

Communities of Coastal Georgia  
Foundation, Inc.

Financial Report

December 31, 2019 and 2018

## CONTENTS

INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
Statements of financial position	2
Statement of activities and changes in net assets, December 31, 2019	3
Statement of activities and changes in net assets, December 31, 2018	4
Statements of cash flows	5
Notes to financial statements	6



## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Communities of Coastal Georgia Foundation, Inc.  
St. Simons Island, Georgia

We have audited the accompanying financial statements of Communities of Coastal Georgia Foundation, Inc. (the "Foundation"), which comprise the statements of financial position as of December 31, 2019 and 2018, and the related statements of activities and changes in net assets 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 financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 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 financial statements referred to above present fairly, in all material respects, the financial position of Communities of Coastal Georgia Foundation, Inc. as of December 31, 2019 and 2018, 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.

*Moore Stephens Tiller LLC*

Brunswick, Georgia  
October 26, 2020

Communities of Coastal Georgia Foundation, Inc.

Statements of Financial Position

December 31, 2019 and 2018

Assets

	<u>2019</u>	<u>2018</u>
Cash and cash equivalents	\$ 1,753,245	\$ 1,059,359
Receivables	33,850	40,277
Investments, at fair value	30,416,389	17,351,238
Beneficial interest in trusts	218,286	340,206
Other assets	11,593	4,517
Property held for sale	<u>-</u>	<u>355,000</u>
Total Assets	<u>\$ 32,433,363</u>	<u>\$ 19,150,597</u>

Liabilities and Net Assets

Liabilities		
Accounts payable	\$ 18,969	\$ 12,015
Accrued expenses	2,022	754
Deferred revenue	-	40,000
Amounts held to benefit agency funds	<u>2,598,919</u>	<u>2,186,620</u>
Total Liabilities	<u>2,619,910</u>	<u>2,239,389</u>
Net Assets		
Without donor restrictions	29,519,146	16,523,425
With donor restrictions	<u>294,307</u>	<u>387,783</u>
Total net assets	<u>29,813,453</u>	<u>16,911,208</u>
Total Liabilities and Net Assets	<u>\$ 32,433,363</u>	<u>\$ 19,150,597</u>

*See accompanying notes to the financial statements.*

Communities of Coastal Georgia Foundation, Inc.  
Statement of Activities and Changes in Net Assets  
For the Year Ended December 31, 2019

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>Support and Revenue</b>			
Contributions	\$ 13,191,764	\$ 90,000	\$ 13,281,764
Investment income	306,873	-	306,873
Net gains on investments	2,443,678	-	2,443,678
Change in value of split-interest agreements	-	8,080	8,080
Loss from sale of contributed real property	(14,550)	-	(14,550)
Management fee	12,695	-	12,695
Other income	7,418	-	7,418
Net assets released from restriction	<u>191,556</u>	<u>(191,556)</u>	<u>-</u>
<b>Total Support and Revenue</b>	<b>16,139,434</b>	<b>(93,476)</b>	<b>16,045,958</b>
<b>Grants Paid</b>	<b>2,692,862</b>	<b>-</b>	<b>2,692,862</b>
<b>Operating Expenses</b>			
Salaries	203,191	-	203,191
General and administrative	<u>247,660</u>	<u>-</u>	<u>247,660</u>
<b>Total Operating Expenses</b>	<b><u>450,851</u></b>	<b><u>-</u></b>	<b><u>450,851</u></b>
<b>Total Grants and Operating Expenses</b>	<b><u>3,143,713</u></b>	<b><u>-</u></b>	<b><u>3,143,713</u></b>
<b>Increase (Decrease) in Net Assets</b>	<b>12,995,721</b>	<b>(93,476)</b>	<b>12,902,245</b>
<b>Net Assets, Beginning</b>	<b><u>16,523,425</u></b>	<b><u>387,783</u></b>	<b><u>16,911,208</u></b>
<b>Net Assets, Ending</b>	<b><u>\$ 29,519,146</u></b>	<b><u>\$ 294,307</u></b>	<b><u>\$ 29,813,453</u></b>

*See accompanying notes to the financial statements.*

Communities of Coastal Georgia Foundation, Inc.  
Statement of Activities and Changes in Net Assets  
For the Year Ended December 31, 2018

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>Support and Revenue</b>			
Contributions	\$ 3,593,587	\$ 40,000	\$ 3,633,587
Investment income	290,135	-	290,135
Net losses on investments	(1,102,379)	-	(1,102,379)
Change in value of split-interest agreements	-	7,305	7,305
Loss from sale of contributed real property	(19,174)	-	(19,174)
Management fee	11,718	-	11,718
Other income	6,330	-	6,330
Net assets released from restriction	<u>166,883</u>	<u>(166,883)</u>	<u>-</u>
<b>Total Support and Revenue</b>	<b>2,947,100</b>	<b>(119,578)</b>	<b>2,827,522</b>
<b>Grants Paid</b>	<b>2,660,156</b>	<b>-</b>	<b>2,660,156</b>
<b>Operating Expenses</b>			
Salaries	191,320	-	191,320
General and administrative	<u>130,432</u>	<u>-</u>	<u>130,432</u>
<b>Total Operating Expenses</b>	<b><u>321,752</u></b>	<b><u>-</u></b>	<b><u>321,752</u></b>
<b>Total Grants and Operating Expenses</b>	<b><u>2,981,908</u></b>	<b><u>-</u></b>	<b><u>2,981,908</u></b>
<b>Decrease in Net Assets</b>	<b>(34,808)</b>	<b>(119,578)</b>	<b>(154,386)</b>
<b>Net Assets, Beginning</b>	<b><u>16,558,233</u></b>	<b><u>507,361</u></b>	<b><u>17,065,594</u></b>
<b>Net Assets, Ending</b>	<b><u>\$ 16,523,425</u></b>	<b><u>\$ 387,783</u></b>	<b><u>\$ 16,911,208</u></b>

*See accompanying notes to the financial statements.*

Communities of Coastal Georgia Foundation, Inc.

Statements of Cash Flows

For the Years Ended December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
<b>Cash Flows From Operating Activities</b>		
Increase (decrease) in net assets	\$ 12,902,245	\$ (154,386)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Net (gains) and losses on investments	(2,443,678)	1,102,379
Contributions of securities	(9,776,357)	(1,759,303)
Contribution of real property	-	(810,000)
Loss on sale of noncash assets	14,550	19,174
Changes in operating assets and liabilities:		
Receivables	6,427	(15,214)
Beneficial interest in trusts	121,920	122,695
Other assets	(7,076)	2,955
Accounts payable	6,954	3,144
Deferred revenue	(40,000)	40,000
Accrued expenses	1,268	754
Amounts held to benefit agency funds	412,299	(46,095)
<i>Net Cash Provided by (Used in) Operating Activities</i>	<u>1,198,552</u>	<u>(1,493,897)</u>
<b>Cash Flows From Investing Activities</b>		
Proceeds from sale of real property held for sale, net of selling expenses	340,450	435,826
Purchase of investments	(10,636,954)	(8,899,573)
Proceeds from sale of investments	<u>9,791,838</u>	<u>7,538,742</u>
<i>Net Cash Used in Investing Activities</i>	<u>(504,666)</u>	<u>(925,005)</u>
<b>Net Change in Cash and Cash Equivalents</b>	693,886	(2,418,902)
<b>Cash and Cash Equivalents, Beginning</b>	<u>1,059,359</u>	<u>3,478,261</u>
<b>Cash and Cash Equivalents, Ending</b>	<u>\$ 1,753,245</u>	<u>\$ 1,059,359</u>
<b>Supplemental schedule of noncash investing and financing activities:</b>		
Real property acquired from donor contributions	\$ -	\$ 810,000
Investment securities acquired from donor contributions	\$ 9,776,357	\$ 1,759,303

*See accompanying notes to the financial statements.*

# Communities of Coastal Georgia Foundation, Inc.

## Notes to Financial Statements

December 31, 2019 and 2018

### **NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES**

**General:** Communities of Coastal Georgia Foundation, Inc. (the “Foundation”) is a publicly-supported community foundation based in Glynn County. The Foundation was established in 2005 for the purpose of improving the quality of life in Coastal Georgia by promoting and increasing responsible, effective philanthropy.

The Foundation provides grants to charitable organizations throughout Camden, Glynn, and McIntosh Counties in Southeast Georgia. Through the Foundation’s donor advised funds, grants can be made to any qualified nonprofit organization in the United States of America.

**Basis of Presentation:** The Foundation follows standards established by the Financial Accounting Standards Board (“FASB”). References to Generally Accepted Accounting Principles (“GAAP”) in these notes are to *FASB Accounting Standards Codification*, sometimes referred to as the “Codification” or “ASC”. To ensure observance of limitations and restrictions placed on the use of resources available to the Foundation, GAAP requires that resources be classified into categories established according to its nature and purpose. The Foundation reports its financial position and activities according to two classes of net assets as follows:

*Net Assets without Donor Restrictions* – These net assets generally result from revenues generated by receiving contributions that have no donor restrictions, providing services, and receiving interest from operating investments, less expenses incurred in providing program-related services, raising contributions, and performing administrative functions (see Note 11).

*Net Assets with Donor Restrictions* – These net assets result from gifts of cash and other assets that are received with donor stipulations that limit the use of the donated assets, either temporarily or permanently, until the donor restriction expires, that is until the stipulated time restriction ends or the purpose of the restriction is accomplished, the net assets are restricted (see Note 11).

The Foundation enters into individual agreements with donors to reflect the types of funds to be created and the purposes for which the contributions are intended. Pursuant to the Foundation's articles of incorporation and by-laws, as well as all fund agreements by and between the Foundation and donors, the Board of Directors maintains ultimate authority and control over contributions received and the related income and net change in value realized thereon. As a result of this "variance power", net assets are all classified to net assets without donor restrictions, unless otherwise encumbered by a time stipulation.

**Accounting Standards:** In 2019, the Foundation adopted ASC 606, *Revenue from Contracts with Customers* (“ASC 606”). The Foundation’s income is comprised primarily of investment and contribution income which falls outside the scope of ASC 606; therefore, the adoption of this standard has no impact on the statements of financial position or statements of activities and changes in net assets.

On January 1, 2019, the Foundation adopted the provisions of Accounting Standards Update No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (“ASU 2018-08”). ASU 2018-08 states that a grant is conditional if the terms and conditions of the agreement require that the recipient overcome a barrier to be entitled to the resources, and if the grantor is released from its obligation to transfer resources (or if resources were advanced, has the right to demand their return) if the recipient fails to overcome the barrier. Both conditions must be present in order for an agreement to be conditional. The adoption of ASU 2018-08 had no impact on the statement of financial position or the statements of activities and changes in net assets.

# Communities of Coastal Georgia Foundation, Inc.

## Notes to Financial Statements

December 31, 2019 and 2018

**Contributions:** Contributions, including unconditional promises, are reported at fair value at the date the contribution is made. Conditional promises are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Contributions of charitable assets other than cash, which are primarily donated investment securities, are recorded at their estimated fair value at the date of donation.

Contributions with donor-imposed restrictions are reported as contributions with donor restrictions. When a donor-imposed restriction expires, net assets with donor restrictions are reclassified as net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Restricted contributions whose restrictions are met in the same year are reported as contributions without donor restrictions.

**Cash:** Cash includes highly liquid investments that are readily convertible into cash and have a maturity of 90 days or less when purchased. Cash and cash equivalents (including certificates of deposits) held by investment money managers are classified with investments in these financial statements.

On occasion, the Foundation maintains cash balances on deposit with financial institutions in excess of federally insured limits. Management continually monitors the soundness of these financial institutions and believes the exposure of loss to be minimal.

**Receivables:** Receivables are stated at the present value of their estimated future cash flows. The discounts on these amounts is computed using an appropriate interest rate applicable to the year in which those promises are received. Amortization of the discounts is included in “contributions” in the accompanying statements of activities and changes in net assets. Receivables are reviewed for collectability and reserves for uncollected amounts are established when needed. Management evaluates collectability based upon the Foundation’s review of current receivables, historical experience, and management’s evaluation. There was no allowance for doubtful accounts at December 31, 2019 and 2018. Recoveries of amounts previously written off are recorded as revenue at the time such amounts are collected.

**Investments:** Investments in common stocks, mutual funds, and exchange traded funds are carried at fair value based on unadjusted quoted market prices. Fixed income corporate and government bonds are valued based upon yields or prices of securities of comparable quality, coupon, maturity and type as well as indications as to values from brokers and dealers. Investment income and gains and losses on investments are recorded as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law.

Investment transactions are recorded on a settlement-date basis. Realized gains and losses on sales of investments are determined on the specific identification basis.

Investment securities are exposed to various risks, such as interest rate risk, market risk and credit risk. Due to the level of risk associated with certain investment securities and the level of uncertainty related to the value of investment securities, it is reasonably possible that risks in the near term could materially affect the amounts reported in the accompanying financial statements.

The Foundation maintains several custody accounts with major custodian institutions. Although the Foundation monitors and believes that all are appropriate custodians, there is no guarantee that the custodians, or any other custodian that the Foundation may use from time to time, will not become insolvent.

# Communities of Coastal Georgia Foundation, Inc.

## Notes to Financial Statements

December 31, 2019 and 2018

**Beneficial Interest in Trusts:** The Foundation records charitable remainder and lead trusts that are expected to be collected in future years at the present value of estimated future cash flows. The discounts on estimated future cash flow amounts are computed using an appropriate interest rate applicable to the year in which the promise is received and actuarially determined life expectancies (if applicable). Amortization of the discounts is included in the “change in value of split-interest agreements” in the accompanying statements of activities and change in net assets. Any change in the value of the assets in the trusts are included in contributions with donor restrictions when the Foundation is aware of the value change.

**Property and Equipment:** Property and equipment are stated at cost. Acquisitions in excess of \$2,500 are capitalized. Depreciation is calculated using the straight-line method over the estimated useful lives of the individual assets. For the years ending December 31, 2019 and 2018, the Foundation’s property and equipment are fully depreciated.

**Deferred Revenue:** Deferred revenue arises from grants and conditional gifts received for specific purposes for which related expenditures have not been made.

**Income Taxes:** The Foundation is recognized as exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code (the “Code”) and is classified as a private foundation as defined under the Code.

GAAP provides guidance for how uncertain tax positions should be recognized, measured, presented, and disclosed in the Foundation’s financial statements. The Foundation’s management has evaluated the implications of these standards and has not identified any uncertain tax positions for the Foundation; therefore, no tax expense or accruals for uncertain tax positions are included in the accompanying financial statements. Interest and penalties are expensed as incurred. There were no interest and penalties charged to expense for the years ended December 31, 2019 and 2018.

**Estimates:** The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

**Reclassifications:** Certain amounts in the December 31, 2018 financial statements have been reclassified to conform to the presentation utilized in December 31, 2019. These reclassifications, if any, have no impact on previously reported financial position, change in net assets, or cash flows.

### NOTE 2 –RECEIVABLES

Receivables consist of the following as of December 31:

	2019	2018
Grants receivable	\$ 33,850	\$ 40,000
Accounts receivable	-	277
	<u>\$ 33,850</u>	<u>\$ 40,277</u>

# Communities of Coastal Georgia Foundation, Inc.

## Notes to Financial Statements

December 31, 2019 and 2018

Amounts are expected to be received as follows as of December 31, 2019:

Less than one year	\$	18,850
One year to five years		<u>15,000</u>
Total	\$	<u>33,850</u>

### **NOTE 3 – BENEFICIAL INTEREST IN TRUSTS**

Beneficial interest in trusts are recorded at the present value of the estimated future cash flows. Details of the discounts on beneficial interest in trusts is as follows as of December 31:

	<u>2019</u>	<u>2018</u>
Beneficial interest in trusts	\$ 226,400	\$ 356,400
Less discount to present value	<u>(8,114)</u>	<u>(16,194)</u>
	<u>\$ 218,286</u>	<u>\$ 340,206</u>

### **NOTE 4 – PROPERTY HELD FOR SALE**

In 2018, a donor contributed two properties to the Foundation which the Foundation intended to immediately sell. The properties were recorded at each property's respective selling price. The properties were sold at a loss of \$14,550 in 2019 and \$19,174 in 2018 due to closing costs and commissions. There was no property held for sale as of December 31, 2019.

### **NOTE 5 – ENDOWMENT FUND**

The Foundation's endowments consist of board-designated endowment funds which are classified and reported as net assets without restriction. Currently there are no individual donor-restricted endowment funds.

**Interpretation of Relevant Law:** The Foundation manages the endowment funds in accordance with the Georgia Uniform Prudent Management of Institutional Funds Act of 2008 ("UPMIFA"). The Foundation's Board has interpreted UPMIFA to require the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary.

**Endowment Spending Policy:** In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the Foundation and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the Foundation
- (7) The investment policies of the Foundation

# Communities of Coastal Georgia Foundation, Inc.

## Notes to Financial Statements

December 31, 2019 and 2018

The Foundation has a spending policy of appropriating for distribution each year 5% of its board-designated endowment fund's average asset value calculated on September 30 each year over a rolling twelve-quarter period. In establishing this policy, the Foundation considered the long-term expected investment return on its endowment. Accordingly, over the long-term, the Foundation expects the current spending policy to allow its general endowment fund to grow at a minimum of 5% annually, plus inflation. Therefore, the Directors reserve the right in any given year to spend below its 5% spending policy level.

**Endowment Investment Policy:** The Foundation's return objective for endowment assets is to preserve the principal of the endowed funds as well as provide funding to programs supported by the endowment. The goal is to produce an annualized total return that equals, and if possible, exceeds inflation (as measured by CPI) plus the Foundation's long-term spending allocation rate. To achieve its return objectives, the Foundation employs a total return strategy where investment returns are generated through capital appreciation (realized and unrealized) and current yield (interest and dividends).

Composition of and changes in endowment net assets for the years ended December 31, 2019 and 2018 were as follows:

	2019	2018
Board-designated endowment net assets, beginning of year	\$ 4,886,635	\$ 5,212,888
Contributions	218,073	180,780
Interest and dividends, net of fees	81,805	87,737
Realized/unrealized gains (losses)	876,804	(436,478)
Transfer from (to) nonendowed net assets	(172,332)	(113,144)
Amounts appropriated for expenditure	(63,631)	(45,148)
Board-designated endowment net assets, end of year	<u>\$ 5,827,354</u>	<u>\$ 4,886,635</u>

### **NOTE 6 – INVESTMENTS**

Investments were comprised of the following at December 31, 2019 and 2018:

	2019	2018
Equity based funds	\$ 19,849,073	\$ 10,141,823
Bonds and fixed income funds	7,046,429	3,435,894
Cash and cash equivalents	3,520,887	3,773,521
	<u>\$ 30,416,389</u>	<u>\$ 17,351,238</u>

Investment income as reported on the statements of activities and changes in net assets is net of investment fees. Investment fees for the years ended December 31, 2019 and 2018 totaled \$64,119 and \$53,120, respectively.

### **NOTE 7 – FAIR VALUE MEASUREMENTS**

In accordance with the authoritative guidance on fair value measurements and disclosures under GAAP, the Foundation discloses and recognizes the fair value of its assets and liabilities using a hierarchy that prioritizes

# Communities of Coastal Georgia Foundation, Inc.

## Notes to Financial Statements

December 31, 2019 and 2018

the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The guidance establishes three levels of fair value as follows:

Level 1 — Valuation is based on unadjusted quoted prices in active markets that are accessible at the measurement date for identical investments.

Level 2 — Valuation is based on inputs other than quoted prices that are observable for the asset either directly or indirectly, including inputs in markets that are not considered to be active.

Level 3 — Valuation is based on unobservable inputs as they trade infrequently or not at all.

The inputs or methodology used for valuing investments are not necessarily an indication of the risk associated with investing in those investments.

When available, the Foundation uses unadjusted quoted market prices to determine the fair value of investment securities, and they are included in Level 1. When quoted market prices are unobservable, the Foundation uses other observable inputs including market interest rate curves, and credit spreads, where applicable. These investments are included in Level 2 and primarily consist of corporate and governmental bonds.

Assets as of December 31, 2019 measured at fair value are summarized below:

	Level 1	Level 2	Level 3	Total
Equity based funds	\$ 19,849,073	\$ -	\$ -	\$ 19,849,073
Bonds and fixed income funds	3,710,684	3,335,745	-	7,046,429
	<u>\$ 23,559,757</u>	<u>\$ 3,335,745</u>	<u>\$ -</u>	<u>\$ 26,895,502</u>

Assets as of December 31, 2018 measured at fair value are summarized below:

	Level 1	Level 2	Level 3	Total
Equity based funds	\$ 10,141,823	\$ -	\$ -	\$ 10,141,823
Bonds and fixed income funds	3,435,894	-	-	3,435,894
	<u>\$ 13,577,717</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,577,717</u>

***Fair Value Measurements of Other Financial Items:*** The carrying amounts of receivables approximates fair value based on the discounted values of estimates to be received or the underlying value of the trustee assets.

### ***NOTE 8 – AMOUNTS HELD TO BENEFIT AGENCY FUNDS***

The Foundation received assets from various not-for-profit organizations to establish funds. The Organizations specified themselves as the sole beneficiary of the funds. Accounting standards require that the Foundation account for these transfers of assets as a liability. The Foundation has reported this liability as amounts held to benefit agency funds on the Statements of Financial Position.

# Communities of Coastal Georgia Foundation, Inc.

## Notes to Financial Statements

December 31, 2019 and 2018

The Foundation maintains variance power and legal ownership of the agency funds, and as such continues to report these funds as assets of the Foundation. In accordance with GAAP, a liability has been established for the fair value of the funds, which is generally equivalent to the present value of future payments expected to be made to these not-for-profit organizations.

The fair market value of the agency funds at December 31, 2019 and 2018 was \$2,598,919 and \$2,186,620, respectively. Financial activity related to these funds for the years ended December 31, 2019 and 2018 are excluded from the Foundation's statements of activities and changes in net assets.

The following summarizes the activity:

	2019	2018
Beginning Balance	\$ 2,186,620	\$ 2,232,715
Contributions	2,180	121,760
Interfund gifts	1,000	-
Net return on investments	421,814	(156,137)
Support of Foundation services	(12,695)	(11,718)
Agency fund balances at December 31	<u>\$ 2,598,919</u>	<u>\$ 2,186,620</u>

### **NOTE 9 – EMPLOYEE BENEFIT PLAN**

**401(k) Deferred Compensation Plan:** The Foundation sponsors a defined contribution retirement plan covering all employees meeting certain eligibility requirements. The Foundation makes discretionary contributions to the plan based on a percentage of employees' compensation. The contribution for the years ending December 31, 2019 and 2018 was \$144 and \$58, respectively.

**457(b) Deferred Compensation Plan:** On July 1, 2014, the Foundation adopted a non-qualified deferred 457(b) compensation plan for the prior President/CEO. The plan allowed the Foundation to contribute a specified percentage of the prior President/CEO's compensation up to the limitations of the Code Section 457(e)(15). The contributions were held in trust. Gains or losses on amounts held in the trust were fully allocable to the plan participant. As a result, there was no net impact on the Foundation's statements of activities and changes in net assets resulting from investment gains and losses on assets held in the account, and the liability to the plan participant was fully funded at all times. The total assets of the plan were distributed in 2017 to the prior President/CEO and no contributions were made during 2019.

### **NOTE 10 – EXPENSE CLASSIFICATION**

Certain categories of operating expenses are attributed to multiple functions. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Costs are directly applied to the related program, support, or fundraising category when identifiable and possible. General operating costs across natural categories are allocated based on estimates of time and effort.

Communities of Coastal Georgia Foundation, Inc.

Notes to Financial Statements

December 31, 2019 and 2018

Functional expenses for the year ended December 31, 2019 were comprised of the following:

	Program Services	Management and General	Fundraising	Total
Grants awarded	\$ 2,692,862	\$ -	\$ -	\$ 2,692,862
Salaries, taxes and benefits	122,102	55,501	44,400	222,003
Management fees	45,881	20,855	16,684	83,420
Professional fees and services	7,368	3,349	2,679	13,396
Occupancy	7,244	3,293	2,634	13,171
Consultants - Program	66,161	-	-	66,161
Other	28,985	13,175	10,540	52,700
Total	<u>\$ 2,970,603</u>	<u>\$ 96,173</u>	<u>\$ 76,937</u>	<u>\$ 3,143,713</u>

Functional expenses for the year ended December 31, 2018 were comprised of the following:

	Program Services	Management and General	Fundraising	Total
Grants awarded	\$ 2,660,156	\$ -	\$ -	\$ 2,660,156
Salaries, taxes and benefits	114,952	52,251	41,801	209,004
Management fees	29,787	13,540	10,832	54,159
Professional fees and services	6,963	3,165	2,532	12,660
Occupancy	6,672	3,033	2,426	12,131
Other	18,589	8,449	6,760	33,798
Total	<u>\$ 2,837,119</u>	<u>\$ 80,438</u>	<u>\$ 64,351</u>	<u>\$ 2,981,908</u>

**NOTE 11 – NET ASSETS**

Net assets without donor restrictions consisted of the following fund balances designated by the Board at December 31, 2019 and 2018:

	2019	2018
Donor advised funds	\$ 23,624,939	\$ 11,516,528
Endowment funds	5,827,354	4,886,635
Other	66,853	120,262
Total net assets without donor restrictions	<u>\$ 29,519,146</u>	<u>\$ 16,523,425</u>

Communities of Coastal Georgia Foundation, Inc.

Notes to Financial Statements

December 31, 2019 and 2018

Net assets with donor restrictions consisted of the following fund balances at December 31, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Leasehold improvement purchase fund	\$ 19,460	\$ 19,460
Beneficial interest in remainder trust	89,569	87,327
Purpose-restricted	56,561	28,117
Time-restricted	128,717	252,879
Total net assets with donor restrictions	<u>\$ 294,307</u>	<u>\$ 387,783</u>

**NOTE 12 – LEASES**

As of December 31, 2019, the Foundation leases administrative office space under a lease expiring in August 2022. Lease expense totaled \$12,520 and \$12,131 for the years ended December 31, 2019 and 2018, respectively. Future minimum lease payments under the non-cancelable operating lease are as follows for the years ended December 31:

2020	\$ 12,876
2021	13,224
2022	8,992
	<u>\$ 35,092</u>

Communities of Coastal Georgia Foundation, Inc.

Notes to Financial Statements

December 31, 2019 and 2018

**NOTE 13 – LIQUIDITY AND AVAILABILITY OF FINANCIAL NET ASSETS**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting use, comprise the following:

	2019	2018
Financial assets at year end:		
Cash and cash equivalents	\$ 1,753,245	\$ 1,059,359
Receivables	18,850	40,277
Beneficial interest in trusts	128,717	130,000
Investments, at fair value	30,416,389	17,351,238
Available without restriction within one year	32,317,201	18,580,874
Less amounts not available to be used within one year:		
Receivables	15,000	40,000
Amounts held to benefit agency funds	2,598,919	2,186,620
Net assets without restrictions, donor advised	23,624,939	11,516,528
Net assets with donor restrictions	294,307	387,783
Beneficial interests in trusts	89,569	210,206
Total not available to be used within one year	26,622,734	14,341,137
Financial assets available to meet general expenditures over the next twelve months	\$ 5,694,467	\$ 4,239,737

Financial assets available for expenditure do not include board-designated donor advised funds at December 31, 2019 and 2018, that would be available for granting within one year. The Foundation does not consider these available for general expenditure since these funds are available for distribution to charitable organizations or causes based upon recommendations from the fund establisher or their designated fund advisor(s).

The Foundation does not intend to spend the board-designated endowment funds of \$5,827,354 and \$4,886,635 at December 31, 2019 and 2018, respectively, but the funds are available for general expenditures if needed so they are not deducted in the table above. The Foundation’s investment policy incorporates the need to support grant making and operating expenses. As part of this policy, the Foundation maintains a significant amount of cash to cover its expenses.

**NOTE 14 – SUBSEQUENT EVENTS**

The Foundation has evaluated subsequent events occurring after December 31, 2019 through October 26, 2020, which is the date on which the financial statements were available to be issued.

Since March 2020, the coronavirus outbreak has disrupted the U.S. and global economies, which has impacted the stock market. The length and severity of the coronavirus outbreak and its impact on the economy is unknown. The extent to which this event will affect the Foundation’s results of activities and

Communities of Coastal Georgia Foundation, Inc.

Notes to Financial Statements

December 31, 2019 and 2018

financial position remains uncertain. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

No other significant events occurred subsequent to the statement of financial position date but prior to issuance that would have a material impact on the financial statements or disclosures.