022 AND 2021

ASSETS	2022	2021
Cash and cash equivalents	\$ 10,554,594	\$ 10,484,726
Investments, at market value	118,923,375	133,067,839
Interest and dividends receivable	95,997	96,589
Contributions and pledges receivable, net	10,000	435,685
Notes receivable	228,000	228,000
Prepaid expenses	215,117	34,158
Donated real property, at appraised fair value	1,140,000	1,390,000
Office equipment & renovations	150,664	150,664
Accumulated depreciation	(146,132)	(143,867)
Collections	12,000	12,000
Assets held in split interest agreements	25,043,055	29,365,245
TOTAL ASSETS	\$ 156,226,670	\$ 175,121,039
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	\$ 1,649	\$ 768
Grants payable	1,544,741	1,274,275
Accrued annual leave	22,275	11,761
Deferred revenue	175,000	500
Loan payable	-	-
Agency endowments	13,270,910	14,871,764
Liabilities under split interest agreements	13,605,566	16,302,567
TOTAL LIABILITIES	28,620,141	32,461,635
NET ASSETS		
Without donor restrictions		
Undesignated	116,139,898	129,141,255
Total without donor restrictions	116,139,898	129,141,255
With donor restrictions		
Time-restricted	11,466,631	13,518,149
Total with donor restrictions	11,466,631	13,518,149
TOTAL NET ASSETS	127,606,529	142,659,404
TOTAL LIABILITIES AND NET ASSETS	\$ 156,226,670	\$ 175,121,039

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, 2022 AND 2021

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS AND OTHER SUPPORT			
Contributions & pledges, net of bad debt of \$0 and \$0	\$ 11,359,851	\$ 10,000	\$ 11,369,851
Net investment income	(14,142,471)	-	(14,142,471)
Gain upon loan forgiveness	-	-	-
Administration of funds, grants, and trusts net of related expenses of \$1,147,786 and \$936,140	211,533	(62,903)	148,630
Change in value of split interest agreements	-	(1,562,930)	(1,562,930)
Decrease in contributions & pledges receivable due to receipt of assets	435,685	(435,685)	-
TOTAL REVENUES, GAINS AND OTHER SUPPORT	\$ (2,135,402)	\$ (2,051,518)	\$ (4,186,920)
EXPENSES			
Program services:			
Grants	9,470,802	-	9,470,802
Other	611,064	-	611,064
Supporting services:			
Management and general	407,200	-	407,200
Fundraising	376,889	-	376,889
TOTAL EXPENSES	10,865,955	-	10,865,955
CHANGE IN NET ASSETS	(13,001,357)	(2,051,518)	(15,052,875)
NET ASSETS-BEGINNING OF YEAR	129,141,255	13,518,149	142,659,404
NET ASSETS-END OF YEAR	\$ 116,139,898	\$ 11,466,631	\$ 127,606,529

The accompanying notes are an integral part of these statements.

2021		
<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
\$ 10,838,825	\$ 435,685	\$ 11,274,510
31,530,300	-	31,530,300
123,315	-	123,315
195,146	(47,064)	148,082
-	2,764,505	2,764,505
<u>420,527</u>	<u>(420,527)</u>	<u>-</u>
<u>\$ 43,108,113</u>	<u>\$ 2,732,599</u>	<u>\$ 45,840,712</u>
7,858,338	-	7,858,338
481,419	-	481,419
358,407	-	358,407
<u>295,427</u>	<u>-</u>	<u>295,427</u>
<u>8,993,591</u>	<u>-</u>	<u>8,993,591</u>
34,114,522	2,732,599	36,847,121
<u>95,026,733</u>	<u>10,785,550</u>	<u>105,812,283</u>
<u>\$ 129,141,255</u>	<u>\$ 13,518,149</u>	<u>\$ 142,659,404</u>

COMMUNITY FOUNDATION OF CENTRAL GEORGIA, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

	2022				
	Program Services		Supporting Services		
	Grants	Other	Management and General	Fundraising	Total
Business Insurance	\$ -	\$ 5,867	\$ 5,155	\$ 3,200	14,222
Communications	-	84,964	-	93,898	178,862
Computer related expenses	-	36,927	32,451	20,143	89,521
Depreciation	-	935	821	510	2,266
Development	-	-	-	18,257	18,257
Dues	-	12,768	11,220	6,965	30,953
Grants	9,470,802	-	-	-	9,470,802
Health insurance	-	20,821	18,298	11,357	50,476
Legal and professional	-	34,500	59,456	7,434	101,390
Meeting cost	-	4,578	-	-	4,578
Merchant fees	-	-	-	1,628	1,628
Office supplies	-	7,412	6,513	4,043	17,968
Payroll taxes	-	20,075	12,925	10,755	43,755
Postage	-	2,098	1,844	1,144	5,086
Property taxes	-	-	11,316	-	11,316
Rent	-	20,172	17,727	11,003	48,902
Repairs and maintenance	-	14,047	4,013	1,144	19,204
Retirement plan	-	26,880	17,306	14,399	58,585
Salaries	-	307,298	197,854	164,613	669,765
Telephone	-	6,404	5,628	3,494	15,526
Training and seminars	-	2,646	2,325	1,444	6,415
Travel	-	2,672	2,348	1,458	6,478
	<u>9,470,802</u>	<u>611,064</u>	<u>407,200</u>	<u>376,889</u>	<u>10,865,955</u>

The accompanying notes are an integral part of these statements.

2021

<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>
\$ -	\$ 1,436	\$ 1,262	\$ 783	\$ 3,481
-	67,281	-	57,614	124,895
-	25,692	22,578	14,014	62,284
-	-	-	-	-
-	-	-	18,724	18,724
-	11,038	9,700	6,020	26,758
7,858,338	-	-	-	7,858,338
-	16,123	14,169	8,795	39,087
-	13,900	37,064	-	50,964
-	6,158	-	-	6,158
-	-	-	1,587	1,587
-	3,709	3,260	2,023	8,992
-	18,493	14,155	10,241	42,889
-	1,506	1,323	821	3,650
-	-	9,817	-	9,817
-	20,253	17,799	11,047	49,099
-	-	-	-	-
-	23,047	17,640	12,762	53,449
-	265,233	203,006	146,880	615,119
-	5,304	4,661	2,892	12,857
-	1,709	1,501	932	4,142
-	537	472	292	1,301
<u>\$ 7,858,338</u>	<u>\$ 481,419</u>	<u>\$ 358,407</u>	<u>\$ 295,427</u>	<u>\$ 8,993,591</u>

COMMUNITY FOUNDATION OF CENTRAL GEORGIA, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets	\$ (15,052,875)	\$ 36,847,121
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	2,266	-
(Increase) decrease in:		
Prepaid expenses	(180,960)	(8,902)
Contributions receivable	425,685	(15,158)
Notes receivable	-	(228,000)
Increase (decrease) in:		
Accounts payable	881	424
Accrued annual leave	10,514	(8,798)
Deferred revenue	174,500	(2,500)
Loan payable	-	(123,315)
Agency endowments	(1,600,854)	3,580,573
Grants payable	270,466	(208,475)
Marketable securities received as contributions	(3,268,153)	(4,242,876)
(Increase) in donated real property	250,000	(250,000)
Net unrealized and realized gains on marketable securities	<u>23,240,186</u>	<u>(29,415,652)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>4,271,656</u>	<u>5,924,442</u>
 CASH FLOWS FROM INVESTING ACTIVITIES		
(Increase) decrease in interest and dividends receivable	592	(592)
Purchases of marketable securities	(30,475,945)	(28,501,530)
Proceeds from sale of marketable securities	24,648,376	27,577,001
Purchases of equipment	-	(6,797)
(Increase) decrease in assets under split interest agreements	4,322,190	(5,195,160)
Increase (decrease) in liabilities under split interest agreements	<u>(2,697,001)</u>	<u>2,482,599</u>
NET CASH (USED)/PROVIDED BY INVESTING ACTIVITIES	<u>(4,201,788)</u>	<u>(3,644,479)</u>
 NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	69,868	2,279,963
 BEGINNING CASH AND CASH EQUIVALENTS	<u>10,484,726</u>	<u>8,204,763</u>
 ENDING CASH AND CASH EQUIVALENTS	<u>\$ 10,554,594</u>	<u>\$ 10,484,726</u>
 SUPPLEMENTAL DISCLOSURE		
Non-cash contributions	\$ 3,268,153	\$ 4,492,876

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, 2022 AND 2021

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 two wholly owned subsidiaries of the Foundation: CFCG Holdings, 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, 2022 and 2021 was \$2,266 and \$0, respectively.

COMMUNITY FOUNDATION OF CENTRAL GEORGIA, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

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, time-restricted net assets are reclassified to undesignated 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, 2022 and 2021, the Foundation made grants totaling \$9,470,802 and \$7,858,338 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.

Net Assets Without Donor Restrictions – The portion of net assets that has no use or time restrictions. Net assets available for general use and not subject to donor restrictions. Net assets without donor restrictions also include the investment in property and equipment, net of accumulated depreciation.

Net Assets With Donor Restrictions – The portion of net assets that consist of a restriction on the specific use or the occurrence of a certain future event. Net assets resulting from contributions and endowment investment earnings subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature that may or will be met, either by actions of the Foundation and/or the passage of time.

COMMUNITY FOUNDATION OF CENTRAL GEORGIA, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

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

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.

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 net assets with donor restrictions are classified as net assets without donor restrictions for financial statement purposes.

Net assets with donor restrictions consist of irrevocable charitable trusts, restricted contributions receivable, and the remaining portion of donor-restricted endowment funds. When donor restrictions expire, that is, when a stipulated time restriction ends or a purpose restriction is fulfilled, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Net assets with donor restrictions consist of the following at June 30:

	2022	2021
Contributions Receivable, net	\$ 10,000	\$ 435,685
Split Interest Agreements	11,456,631	13,082,464
Total net assets with donor restrictions	\$ 11,466,631	\$ 13,518,149

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, 2022 AND 2021

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, 2022 and 2021 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, 2022 and 2021.

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

NOTE B – LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor restrictions limiting their use, within one year of the consolidated statement of financial position date, comprise the following:

	<u>2022</u>	<u>2021</u>
Cash	\$ 10,554,594	\$ 10,484,726
Receivables	105,997	532,274
Investments	<u>118,923,375</u>	<u>133,067,839</u>
Total	<u>\$ 129,583,966</u>	<u>\$ 144,084,839</u>

As part of the Foundation’s liquidity management plan, financial assets are structured to be available as awarded grants, general expenditures, liabilities, and other obligations become due. The Foundation invests cash in excess of daily requirements in short-term investments and money market funds.

COMMUNITY FOUNDATION OF CENTRAL GEORGIA, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

NOTE C – 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:

	2022		2021	
	Cost	Fair Market Value	Cost	Fair Market Value
Stocks, Bonds and Mutual Funds	\$ 109,768,041	\$ 118,923,375	\$ 135,673,298	\$ 133,067,839

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, 2022 AND 2021

NOTE C – 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:

	2022			
	Level I	Level II	Level III	Total
Fixed income	\$ 4,962,105	\$ -	\$ -	\$ 4,962,105
Equity funds	39,998,215	-	-	39,998,215
Mutual funds	73,540,055	-	-	73,540,055
Closely held stock	-	-	423,000	423,000
Total Investments	\$ 118,500,375	\$ -	\$ 423,000	\$ 118,923,375
	2021			
	Level I	Level II	Level III	Total
Fixed income	\$ 4,900,350	\$ -	\$ -	\$ 4,900,350
Equity funds	42,968,381	-	-	42,968,381
Mutual funds	84,804,108	-	-	84,804,108
Closely held stock	-	-	395,000	395,000
Total Investments	\$ 132,672,839	\$ -	\$ 395,000	\$ 133,067,839

For the years ended June 30, 2022 and 2021, the change in Level III assets and liabilities measured at fair value on a recurring basis:

	Closely Held Stock
Balance - June 30, 2020	\$ 369,000
Change in market value of Level III assets	26,000
Balance - June 30, 2021	395,000
Change in market value of Level III assets	28,000
Balance - June 30, 2022	\$ 423,000

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NOTE D – 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 without donor restrictions net asset class.

Unconditional contributions and pledges outstanding are generally due as follows:

	<u>2022</u>	<u>2021</u>
Unconditional promises expected to be collected in:		
Less than one year	\$ 10,000	\$ 435,685
One to five years	-	-
	<u>\$ 10,000</u>	<u>\$ 435,685</u>
Contributions receivable, net		

NOTE E – 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, 2022 and 2021 was \$44,748 and \$44,748 respectively.

The minimum future lease payments under operating leases at June 30, 2022 are as follows:

Fiscal Year Ended June 30,	
<u>2023</u>	\$ 44,748
2024	44,748
2025	<u>41,019</u>
Total minimum future lease payments	<u>\$ 130,515</u>

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NOTE F – 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 and other charitable 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 G – RETIREMENT PLAN

The Foundation has established a 401(k) defined contribution employee savings plan. Employees who complete 60 days of service a year are eligible to receive matching contributions from the Foundation. The Foundation contributes up to 4% of an employee's compensation as a match for elective employee salary deferrals into the plan. Additionally, a Safe Harbor Contribution of 4% of the employee's compensation is made to each participant's account by the Foundation. During the years ended June 30, 2022 and 2021, the Foundation's contribution to these plans totaled \$58,585 and \$53,449, respectively.

NOTE H – 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 I – 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 J – NON-CASH TRANSACTIONS

The Foundation received contributions of stock in the amount of \$3,268,152 and \$4,242,876 for the years ended June 30, 2022 and 2021, respectively. Contributions of real estate were received in the amount of \$0 and \$250,000 for the years ended June 30, 2022 and 2021, respectively. These contributions have been treated as non-cash transactions for the purpose of the statement of cash flows.

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NOTE K – TRANSACTIONS IN FUNDS HELD FOR AGENCIES

At June 30, 2022, the Foundation had 65 agency endowment funds. The agency endowments require accounting as funds held for agencies and had a combined value of \$13,270,910. At June 30, 2021, the Foundation had 62 agency endowment funds. The agency endowments require accounting as funds held for agencies and had a combined value of \$14,871,764.

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 2022 and 2021 Consolidated Statement of Activities.

The changes in this other liability are summarized as follows:

	Fiscal Year Ended	
	June 30, 2022	June 30, 2021
Funds held for agencies, beginning balance	\$ 14,871,764	\$ 11,291,191
Additions		
Contributions	1,220,557	257,427
Investment results - net of fees	(1,705,676)	3,902,439
Total additions	<u>(485,119)</u>	<u>4,159,866</u>
Deductions		
Distributions - grants	991,082	479,727
Events and other expenses	17,960	5,201
Administrative fees	106,693	94,365
Total deductions	<u>1,115,735</u>	<u>579,293</u>
Funds held for agencies, ending balance	<u>\$ 13,270,910</u>	<u>\$ 14,871,764</u>

NOTE L – SUBSEQUENT EVENTS

Management has evaluated subsequent events through October 4, 2022, the date these financial statements were available to be issued.