

Communities of Coastal Georgia
Foundation, Inc.

Financial Report

December 31, 2020 and 2019

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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, 2020 and 2019, 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

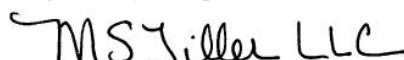
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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, 2020 and 2019, 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.


Brunswick, Georgia
July 29, 2021

Communities of Coastal Georgia Foundation, Inc.

Statements of Financial Position

December 31, 2020 and 2019

Assets

	2020	2019
Cash and cash equivalents	\$ 1,689,200	\$ 1,753,245
Grant receivables	22,350	33,850
Investments, at fair value	44,693,982	30,416,389
Beneficial interest in trusts	91,915	218,286
Other assets	9,596	11,593
Total Assets	<u>\$ 46,507,043</u>	<u>\$ 32,433,363</u>

Liabilities and Net Assets

Liabilities		
Accounts payable	\$ 13,000	\$ 18,969
Accrued expenses	4,833	2,022
Amounts held to benefit agency funds	<u>2,924,691</u>	<u>2,598,919</u>
Total Liabilities	<u>2,942,524</u>	<u>2,619,910</u>
Net Assets		
Without donor restrictions	43,428,531	29,519,146
With donor restrictions	<u>135,988</u>	<u>294,307</u>
Total net assets	<u>43,564,519</u>	<u>29,813,453</u>
Total Liabilities and Net Assets	<u>\$ 46,507,043</u>	<u>\$ 32,433,363</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, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue			
Contributions	\$ 12,655,164	\$ -	\$ 12,655,164
Investment income	811,708	-	811,708
Investment expenses	(135,882)	-	(135,882)
Net gains on investments	3,922,269	-	3,922,269
Change in value of split-interest agreements	-	3,629	3,629
Management fee	13,544	-	13,544
Other income	13,733	-	13,733
Net assets released from restriction	<u>161,948</u>	<u>(161,948)</u>	<u>-</u>
Total Support and Revenue	17,442,484	(158,319)	17,284,165
Grants Paid	3,100,430	-	3,100,430
Operating Expenses			
Salaries	254,328	-	254,328
General and administrative	<u>178,341</u>	<u>-</u>	<u>178,341</u>
Total Operating Expenses	<u>432,669</u>	<u>-</u>	<u>432,669</u>
Total Grants and Operating Expenses	<u>3,533,099</u>	<u>-</u>	<u>3,533,099</u>
Increase (Decrease) in Net Assets	13,909,385	(158,319)	13,751,066
Net Assets, Beginning	<u>29,519,146</u>	<u>294,307</u>	<u>29,813,453</u>
Net Assets, Ending	<u>\$ 43,428,531</u>	<u>\$ 135,988</u>	<u>\$ 43,564,519</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

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue			
Contributions	\$ 13,191,764	\$ 90,000	\$ 13,281,764
Investment income	370,992	-	370,992
Investment expenses	(64,119)	-	(64,119)
Net gains (losses) 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>
Total Support and Revenue	16,139,434	(93,476)	16,045,958
Grants Paid	2,692,862	-	2,692,862
Operating Expenses			
Salaries	203,191	-	203,191
General and administrative	<u>247,660</u>	<u>-</u>	<u>247,660</u>
Total Operating Expenses	<u>450,851</u>	<u>-</u>	<u>450,851</u>
Total Grants and Operating Expenses	<u>3,143,713</u>	<u>-</u>	<u>3,143,713</u>
Increase (Decrease) in Net Assets	12,995,721	(93,476)	12,902,245
Net Assets, Beginning	<u>16,523,425</u>	<u>387,783</u>	<u>16,911,208</u>
Net Assets, Ending	<u>\$ 29,519,146</u>	<u>\$ 294,307</u>	<u>\$ 29,813,453</u>

See accompanying notes to the financial statements.

Communities of Coastal Georgia Foundation, Inc.

Statements of Cash Flows

For the Years Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Cash Flows From Operating Activities		
Increase in net assets	\$ 13,751,066	\$ 12,902,245
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Net gains on investments	(3,922,269)	(2,443,678)
Contributions of securities	(9,163,698)	(9,776,357)
Loss on sale of noncash assets	-	14,550
Changes in operating assets and liabilities:		
Receivables	11,500	6,427
Beneficial interest in trusts	126,371	121,920
Other assets	1,997	(7,076)
Accounts payable	(5,969)	6,954
Deferred revenue	-	(40,000)
Accrued expenses	2,811	1,268
Amounts held to benefit agency funds	325,772	412,299
<i>Net Cash Provided by Operating Activities</i>	<u>1,127,581</u>	<u>1,198,552</u>
Cash Flows From Investing Activities		
Proceeds from sale of real property held for sale, net of selling expenses	-	340,450
Purchase of investments	(19,540,470)	(10,636,954)
Proceeds from sale of investments	<u>18,348,844</u>	<u>9,791,838</u>
<i>Net Cash Used in Investing Activities</i>	<u>(1,191,626)</u>	<u>(504,666)</u>
Net Change in Cash and Cash Equivalents	(64,045)	693,886
Cash and Cash Equivalents, Beginning	<u>1,753,245</u>	<u>1,059,359</u>
Cash and Cash Equivalents, Ending	<u>\$ 1,689,200</u>	<u>\$ 1,753,245</u>
Supplemental schedule of noncash investing and financing activities:		
Investment securities acquired from donor contributions	\$ 9,163,698	\$ 9,776,357

See accompanying notes to the financial statements.

Communities of Coastal Georgia Foundation, Inc.

Notes to Financial Statements

December 31, 2020 and 2019

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 had 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

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In August 2018, the FASB issued Accounting Standards Update No. 2018-13, *Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement* (“ASU 2018-13”). ASU 2018-13 eliminates and modifies certain disclosure requirements for fair value measurements, including the amount, reason, and policy for timing of transfers between hierarchy levels; valuation process for Level 3 fair value measurements; and changes in unrealized gains/losses for Level 3 fair value measurements. Nonpublic entities that use the practical expedient to measure the fair value of certain investments at their net asset values are required to disclose the timing of liquidation of an investee’s assets and the date when redemption restrictions will lapse (see Note 7). The Foundation adopted the standard on January 1, 2020. The adoption of this standard did not have a significant impact on the Foundation’s financial statements.

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. Money market funds and certificates of deposit 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, 2020 and 2019. 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. For all other investments, the Foundation uses the practical expedient method for measuring fair value. Practical expedient permits an entity holding investments in certain entities that calculate net asset value (or equivalent) for which the fair value is not readily determined to measure the fair value of such investments on the basis of the most recent net asset value per share (or equivalent) provided without adjustment. Investment partnerships, for which there is no ready market, are stated at fair value using the most recent net asset value per share (or equivalent) estimated by the

Communities of Coastal Georgia Foundation, Inc.

Notes to Financial Statements

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partnerships' general partner which generally represents the Foundation's proportionate share of the fair market value of the underlying securities. The alternative asset, private equity, and real estate partnerships, for which there is no ready market, are stated at fair value using the most recent net asset value per share (or equivalent) estimated by the partnerships' general partner. Because investment partnerships are not readily marketable, the estimated value is subject to uncertainty and, therefore, may differ from the value that would have been used had a ready market for the investment existed. Such differences could be material.

These alternative investments, private equity, and real estate investments may have exposure to transactions with counterparts including futures, swaps, options, and other derivatives. These investments may be subject to various risks of loss if the counterparty becomes insolvent or is otherwise unable to meet its obligations.

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 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 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.

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, 2020 and 2019, 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

Communities of Coastal Georgia Foundation, Inc.

Notes to Financial Statements

December 31, 2020 and 2019

statements. Interest and penalties are expensed as incurred. There were no interest and penalties charged to expense for the years ended December 31, 2020 and 2019.

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, 2019 financial statements have been reclassified to conform to the presentation utilized in December 31, 2020. These reclassifications, if any, have no impact on previously reported financial position, change in net assets, or cash flows.

NOTE 2 – RECEIVABLES

Grant Receivables for the years ended December 31, 2020 and 2019 totaled \$22,350 and \$33,850, respectively. The total balance as of December 31, 2020 is expected to be received within one year.

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:

	2020	2019
Beneficial interest in trusts	\$ 96,400	\$ 226,400
Less discount to present value	(4,485)	(8,114)
	<u>\$ 91,915</u>	<u>\$ 218,286</u>

NOTE 4 – PROPERTY HELD FOR SALE

In 2018, a donor contributed property to the Foundation which the Foundation intended to immediately sell. The property was recorded at the selling price. The property was sold at a loss of \$14,550 in 2019 due to closing costs and commissions. There was no property held for sale as of December 31, 2020 and 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.

Communities of Coastal Georgia Foundation, Inc.

Notes to Financial Statements

December 31, 2020 and 2019

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

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, 2020 and 2019 were as follows:

	2020	2019
Board-designated endowment net assets, beginning of year	\$ 5,827,354	\$ 4,886,635
Contributions	91,192	218,073
Interest and dividends, net of fees	86,376	81,805
Realized/unrealized gains (losses)	638,744	876,804
Transfer from (to) nonendowed net assets	(127,628)	(172,332)
Amounts appropriated for expenditure	(70,032)	(63,631)
Board-designated endowment net assets, end of year	<u>\$ 6,446,006</u>	<u>\$ 5,827,354</u>

Communities of Coastal Georgia Foundation, Inc.

Notes to Financial Statements

December 31, 2020 and 2019

NOTE 6 – INVESTMENTS

Investments were comprised of the following at December 31, 2020 and 2019:

	2020	2019
Equity based funds	\$ 29,600,944	\$ 19,849,073
Bonds and fixed income funds	8,750,940	7,046,429
Money market and certificates of deposit	5,904,431	3,520,887
Alternative asset funds	437,667	-
	<u>\$ 44,693,982</u>	<u>\$ 30,416,389</u>

Investment fees for the years ended December 31, 2020 and 2019 totaled \$135,882 and \$64,119, 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.

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

Investments include privately held investments and securities held in partnerships and use the Net Asset Value (NAV) as a practical expedient to determine their values. These investments are not classified in the fair value hierarchy, but the amounts are included in this table to permit reconciliation of the fair value hierarchy to the amounts presented in the statements of financial position.

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.

Communities of Coastal Georgia Foundation, Inc.

Notes to Financial Statements

December 31, 2020 and 2019

Assets as of December 31, 2020 measured at fair value are summarized below:

	Level 1	Level 2	Level 3	NAV	Total	Liquidation	Day's Notice
Equity based funds	\$29,600,944	\$ -	\$ -	\$ -	\$29,600,944	Daily	1
Bonds and fixed income funds	3,773,535	4,977,405	-	-	8,750,940	Daily	1
Alternative asset funds	-	-	-	437,667	437,667	Illiquid ⁽ⁱ⁾	N/A
	<u>\$33,374,479</u>	<u>\$ 4,977,405</u>	<u>\$ -</u>	<u>\$ 437,667</u>	<u>\$38,789,551</u>		

(i) Illiquid private equity funds are closed-end funds which means the Foundation cannot redeem or withdraw funds from these investments until the fund is terminated or liquidated, though it is likely to receive distributions that include some return of principal. The outstanding illiquid balance in the private equity fund as of December 31, 2020 was \$437,667. The fund is scheduled to self-liquidate by 2029 with a possible, one-time three-year extension.

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>

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 trusted 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.

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, 2020 and 2019 was \$2,924,691 and \$2,598,919, respectively. Financial activity related to these funds for the years ended December 31, 2020 and 2019 are excluded from the Foundation's statements of activities and changes in net assets.

Communities of Coastal Georgia Foundation, Inc.

Notes to Financial Statements

December 31, 2020 and 2019

The following summarizes the activity:

	2020	2019
Beginning Balance	\$ 2,598,919	\$ 2,186,620
Contributions	11,723	2,180
Interfund gifts	-	1,000
Net return on investments	328,095	421,814
Grants	(503)	-
Support of Foundation services	(13,543)	(12,695)
Agency fund balances at December 31	<u>\$ 2,924,691</u>	<u>\$ 2,598,919</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, 2020 and 2019 was \$2,030 and \$144, 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 2020.

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

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Functional expenses for the year ended December 31, 2020 were comprised of the following:

	Program Services	Management and General	Fundraising	Total
Grants awarded	\$ 3,100,430	\$ -	\$ -	\$ 3,100,430
Salaries, taxes and benefits	152,086	69,130	55,303	276,519
Management fees	29,857	13,572	10,857	54,286
Professional fees and services	7,425	3,375	2,700	13,500
Occupancy	7,041	3,200	2,560	12,801
Consultants - Program	28,572	-	-	28,572
Other	25,845	11,747	9,399	46,991
Total	<u>\$ 3,351,256</u>	<u>\$ 101,024</u>	<u>\$ 80,819</u>	<u>\$ 3,533,099</u>

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>

NOTE 11 – NET ASSETS

Net assets without donor restrictions consisted of the following fund balances designated by the Board at December 31, 2020 and 2019:

	2020	2019
Donor advised funds	\$ 36,917,795	\$ 23,624,939
Endowment funds	6,446,006	5,827,354
Other	64,730	66,853
Total net assets without donor restrictions	<u>\$ 43,428,531</u>	<u>\$ 29,519,146</u>

Communities of Coastal Georgia Foundation, Inc.

Notes to Financial Statements

December 31, 2020 and 2019

Net assets with donor restrictions consisted of the following fund balances at December 31, 2020 and 2019:

	2020	2019
Leasehold improvement purchase fund	\$ 19,460	\$ 19,460
Beneficial interest in remainder trust	91,915	89,569
Purpose-restricted	24,613	56,561
Time-restricted	-	128,717
Total net assets with donor restrictions	<u>\$ 135,988</u>	<u>\$ 294,307</u>

NOTE 12 – LEASES

As of December 31, 2020, the Foundation leases administrative office space under a lease expiring in August 2022. Lease expense totaled \$12,801 and \$12,520 for the years ended December 31, 2020 and 2019, respectively. Future minimum lease payments under the non-cancelable operating lease are as follows for the years ended December 31:

2021	\$ 13,224
2022	<u>8,992</u>
	<u>\$ 22,216</u>

Communities of Coastal Georgia Foundation, Inc.

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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:

	2020	2019
Financial assets at year end:		
Cash and cash equivalents	\$ 1,689,200	\$ 1,753,245
Receivables	22,350	18,850
Beneficial interest in trusts	91,915	218,286
Investments, at fair value	44,693,982	30,416,389
Available without restriction within one year	46,497,447	32,406,770
Less amounts not available to be used within one year:		
Receivables	-	15,000
Amounts held to benefit agency funds	2,924,691	2,598,919
Net assets without restrictions, donor advised	36,917,795	23,624,939
Net assets with donor restrictions	135,988	294,307
Beneficial interests in trusts	44,246	89,569
Total not available to be used within one year	40,022,720	26,622,734
Financial assets available to meet general expenditures over the next twelve months	\$ 6,474,727	\$ 5,784,036

Financial assets available for expenditure do not include board-designated donor advised funds at December 31, 2020 and 2019, 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 \$6,446,006 and \$5,827,354 at December 31, 2020 and 2019, 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 – RISKS AND UNCERTAINTIES

The coronavirus outbreak has disrupted the U.S. and global economies, which could potentially cause significant overall market declines that would affect the Foundation's investment values. The length and severity of the coronavirus outbreak and its impact on the U.S. and global economies is unknown. The extent to which these events will impact the Foundation's investment values remains uncertain. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

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Notes to Financial Statements

December 31, 2020 and 2019

NOTE 15 – SUBSEQUENT EVENTS

The Foundation has evaluated subsequent events occurring after December 31, 2020 through July 29, 2021, which is the date on which the financial statements were available to be issued. No 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.