

**COBB COMMUNITY FOUNDATION, INC.**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2018**

# COBB COMMUNITY FOUNDATION, INC.

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*December 31, 2018*

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Cobb Community Foundation, Inc.  
Marietta, Georgia

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of Cobb Community Foundation, Inc. (the "Foundation") (a not-for-profit organization) which comprise the statement of financial position as of December 31, 2018, and the related statements of activities, functional expenses, and cash flows for the year 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 Foundation'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 Foundation'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 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 Cobb Community Foundation, Inc. as of December 31, 2018, and the results of its activities and its cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

***Other Matter - Supplemental Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplemental schedules of Statement of Financial Position by Funds and Operations and Statement of Activities by Funds and Operations are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

May 8, 2019  
Marietta, Georgia

*Seay & Weissinger LLC*

# COBB COMMUNITY FOUNDATION, INC.

## *Statement of Financial Position*

***December 31, 2018***

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### **Assets**

**Assets:**

**Cash:**

Funds held for investments	\$ 1,131,807
Funds available for operations	<u>57,015</u>
Total cash	<u>1,188,822</u>

**Investments:**

Agency funds	<u>2,371,813</u>
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**Donor funds:**

Donor advised funds	4,658,589
Committee advised scholarship funds	366,174
Designated funds	964,798
Field of interest funds	472,998
Other funds	<u>32,137</u>

Total donor funds	<u>6,494,696</u>
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Total investments	<u>8,866,509</u>
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Accounts receivable	39,636
Prepaid expenses	<u>4,174</u>

Total Assets	<u><u>\$ 10,099,141</u></u>
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### **Liabilities and Net Assets**

**Liabilities:**

Accounts payable	\$ 14,655
Deferred revenue	2,500
Agency funds held	<u>2,371,813</u>
Total liabilities	<u>2,388,968</u>

**Net Assets:**

Without donor restrictions	6,977,473
With donor restrictions	<u>732,700</u>
Total net assets	<u>7,710,173</u>

Total Liabilities and Net Assets	<u><u>\$ 10,099,141</u></u>
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See notes to financial statements.

# COBB COMMUNITY FOUNDATION, INC.

## *Statement of Activities*

*For the Year Ended December 31, 2018*

	<i><u>Without Donor Restrictions</u></i>	<i><u>With Donor Restrictions</u></i>	<i><u>Total</u></i>
Support and revenues:			
Individual, corporation, and foundation contributions	\$ 3,117,058	\$ 89,195	\$ 3,206,253
In-kind contributions	41,650	-	41,650
Fee income	128,067	-	128,067
Dividends	129,545	17,811	147,356
Net realized and unrealized loss on investments	<u>(333,047)</u>	<u>(43,943)</u>	<u>(376,990)</u>
Total support and revenues	3,083,273	63,063	3,146,336
Net assets released from restriction:			
Satisfaction of restrictions	<u>81,394</u>	<u>(81,394)</u>	<u>-</u>
Total support, revenues, and net assets released from restrictions	<u>3,164,667</u>	<u>(18,331)</u>	<u>3,146,336</u>
Expenses:			
Program services	1,255,193	-	1,255,193
Supporting services:			
Management and general	168,922	-	168,922
Fundraising	<u>148,445</u>	<u>-</u>	<u>148,445</u>
Total expenses	<u>1,572,560</u>	<u>-</u>	<u>1,572,560</u>
Changes in net assets	1,592,107	(18,331)	1,573,776
Net assets:			
Beginning of year	5,483,892	737,987	6,221,879
Change in classification of fund agreements (See Note 6)	<u>(98,526)</u>	<u>13,044</u>	<u>(85,482)</u>
End of year	<u>\$ 6,977,473</u>	<u>\$ 732,700</u>	<u>\$ 7,710,173</u>

See notes to financial statements.

# COBB COMMUNITY FOUNDATION, INC.

## *Statement of Functional Expenses*

*For the Year Ended December 31, 2018*

	<u>Program services</u>	<u>Management and general</u>	<u>Fundraising</u>	<u>Total</u>
Grants awarded	\$ 1,007,818	\$ -	\$ -	\$ 1,007,818
Investment administrative fees	129,167	-	-	129,167
Salaries	70,645	42,051	55,507	168,203
Payroll taxes and administration	5,783	3,442	4,543	13,768
Insurance	-	2,911	-	2,911
Backoffice processing & systems	-	23,400	-	23,400
Bank and credit card fees	5,327	208	-	5,535
Branding initiative	-	40,044	-	40,044
Conversion expense	-	5,000	-	5,000
Donor development	6,283	-	-	6,283
Dues and publications	-	5,490	-	5,490
In-kind expenses	23,397	28,950	-	52,347
Mailing and courier	546	-	546	1,092
Marketing and promotion	-	-	4,280	4,280
Printing and copying	1,802	-	1,802	3,604
Miscellaneous expenses	90	1,414	603	2,107
Office supplies	432	864	432	1,728
Professional fees	-	13,065	-	13,065
Special events	-	-	80,732	80,732
Training and development	1,489	1,489	-	2,978
Technology	594	594	-	1,188
Website hosting	1,820	-	-	1,820
Total expenses	<u>\$ 1,255,193</u>	<u>\$ 168,922</u>	<u>\$ 148,445</u>	<u>\$ 1,572,560</u>

See notes to financial statements.

# COBB COMMUNITY FOUNDATION, INC.

## *Statement of Cash Flows*

*For the Year Ended December 31, 2018*

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### **Increase (Decrease) in Cash**

#### **Cash flows from operating activities:**

Changes in net assets	\$ 1,573,776
<b>Adjustments to reconcile changes in net assets to net cash provided by operating activities</b>	
Net realized and unrealized loss on investments	376,990
<b>Changes in assets and liabilities:</b>	
Accounts receivable	(39,636)
Prepaid expenses	(4,174)
Accounts payable	14,655
Deferred revenue	<u>2,500</u>
Net cash provided by operating activities	<u>1,924,111</u>

#### **Cash flows from investing activities:**

Purchase of investments	(5,308,514)
Proceeds from the sale of investments	<u>4,410,660</u>
Net cash used in investing activities	<u>(897,854)</u>
Net increase in cash	1,026,257
Cash, beginning of year	<u>162,565</u>
Cash, end of year	<u><u>\$ 1,188,822</u></u>

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See notes to financial statements.



# COBB COMMUNITY FOUNDATION, INC.

## *Notes to Financial Statements*

***December 31, 2018***

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### Note 1 - Description of business and summary of significant accounting policies:

#### Nature of business

Cobb Community Foundation, Inc. (the Foundation or Organization) is a not-for-profit organization that began in 1993 as a local fund of what is now the Community Foundation for Greater Atlanta. In 2005, it was registered as a separate entity in the State of Georgia and affiliated with the Community Foundation for Northeast Georgia. Having received its 501(c)(3) designation in 2007, the Foundation is now completely independent and has a mission of inspiring charitable giving, building resources for the future, and connecting donors who care to causes that matter. The Foundation focuses its efforts on Cobb County.

The Foundation is overseen by a board of directors consisting of local business and community leaders who are intimately familiar with the needs facing the Cobb community and intent on building resources to help address those needs. Through the creation and growth of charitable funds created by individuals, families, organizations and companies, and through resources made available by contributions to the Foundation's unrestricted funds, the Foundation seeks to fulfill its vision of a community engaged in meeting needs now and into the future.

The Foundation's investments are overseen by the Investment Committee of the board and managed by a team of professional advisors. The Foundation's operating activities are primarily funded through the fees charged for administrative services and event sponsorships.

#### Basis of presentation

The Foundation follows the Financial Accounting Standards Board (FASB) Codification (Codification). The Codification is the single official source of authoritative generally accepted accounting principles in the United States of America (U.S. GAAP) recognized by the FASB to be applied by non-governmental entities. All of the Codification's content carries the same level of authority.

#### Basis of reporting

The Foundation prepares its financial statements in accordance with FASB Accounting Standards Codification (ASC) 958-205, *Not-for-Profit Entities: Presentation of Financial Statements*.

# COBB COMMUNITY FOUNDATION, INC.

## *Notes to Financial Statements - Continued*

***December 31, 2018***

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### Note 1 - Description of business and summary of significant accounting policies - continued:

#### Basis of reporting - continued

Effective January 1, 2018, the Foundation adopted Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*, which is intended to improve how a not-for-profit entity classifies its net assets, as well as the information it presents in its financial statements about its liquidity and availability of resources, expenses and investment returns, and cash flows. The guidance replaces the three classes of net assets previously presented on the statement of financial position with two new classes of net assets, which are based on the existence or absence of donor-imposed restrictions. ASU No. 2016-14 includes specific disclosure requirements intended to improve a financial statement user's ability to assess an entity's available financial resources, along with its management of liquidity and liquidity risk.

The Foundation reports net assets, revenues, and support based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

#### Net assets without donor restrictions

Net assets without donor restrictions consist of net assets available for use in general operations and not subject to donor restrictions.

#### Net assets with donor restrictions

Net assets with donor restrictions consist of net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that such resources be maintained in perpetuity.

#### Use of estimates in the preparation of financial statements

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

# COBB COMMUNITY FOUNDATION, INC.

## *Notes to Financial Statements - Continued*

***December 31, 2018***

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### Note 1 - Description of business and summary of significant accounting policies - continued:

#### Agency funds held

Agency funds are established by non-profit organizations with 501(c)(3) status who desire to avail themselves of the Foundation's resources. With agency funds, the Foundation accepts funds from charitable agency donors that are also the sole beneficiaries. The Foundation maintains variance power and legal ownership of agency funds, reporting the funds as an asset with a corresponding agency funds held liability. The Foundation agrees to transfer back to the donor agency part or all of those assets and investment returns. All adjustments resulting from income, expenses, or distributions to the donor agency will be recorded in the agency funds liability account with no impact on the Statement of Activities of the Foundation.

#### Donor funds

Funds received from individuals or non-agency organizations are reported as unrestricted contributions. The Foundation has the ability to remove any donor restriction and maintains this variance power and legal ownership. This variance power does not alter the Foundation's policy to distribute donated assets within the intention of the donor. The Foundation maintains these donated assets in component funds aligned with donor intentions. All income, expenses, and distributions from donor funds are included within the Statement of Activities and Statement of Cash Flows of the Foundation.

#### Contributions

Unrestricted contributions and in-kind contributions are recognized and reported as increases to net assets "without donor restrictions" in the Statement of Activities in the year in which the donor makes the unconditional promise to give to the Foundation. Contributions and in-kind contributions that are restricted by the donor as to their specified purpose or time period for use are recognized and reported as increases to net assets "with donor restrictions" in the Statement of Activities in the year in which the donor makes the promise to give to the Foundation. When a donor restriction expires or is satisfied, the related assets are reclassified from net assets "with donor restrictions" to net assets "without donor restrictions" in the Statement of Activities. Contributions that are restricted by the donor are reported as increases to net assets "without donor restrictions" if the restrictions expire in the year the contributions are recognized.

# COBB COMMUNITY FOUNDATION, INC.

## *Notes to Financial Statements - Continued*

***December 31, 2018***

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### Note 1 - Description of business and summary of significant accounting policies - continued:

#### Contributed services

Contributed services are recognized if the services received (a) create or enhance non-financial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. Many individuals volunteer their time and perform a variety of tasks that assist in the Foundation's activities. The amount estimated for the Cobb Chamber of Commerce administrative services provided are not significant to these financial statements. During the year ended December 31, 2018, the Foundation did receive services related to website development valued at \$12,700.

#### Contributed use of facilities and supplies

The Foundation uses office space, equipment, and supplies that are provided by the Cobb Chamber of Commerce. In-kind contribution revenue and related in-kind expense of \$28,950 are recognized in the accompanying Statement of Activities for the year ended December 31, 2018. This amount represents the estimated fair value of the office space and supplies.

#### Endowment

The Board of Directors determined that in accordance with FASB ASC 958-205, *Not-for-Profit Entities: Presentation of Financial Statements*, certain net assets with donor restrictions meet the definition of endowment funds. See Note 4.

#### Cash

The Foundation's cash balances at a financial institution are insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC). Subsequently, in January 2019, the funds held for investment were transferred to an investment company.

At December 31, 2018, cash balances consisted of the following:

Funds held for investment:	
Donor advised funds	\$ 1,049,500
Other investments	<u>82,307</u>
Total funds held for investment	1,131,807
Funds available for operations	<u>57,015</u>
Total cash	<u><u>\$ 1,188,822</u></u>

# COBB COMMUNITY FOUNDATION, INC.

## *Notes to Financial Statements - Continued*

***December 31, 2018***

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### Note 1 - Description of business and summary of significant accounting policies - continued:

#### Investments

In accordance with FASB ASC 820, *Fair Value Measurements*, the Foundation uses fair value to measure certain assets and liabilities. Under the standard, fair value refers to the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in the market in which the reporting entity transacts. It clarifies the principle that fair value should be based on the assumptions market participants would use when pricing the asset or liability. In support of this principle, the standard establishes a fair value hierarchy that prioritizes the information used to develop those assumptions. Under the standard, fair value measurements are separately disclosed by level within the fair value hierarchy.

Investments measured and reported at fair value are classified and disclosed in one of the following categories:

Level 1: Quoted prices in active markets for identical assets and liabilities;

Level 2: Inputs that are derived principally from or corroborated by observable market data;

Level 3: Inputs that are unobservable and significant to the overall fair value measurement.

The Foundation invests in mutual funds, exchange traded funds, common stocks, bonds, and money market funds that are considered Level 1 investments. These investments are traded on national securities exchanges and are valued at the closing price on the last day of the year.

#### Investment transactions and related income

Purchases and sales of financial instruments and their related income and expenses are recorded on a trade-date basis. Realized gains and losses on the sales of investments are determined on the basis of specific identification method. Dividend income is recognized on the ex-dividend date and interest income is recognized on the accrual basis.

#### Accounts receivable

Accounts receivable consist of fee income and a contribution receivable not received until after year end.

#### Deferred revenue

Deferred revenue represents sponsorships for events held in the subsequent year.

# COBB COMMUNITY FOUNDATION, INC.

## *Notes to Financial Statements - Continued*

***December 31, 2018***

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### Note 1 - Description of business and summary of significant accounting policies - continued:

#### Financial instruments

Financial instruments, primarily cash, accounts receivable, and accounts payable, are reported at values which the Foundation believes are not significantly different from fair value. Management believes no significant credit risk exists with respect to any of its financial instruments.

#### Functional allocation of expenses

The cost of providing the various programs and other activities have been summarized on a functional basis in the Statement of Functional Expenses. Accordingly, certain costs have been allocated by management among the program and supporting services benefited on a reasonable basis that is consistently applied. The expenses that are allocated include office supplies, printing and copying, technology, postage, and salaries and benefits and are allocated based on estimated usage or estimated time and effort incurred by personnel.

#### Income taxes

The Foundation is a not-for-profit organization. Tax-exempt status has been granted to the Foundation by the Internal Revenue Service under Section 501(c)(3) of the U.S. Internal Revenue Code. Accordingly, the Foundation is liable for tax only on its unrelated business income. During the year ended December 31, 2018, the Foundation had no unrelated business activities and therefore paid no unrelated business income tax.

The Foundation recognizes the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authority, based on the technical merits of the position. Tax years that remain subject to examination by major tax jurisdictions date back to the year ending December 31, 2015. As of December 31, 2018, there are no known items which would result in a material accrual related to whether the Foundation has uncertain federal or state attributable tax positions. The Foundation has filed for and received income tax exemptions in the jurisdictions where it is required to do so. Additionally, the Foundation has filed its annual Internal Revenue Service Form 990 information return as required and all other applicable returns in those jurisdictions where required.

# COBB COMMUNITY FOUNDATION, INC.

## *Notes to Financial Statements - Continued*

***December 31, 2018***

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### Note 2 - Agency funds and donor funds held:

The following table summarizes activity in agency and donor funds held during 2018:

	<u>Agency Funds</u>	<u>Donor Funds</u>	<u>Total Funds</u>
Beginning of the year, as previously stated	\$ 2,561,342	\$ 6,059,314	\$ 8,620,656
Change in classification of fund (Note 6)	<u>85,482</u>	<u>(85,482)</u>	<u>-</u>
Beginning of the year, as restated	2,646,824	5,973,832	8,620,656
Contributions	219,182	1,913,953	2,133,135
Dividends	62,185	147,356	209,541
Net realized and unrealized losses	(137,659)	(376,990)	(514,649)
Investment expenses	(42,735)	(125,552)	(168,287)
Other expense	-	(30,085)	(30,085)
Distributions	<u>(375,984)</u>	<u>(1,007,818)</u>	<u>(1,383,802)</u>
End of the year	<u>\$ 2,371,813</u>	<u>\$ 6,494,696</u>	<u>\$ 8,866,509</u>

### Note 3 - Investments:

The following table sets forth the Foundation's investments at fair value as of December 31, 2018:

Mutual funds	\$ 879,468
Exchange traded funds	5,683,078
Common stocks	2,062
Bonds	25,011
Cash and money market funds	<u>2,276,890</u>
Total investments measured at fair value	<u>\$ 8,866,509</u>

### Note 4 - Net assets with donor restrictions:

#### Net assets subject to purpose restrictions

During the year ended December 31, 2018, the Foundation used contributions received in a prior year of \$37,600 which were designated for technology and marketing purposes.

# COBB COMMUNITY FOUNDATION, INC.

## *Notes to Financial Statements - Continued*

***December 31, 2018***

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Note 4 - Net assets with donor restrictions - continued:

During the year ended December 31, 2018, the Foundation received contributions of \$89,195 which were designated to be distributed as part of the Cobb Community Impact Grants in April 2019. The contributions were placed into a fund which had the following 2018 activity:

Balance, beginning of year	\$ 13,044
Contributions	89,195
Distributions	(7,377)
Investment expenses	<u>(510)</u>
Balance, end of year	<u>\$ 94,352</u>

Donor-restricted endowments

The Board of Directors of the Foundation has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA), as enacted in the State of Georgia, as requiring 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. As a result of this interpretation, the Foundation classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund, and (d) any remaining portion of the donor-restricted endowment until such amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA.

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 various funds, (2) the purposes of the donor-restricted endowment funds, (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, and (7) the Foundation's investment policies.



# COBB COMMUNITY FOUNDATION, INC.

## *Notes to Financial Statements - Continued*

***December 31, 2018***

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### Note 4 - Net assets with donor restrictions - continued:

#### Endowment investing policy

The Foundation offers four investment options with general guideline portfolio mix allocations: cash fund, conservative growth fund, moderate growth fund, and aggressive growth fund. The overall investment objective of the Foundation is to utilize prudent investment management to achieve the return on the investments with the associated risk and volatility as provided in these investment options. The investment policy requires diversification and investment performance reviews against benchmark index objectives.

#### Endowment spending policy

Each year the Foundation's Investment Committee will recommend to the Board of Directors a spending rate to be applied to endowment funds. The spending rate is a percentage applied to the average net balance of each endowment for the immediately preceding 12 quarters. Distributions from endowment funds can be made on an annual or quarterly basis.

#### Endowments

Endowments as of December 31, 2018 relate to contributions received which are specifically restricted for use as the corpus in an endowment fund to benefit Cobb Community Impact, Enduring Hearts, MUST Ministries, Inc., and Marietta Kiwanis Foundation Art Fund and are held in investments on the Statement of Financial Position.

Endowment net asset composition by type of fund as of December 31, 2018 and changes in endowment net assets for 2018 are as follows:

Cobb Community Impact endowment	\$ 9,606
Enduring Hearts endowment	30,559
MUST Ministries endowment	130,799
Marietta Kiwanis Foundation Art Fund endowment	<u>467,384</u>
Total endowments	<u><u>\$ 638,348</u></u>
Beginning of the year	\$ 700,387
Dividends	17,811
Net realized and unrealized losses	(43,943)
Distributions	(25,000)
Investment expense	<u>(10,907)</u>
End of the year	<u><u>\$ 638,348</u></u>

# COBB COMMUNITY FOUNDATION, INC.

## *Notes to Financial Statements - Continued*

***December 31, 2018***

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Note 5 - Liquidity and availability of resources:

Financial assets as of December 31, 2018:

Cash	\$ 1,188,822
Investments - Agency funds	2,371,813
Investments - Donor funds	6,494,696
Accounts receivable	39,636

Less those unavailable for general expenditures within one year, due to contractual or donor-imposed restrictions:

Agency funds held	(2,371,813)
Donor funds held	(6,494,696)
Funds held for investment	<u>(1,131,807)</u>

Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 96,651</u>
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The Foundation is substantially supported by fee income from agency and donor funds. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Foundation must maintain sufficient resources to meet those responsibilities to its donors. Thus certain financial assets may not be available for general expenditures within one year. As part of the Foundation's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

Subsequently, the Foundation may also draw upon its \$150,000 line of credit as further described in Note 7.

Note 6 - Change in classification of fund agreements:

During the year ended December 31, 2018, the Foundation accounted for a change in donors intent due to redrafting and re-signing various fund agreements with existing donors. During this process, the classification of two funds was changed with an effective date of January 1, 2018. One fund with a January 1, 2018 balance of \$85,482 was reclassified from a donor fund to an agency fund. As a result, \$85,482 was moved from net assets without donor restrictions to agency funds held on the Statement of Financial Position. Another fund was reclassified to reflect restrictions towards the use of the fund. This resulted in a reclassification of \$13,044 from net assets without donor restrictions to net assets with donor restrictions on the Statement of Financial Position.

# **COBB COMMUNITY FOUNDATION, INC.**

## ***Notes to Financial Statements - Continued***

***December 31, 2018***

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Note 7 - Subsequent event:

The Foundation has evaluated subsequent events through May 8, 2019, which is the date these financial statements were available to be issued, and all subsequent events have been incorporated into these financial statements.

On April 10, 2019, the Board of Directors voted to approve a \$150,000 line of credit with a bank. The line of credit has a two-year term and bears interest at the prime rate. No personal guarantees or collateral are required for the line of credit.

## SUPPLEMENTAL INFORMATION

# COBB COMMUNITY FOUNDATION, INC.

## *Supplemental Statement of Financial Position by Funds and Operations*

***December 31, 2018***

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	<b>Assets</b>		
	<u><i>Funds</i></u>	<u><i>Operations</i></u>	<u><i>Total</i></u>
Assets:			
Cash	\$ 1,131,807	\$ 57,015	\$ 1,188,822
Investments:			
Agency funds	2,371,813	-	2,371,813
Donor funds	6,494,696	-	6,494,696
Total investments	8,866,509	-	8,866,509
Accounts receivable	-	39,636	39,636
Prepaid expenses	-	4,174	4,174
Total Assets	<u>\$ 9,998,316</u>	<u>\$ 100,825</u>	<u>\$ 10,099,141</u>
<b>Liabilities and Net Assets</b>			
Liabilities:			
Accounts payable	\$ -	\$ 14,655	\$ 14,655
Deferred revenue	-	2,500	2,500
Agency funds held	2,371,813	-	2,371,813
Total liabilities	2,371,813	17,155	2,388,968
Net Assets:			
Without donor restrictions	6,893,803	83,670	6,977,473
With donor restrictions	732,700	-	732,700
Total net assets	7,626,503	83,670	7,710,173
Total Liabilities and Net Assets	<u>\$ 9,998,316</u>	<u>\$ 100,825</u>	<u>\$ 10,099,141</u>

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See independent auditors' report on supplemental information.

# COBB COMMUNITY FOUNDATION, INC.

## *Supplemental Statement of Activities by Funds and Operations*

*For the Year Ended December 31, 2018*

	<u>Funds</u>	<u>Operations</u>	<u>Total</u>
Support and revenues:			
Individual, corporation, and foundation contributions	\$ 2,988,504	\$ 217,749	\$ 3,206,253
In-kind contributions	-	41,650	41,650
Fee income	3,454	124,613	128,067
Dividends	147,356	-	147,356
Net realized and unrealized loss on investments	<u>(376,990)</u>	<u>-</u>	<u>(376,990)</u>
Total support and revenues	<u>2,762,324</u>	<u>384,012</u>	<u>3,146,336</u>
Expenses:			
Grants awarded	1,007,818	-	1,007,818
Investment administrative fees	129,167	-	129,167
Salaries	-	168,203	168,203
Payroll taxes and administration	-	13,768	13,768
Insurance	-	2,911	2,911
Backoffice processing & systems	-	23,400	23,400
Bank and credit card fees	2,415	3,120	5,535
Branding initiative	-	40,044	40,044
Conversion expense	-	5,000	5,000
Donor development	-	6,283	6,283
Dues and publications	-	5,490	5,490
In-kind expenses	10,697	41,650	52,347
Mailing and courier	-	1,092	1,092
Marketing and promotion	-	4,280	4,280
Printing and copying	-	3,604	3,604
Miscellaneous expenses	-	2,107	2,107
Office supplies	-	1,728	1,728
Professional fees	-	13,065	13,065
Special events	19,387	61,345	80,732
Training and development	-	2,978	2,978
Technology	-	1,188	1,188
Website hosting	<u>-</u>	<u>1,820</u>	<u>1,820</u>
Total expenses	<u>1,169,484</u>	<u>403,076</u>	<u>1,572,560</u>
Changes in net assets	<u>\$ 1,592,840</u>	<u>\$ (19,064)</u>	1,573,776
Net assets:			
Beginning of year			6,221,879
Change in classification of fund agreements (See Note 6)			<u>(85,482)</u>
End of year			<u>\$ 7,710,173</u>

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