

Communities of Coastal Georgia  
Foundation, Inc.

Financial Report

December 31, 2014 and 2013

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## INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of Communities of Coastal Georgia Foundation, Inc. (a non-profit organization), which comprise the statements of financial position as of December 31, 2014 and 2013, and the related statements of activity 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, 2014 and 2013, 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  
July 24, 2015

Communities of Coastal Georgia Foundation, Inc.

Statements of Financial Position

December 31, 2014 and 2013

Assets

	2014	2013
Cash and cash equivalents	\$ 2,526,874	\$ 2,201,068
Beneficial interest in remainder trusts	107,947	34,126
Beneficial interest in lead trust	733,892	833,759
Investments, at fair value	10,757,610	9,635,583
Artwork held for sale	610,000	-
Property and equipment, net	-	88
Prepaid expenses	7,572	5,648
Assets held in trust - deferred compensation	5,169	-
Security deposit	735	735
Total Assets	<u>\$ 14,749,799</u>	<u>\$ 12,711,007</u>

Liabilities and Net Assets

Liabilities

Accounts payable	\$ 6,819	\$ 6,211
Accrued payroll	5,686	3,812
Deferred compensation payable	5,169	-
Amounts held to benefit an agency fund	2,214,863	2,317,377
Total Liabilities	<u>2,232,537</u>	<u>2,327,400</u>

Net Assets

Unrestricted	11,655,821	9,495,686
Temporarily restricted	861,441	887,921
Total net assets	<u>12,517,262</u>	<u>10,383,607</u>
Total Liabilities and Net Assets	<u>\$ 14,749,799</u>	<u>\$ 12,711,007</u>

*See accompanying notes to the financial statements.*

Communities of Coastal Georgia Foundation, Inc.

Statements of Activity

For the Years Ended December 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Unrestricted Net Assets		
Support and Revenue		
Contributions	\$ 2,847,946	\$ 3,170,952
Investment income	120,369	87,371
Management fee	12,089	10,433
Realized and unrealized gains	<u>163,760</u>	<u>732,437</u>
Total Unrestricted Support and Revenue	3,144,164	4,001,193
Net assets released by satisfaction of restrictions	<u>130,434</u>	<u>144,631</u>
Total Unrestricted Support and Reclassifications	<u>3,274,598</u>	<u>4,145,824</u>
Expenses		
Grants	828,304	490,404
Operating Expenses		
Salaries	153,098	132,224
General and administrative	<u>133,061</u>	<u>143,807</u>
Total operating expenses	<u>286,159</u>	<u>276,031</u>
Total Unrestricted Grants and Operating Expenses	<u>1,114,463</u>	<u>766,435</u>
Increase in Unrestricted Net Assets	<u>2,160,135</u>	<u>3,379,389</u>
Temporarily Restricted Net Assets		
Contributions	80,000	-
Change in value of split-interest agreements	23,954	(1,892)
Net assets released by satisfaction of restrictions	<u>(130,434)</u>	<u>(144,631)</u>
Decrease in Temporarily Restricted Net Assets	<u>(26,480)</u>	<u>(146,523)</u>
Increase in Net Assets	<u>2,133,655</u>	<u>3,232,866</u>
Net Assets, Beginning	<u>10,383,607</u>	<u>7,150,741</u>
Net Assets, Ending	<u>\$ 12,517,262</u>	<u>\$ 10,383,607</u>

*See accompanying notes to the financial statements.*

Communities of Coastal Georgia Foundation, Inc.

Statements of Cash Flows

For the Years Ended December 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Cash Flows From Operating Activities		
Increase in net assets	\$ 2,133,655	\$ 3,232,866
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	88	144
Realized and unrealized gains on investments	(163,760)	(732,437)
Noncash contributions	(100,043)	(77,437)
Changes in operating assets and liabilities:		
Pledges receivable	-	15,207
Beneficial interest in remainder trust	(73,821)	(1,590)
Beneficial interest in lead trust	99,867	133,482
Prepaid expenses	(1,924)	(1,068)
Artwork held for resale	(610,000)	-
Assets held for deferred compensation arrangement	(5,169)	-
Accounts payable	608	202
Accrued payroll	1,874	567
Deferred compensation payable	5,169	-
Amounts held to benefit an agency fund	(102,514)	962,428
<i>Net Cash Provided by Operating Activities</i>	<u>1,184,030</u>	<u>3,532,364</u>
Cash Flows From Investing Activities		
Purchase of investments	(6,276,524)	(6,272,061)
Sale of investments	<u>5,418,300</u>	<u>3,183,850</u>
<i>Net Cash Required by Investing Activities</i>	<u>(858,224)</u>	<u>(3,088,211)</u>
Net Change in Cash and Cash Equivalents	325,806	444,153
Cash and Cash Equivalents, Beginning	<u>2,201,068</u>	<u>1,756,915</u>
Cash and Cash Equivalents, Ending	<u>\$ 2,526,874</u>	<u>\$ 2,201,068</u>

See accompanying notes to the financial statements.

Communities of Coastal Georgia Foundation, Inc.

Notes to Financial Statements

December 31, 2014 and 2013

**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 (the “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 their nature and purpose. The Foundation reports its financial position and activities according to three classes of net assets as follows:

*Unrestricted* - Net assets are resources that are neither permanently nor temporarily restricted by donor-imposed stipulations. The only limits on unrestricted net assets are those resulting from the nature of the Foundation and its purposes. The significant categories of unrestricted net assets maintained by the Foundation are the founders fund, operating fund, donor advised funds, and discretionary grant making fund (see Note 12).

*Temporarily restricted* - Net assets are resources whose use by the Foundation is limited by donor-imposed restrictions that either expire by the passage of time or can be removed by actions of the Foundation.

*Permanently restricted* - Net assets are resources whose use by the Foundation is limited by donor-imposed stipulations that neither expire by the passage of time nor can be removed by actions of the Foundation. For the reasons noted below there were no permanently restricted net assets as of December 31, 2014 and 2013.

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 Trustees 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," none of the net assets of the Foundation is classified as permanently restricted; rather, they are all classified as unrestricted, unless otherwise encumbered by a time stipulation.

Communities of Coastal Georgia Foundation, Inc.

Notes to Financial Statements

December 31, 2014 and 2013

**Contributions:** In accordance with GAAP, contributions received as well as unconditional promises to give are recognized in the year received. Contributions with donor-imposed restrictions are reported as temporarily restricted revenue. When a donor-imposed restriction expires, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statement of activities as net assets released from restriction. Restricted contributions whose restrictions are met in the same year are reported as unrestricted contributions.

**Cash:** Cash includes highly liquid investments that are readily convertible into cash and have a maturity of twelve months or less when purchased. Cash and cash equivalents 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.

**Pledges Receivable:** Pledges receivable are stated at the present value of their estimated future cash flows. Pledges receivable consist of unconditional promises to give that are expected to be collected in future years. The discount on these amounts is computed using risk-free rates applicable in the years in which those promises are received. Amortization of the discounts is included in “contributions” in the accompanying statement of activities. Pledges receivable are reviewed for collectability and reserves for uncollected amounts are established when indication warrants the need. Concentrations of credit risk with respect to pledges receivable are, in management's opinion, considered minimal due to the Foundation's diverse donor base.

**Beneficial Interest in Remainder Trusts:** The Foundation is named beneficiary of two charitable remainder trusts that are controlled by third parties. The assets for the contribution receivable were recorded as temporarily restricted net assets when the Foundation was notified of the trusts' existence. The receivable is stated at present value of the amount expected to be received. Under the terms of both trusts, the Foundation will receive the contribution at the donors' death. Present value is determined using an appropriate discount rate and actuarially determined life expectancies. The net revaluation is recorded as change in value of split-interest agreements on the Statements of Activity.

**Beneficial Interest in Lead Trust:** During 2011, the Foundation was named beneficiary of a charitable lead annuity trust that is controlled by a trustee that is a former member of the Foundation's board of directors. The trust provides \$130,000 per year to the Foundation for ten years. The assets for the contribution receivable were recorded as temporarily restricted net assets when the Foundation was notified of the trust's existence. The receivable is stated at present value of the amount to be received. Present value is determined using an appropriate discount rate. The net revaluation is recorded as a change in value of split-interest agreements on the Statements of Activity.

Communities of Coastal Georgia Foundation, Inc.

Notes to Financial Statements

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**Investments:** Investments in equity securities and mutual funds are carried at fair value based on unadjusted quoted market prices. Fixed income securities 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 unrestricted net assets unless their use is temporarily or permanently restricted by explicit donor stipulation or by law.

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.

**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.

**Estimates:** The preparation of financial statements in conformity with GAAP requires management to make estimates that affect the reported amounts and disclosures in these financial statements. Actual results may differ from those estimates.

**Income Taxes:** The Foundation is a qualifying, nonprofit organization as defined in Section 501(c)(3) of the Internal Revenue Code and as such is generally exempt from federal and state income taxes. The Foundation may be subject to income taxes if it failed to maintain its exempt status or if it conducted certain unrelated business activity. The Foundation has evaluated both its federal and state income tax positions, including positions that could have an effect on the Foundation's exempt status, and has concluded that it has no uncertain tax positions that require disclosure.

The Foundation files informational returns in the U.S. federal jurisdiction and one state jurisdiction. The Foundation is generally no longer subject to federal or state tax examinations for years before 2011. Interest and penalties are expensed as incurred. No interest and penalties were charged to expense for the years ending December 31, 2014 and 2013.

**Reclassifications:** Certain amounts in the December 31, 2013 financial statements have been reclassified to conform to the presentation utilized in December 31, 2014. These reclassifications have no impact on previously reported financial position, change in net assets, or cash flows.

Communities of Coastal Georgia Foundation, Inc.

Notes to Financial Statements

December 31, 2014 and 2013

**NOTE 2 – BENEFICIAL INTEREST IN REMAINDER TRUST**

The receivable from split-interest agreements provided by charitable remainder unitrusts represents the estimated net present value of the Foundation's interest in irrevocable trusts held by third parties. The balance of this receivable is as follows at December 31, 2014 and 2013:

	2014	2013
Beneficial interest in remainder trusts	\$ 130,000	\$ 50,000
Less discount to present value	(22,053)	(15,874)
	<u>\$ 107,947</u>	<u>\$ 34,126</u>

Actuarial assumptions published by the Social Security Administration and a discount rate range from 0.45% to 4.89% were used in calculating the present value.

**NOTE 3 – BENEFICIAL INTEREST IN LEAD TRUST**

The receivable from a split-interest agreement provided by a charitable lead annuity trust represents the estimated net present value of the Foundation's interest in an irrevocable trust held by a third party. The balance of this receivable is as follows at December 31, 2014 and 2013:

	2014	2013
Beneficial interest in lead trust	\$ 780,000	\$ 910,000
Less discount to present value	(46,108)	(76,241)
	<u>\$ 733,892</u>	<u>\$ 833,759</u>

A discount rate of 1.97% for 2014 and 2.45% for 2013 equal to the 10-year United States Treasury rate was used in calculating the present value.

**NOTE 4 – ARTWORK HELD FOR SALE**

In 2014, a donor contributed two pieces of artwork to the Foundation, and the Foundation immediately listed it for sale. The artwork was recorded at the appraised value of \$610,000 at the date of the contribution. One of the pieces has an appraised value of \$510,000 and the second with an appraised value of \$100,000. At December 31, 2014, the Foundation held artwork for sale in the amount of \$610,000 (see Note 14). There was no artwork held for sale as of December 31, 2013.

**NOTE 5 – ENDOWMENT FUND**

As of December 31, 2014 and 2013, the Board of Directors had designated \$2,117,893 and \$2,032,654, respectively, of unrestricted net assets as a general endowment fund to support the

Communities of Coastal Georgia Foundation, Inc.

Notes to Financial Statements

December 31, 2014 and 2013

mission of the Foundation. Since that amount resulted from an internal designation and is not donor-restricted, it is classified and reported as unrestricted net assets.

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.

To achieve its investment objectives, the Foundation has adopted an investment policy that attempts to maximize total return consistent with an acceptable level of risk. Endowment assets are invested in a well diversified asset mix, which includes equities, fixed income securities, cash reserves and alternatives. The allocation of assets should adhere to the following guidelines:

<u>Asset Class</u>	<u>Minimum</u>	<u>Maximum</u>
Equities	40%	70%
Fixed income	2%	29%
Hedge Funds	0%	22%
Real Estate	0%	11%
Commodities	0%	13%
Cash reserves	0%	20%

Composition of and changes in endowment net assets for the year ended December 31, 2014 and 2013 were as follows:

	<u>2014</u>	<u>2013</u>
Board-designated endowment net assets, beginning of year	\$ 2,032,654	\$ 1,733,129
Contributions	85,832	60,921
Interest and Dividends, net of fees	30,809	27,254
Realized/unrealized gains	22,911	245,873
Transfer from (to) nonendowed net assets	(36,197)	(22,833)
Amounts appropriated for expenditure	(18,116)	(11,690)
Board-designated endowment net assets, end of year	<u>\$ 2,117,893</u>	<u>\$ 2,032,654</u>

Communities of Coastal Georgia Foundation, Inc.

Notes to Financial Statements

December 31, 2014 and 2013

**NOTE 6 – INVESTMENTS**

Investments were comprised of the following at December 31, 2014 and 2013:

	2014	2013
Marketable equity securities	\$ 2,324,991	\$ 2,497,969
Mutual funds	7,496,535	5,449,294
Corporate bonds	-	123,998
Fixed income - US Government	-	198,243
Fixed income - FNMA & FHLMC	-	183,997
Cash and cash equivalents	936,084	685,906
Long-Term Certificates of Deposit	-	496,176
	<u>\$ 10,757,610</u>	<u>\$ 9,635,583</u>

Investment income as reported on the Statements of Activity is net of investment fees. Investment fees for the year ended December 31, 2014 and 2013 totaled \$33,993 and \$30,276, 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 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 and investments in investees which may permit redemption at the net asset value (or equivalent) within the near-term of the measurement date.

Level 3 — Valuation is based on unobservable inputs and investments in investees which do not permit redemption at the net asset value (or equivalent) within the near-term of the measurement date.

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

Communities of Coastal Georgia Foundation, Inc.

Notes to Financial Statements

December 31, 2014 and 2013

When available, the Foundation uses quoted market prices to determine the fair value of investment securities. These investments are included in Level 1 and primarily consist of equity securities and mutual funds. 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 fixed income; otherwise, they are categorized in Level 3.

Assets as of December 31, 2014 and 2013 measured at fair value are summarized below:

December 31, 2014:

	Level 1	Level 2	Level 3	Total
Marketable equity securities	\$ 2,324,991	\$ -	\$ -	\$ 2,324,991
Mutual funds	7,496,535	-	-	7,496,535
Cash and cash equivalents	936,084	-	-	936,084
Total Investments	10,757,610	-	-	10,757,610
Receivables under split-interest agreements	-	-	841,839	841,839
Total Assets Measured at Fair Value	<u>\$ 10,757,610</u>	<u>\$ -</u>	<u>\$ 841,839</u>	<u>\$ 11,599,449</u>

December 31, 2013:

	Level 1	Level 2	Level 3	Total
Marketable equity securities	\$ 2,497,969	\$ -	\$ -	\$ 2,497,969
Mutual funds	5,449,294	-	-	5,449,294
Corporate bonds	-	123,998	-	123,998
Fixed income - US Government	-	198,243	-	198,243
Fixed income - FNMA & FHLMC	-	183,997	-	183,997
Cash and cash equivalents	685,906	-	-	685,906
Long-Term Certificates of Deposit	496,176	-	-	496,176
Total Investments	9,129,345	506,238	-	9,635,583
Receivables under split-interest agreements	-	-	867,885	867,885
Total Assets Measured at Fair Value	<u>\$ 9,129,345</u>	<u>\$ 506,238</u>	<u>\$ 867,885</u>	<u>\$ 10,503,468</u>

Communities of Coastal Georgia Foundation, Inc.

Notes to Financial Statements

December 31, 2014 and 2013

The level 3 agreements are reported at their net present values as described in Note 2 and Note 3. They are subject to specific significant unobservable inputs, which are summarized as follows:

	Fair Value at 12/31/2014	Valuation Method	Significant Unobservable Inputs	Range of Inputs
Beneficial interest in remainder trust	\$ 35,796	Discounted Cash Flow	Life Expectancy (years) Discount Rate	7 4.89%
Beneficial interest in remainder trust	72,151	Discounted Cash Flow	Life Expectancy (years) Discount Rate	23 0.45%
Beneficial interest in lead trust	733,892	Discounted Cash Flow	Duration (months) Discount Rate	72 1.97%
	<u>\$ 841,839</u>			
	Fair Value at 12/31/2013	Valuation Method	Significant Unobservable Inputs	Range of Inputs
Beneficial interest in remainder trust	34,126	Discounted Cash Flow	Life Expectancy (years) Discount Rate	8 4.89%
Beneficial interest in lead trust	833,759	Discounted Cash Flow	Duration (months) Discount Rate	84 2.45%
	<u>\$ 867,885</u>			

The following is a reconciliation of the beginning and ending balances of recurring fair value measurements recognized in the accompanying Statement of Financial Position using significant unobservable (Level III) inputs:

	2014	2013
Beginning Balance	\$ 867,885	\$ 999,777
Donation	80,000	-
Change in value	23,954	(1,892)
Annuity payments	(130,000)	(130,000)
Ending Balance	<u>\$ 841,839</u>	<u>\$ 867,885</u>

Communities of Coastal Georgia Foundation, Inc.

Notes to Financial Statements

December 31, 2014 and 2013

**NOTE 8 – PROPERTY AND EQUIPMENT**

Property and equipment consisted of the following at December 31, 2014 and 2013:

	2014	2013
Computers and equipment	\$ 8,163	\$ 8,163
Less accumulated depreciation	(8,163)	(8,075)
Property and equipment, net	<u>\$ -</u>	<u>\$ 88</u>

Depreciation expense totaled \$88 and \$144, respectively for the years ended December 31, 2014 and 2013.

**NOTE 9 – AMOUNTS HELD TO BENEFIT AN AGENCY FUND**

The Foundation received assets from a not-for-profit organization to establish a fund. The Organization specified itself as the sole beneficiary of the fund. Accounting standards require that the Foundation account for this transfer of assets as a liability. The Foundation has reported this fund as amounts held to benefit an agency fund on the statements of financial position.

The Foundation maintains variance power and legal ownership of the agency fund, and as such continues to report this fund as an asset 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 the not-for-profit organization.

The fair market value of the agency fund at December 31, 2014 and 2013 was \$2,214,863 and \$2,317,377, respectively. Financial activity related to this fund for the years ended December 31, 2014 and 2013 are excluded from the Foundation's statements of activity. The following summarizes the activity:

	2014	2013
Beginning Balance	\$ 2,317,377	\$ 1,354,949
Contributions	-	725,000
Net return on investments	59,128	247,861
Grants awarded	(150,000)	-
Support of Foundation services	(11,642)	(10,433)
Agency fund balances at December 31	<u>\$ 2,214,863</u>	<u>\$ 2,317,377</u>

Communities of Coastal Georgia Foundation, Inc.

Notes to Financial Statements

December 31, 2014 and 2013

**NOTE 10 – 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, 2014 and 2013 was \$3,860 and \$2,525, respectively.

**457(b) Deferred Compensation Plan:** Effective July 1, 2014, the Foundation adopted a non-qualified deferred 457(b) compensation plan for the current President/CEO. The plan allows the President/CEO to defer a specified percentage of her cash compensation up to the limitations of the Code Section 457(e)(15), which is \$17,500 for 2014. The deferred compensation contributions from the President/CEO are held in trust. Gains or losses on amounts held in the trust are fully allocable to the plan participant. As a result, there is no net impact on the Foundation's statement of activities resulting from investment gains and losses on assets held in the account, and the liability to the plan participant is fully funded at all times. At December 31, 2014, the assets held for deferred compensation and the accrued liability balance both totaled \$5,169. There was no plan or account balance at December 31, 2013.

**NOTE 11 – EXPENSE CLASSIFICATION**

Below is a functional classification of the Foundation's expenses for the year ended December 31, 2014 and 2013:

	2014	2013
Grants awarded and programs	\$ 985,693	\$ 642,223
Support services	71,538	69,006
Fundraising expenses	57,232	55,206
Total grants and operating expenses	<u>\$ 1,114,463</u>	<u>\$ 766,435</u>

**NOTE 12 – NET ASSETS**

Unrestricted net assets consisted of the following fund balances designated by the Board at December 31, 2014 and 2013:

	2014	2013
Founders fund	\$ 1,447,092	\$ 1,560,826
Donor advised funds	9,130,751	6,936,709
Discretionary grant making fund	875,069	792,506
Operating fund	202,909	205,645
Total unrestricted net assets	<u>\$ 11,655,821</u>	<u>\$ 9,495,686</u>

Communities of Coastal Georgia Foundation, Inc.

Notes to Financial Statements

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Temporarily restricted net assets consisted of the following fund balances at December 31, 2014 and 2013:

	<u>2014</u>	<u>2013</u>
Leasehold improvement purchase fund	\$ 19,460	\$ 19,460
Beneficial interest in remainder trust	107,947	34,127
Time-restricted	734,034	834,334
Total temporarily restricted net assets	<u>\$ 861,441</u>	<u>\$ 887,921</u>

**NOTE 13 – LEASE**

In July 2012, the Foundation entered into a lease agreement for office space. The lease term is from September 1, 2012 to August 31, 2017. Future minimum lease payments under the lease are as follows:

<u>Year Ending December 31,</u>	
2015	\$ 11,312
2016	\$ 11,616
2017	\$ 8,096

Lease expense totaled \$10,924 and \$10,552 for the years ended December 31, 2014 and 2013, respectively.

**NOTE 14 – SUBSEQUENT EVENTS**

The Foundation has evaluated subsequent events occurring after December 31, 2014 through July 24, 2015, which is the date on which the financial statements were available to be issued.

In March 2015, the artwork held for sale that appraised for \$100,000 was sold for \$250,000. The Foundation will receive ten equal monthly payments of \$25,000 starting June 20, 2015 with the last payment on March 20, 2016.

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.