

COBB COMMUNITY FOUNDATION, INC.

FINANCIAL REPORT

DECEMBER 31, 2020

COBB COMMUNITY FOUNDATION, INC.
FINANCIAL REPORT
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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the **Cobb Community Foundation, Inc.** (a nonprofit organization), which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities, functional expenses, 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 the Cobb Community 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.

Report on Supplemental Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental information on pages 25-26 is presented for purposes of additional analysis and is 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.

Mauldin & Jenkins, LLC

Atlanta, Georgia
August 4, 2021

COBB COMMUNITY FOUNDATION, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
Cash:		
Cash held in donor funds	\$ 124,395	\$ 316,912
Cash held for operations	<u>109,502</u>	<u>96,462</u>
Total cash	<u>233,897</u>	<u>413,374</u>
Investments:		
Agency funds	<u>3,661,514</u>	<u>2,969,887</u>
Donor funds:		
Donor advised funds	8,886,504	7,873,559
Committee advised scholarship funds	549,114	436,125
Designated funds	1,158,209	1,107,236
Field of Interest funds	86,463	554,176
Other funds	<u>89,131</u>	<u>52,120</u>
Total donor funds	<u>10,769,421</u>	<u>10,023,216</u>
Total investments	<u>14,430,935</u>	<u>12,993,103</u>
Unconditional promises to give	110,950	196,500
Prepaid expenses	<u>2,500</u>	<u>4,000</u>
Total assets	<u><u>\$ 14,778,282</u></u>	<u><u>\$ 13,606,977</u></u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$ 2,314	\$ 9,145
Agency funds	3,661,514	2,969,887
Deferred revenue	<u>1,500</u>	<u>3,000</u>
Total liabilities	<u>3,665,328</u>	<u>2,982,032</u>
Net assets		
Without donor restrictions	10,259,192	9,754,281
With donor restrictions	<u>853,762</u>	<u>870,664</u>
Total net assets	<u>11,112,954</u>	<u>10,624,945</u>
Total liabilities and net assets	<u><u>\$ 14,778,282</u></u>	<u><u>\$ 13,606,977</u></u>

See Notes to Financial Statements.

COBB COMMUNITY FOUNDATION, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND OTHER SUPPORT			
Contributions and special events	\$ 1,978,134	\$ 86,096	\$ 2,064,230
Net realized and unrealized gains on investments	578,540	42,652	621,192
Net investment income	142,083	13,874	155,957
Fee income	39,732	-	39,732
Net assets released from restrictions:			
Satisfaction of program restrictions	144,524	(144,524)	-
Total revenues and other support	2,883,013	(1,902)	2,881,111
EXPENSES			
Program services	2,191,837	-	2,191,837
Supporting services			
Management and general	130,496	-	130,496
Fundraising	70,769	-	70,769
Total expenses	2,393,102	-	2,393,102
CHANGE IN NET ASSETS	489,911	(1,902)	488,009
CHANGE IN DONOR INTENT	15,000	(15,000)	-
NET ASSETS, BEGINNING	9,754,281	870,664	10,624,945
NET ASSETS, ENDING	\$ 10,259,192	\$ 853,762	\$ 11,112,954

See Notes to Financial Statements.

COBB COMMUNITY FOUNDATION, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND OTHER SUPPORT			
Contributions and special events	\$ 2,916,222	\$ 151,831	\$ 3,068,053
In-kind contributions	16,721	-	16,721
Net realized and unrealized gain on investments	861,424	103,374	964,798
Net investment income	177,664	19,828	197,492
Fee income	34,204	-	34,204
Net assets released from restrictions:			
Satisfaction of program restrictions	137,069	(137,069)	-
Total revenues and other support	4,143,304	137,964	4,281,268
EXPENSES			
Program services	1,153,767	-	1,153,767
Supporting services			
Management and general	108,435	-	108,435
Fundraising	104,294	-	104,294
Total expenses	1,366,496	-	1,366,496
CHANGE IN NET ASSETS	2,776,808	137,964	2,914,772
NET ASSETS, BEGINNING	6,977,473	732,700	7,710,173
NET ASSETS, ENDING	\$ 9,754,281	\$ 870,664	\$ 10,624,945

See Notes to Financial Statements.

COBB COMMUNITY FOUNDATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020

		Supporting services		
	Program services	Management and general	Fundraising	Total
Salaries	\$ 133,002	\$ 68,104	\$ 13,750	\$ 214,856
Payroll taxes	10,912	5,588	1,128	17,628
Benefits	4,447	2,277	460	7,184
Grants from funds	1,818,662	-	-	1,818,662
In-kind grants	73,944	-	-	73,944
Contractor Expense	3,491	7,258	-	10,749
Training and development	3,377	2,627	1,501	7,505
Board of directors and other insurance	-	3,540	-	3,540
Tax and audit	-	17,650	-	17,650
Dues and publications	1,852	2,470	1,852	6,174
Donor development	2,409	-	9,637	12,046
Credit card and E-check processing	343	-	4,210	4,553
Marketing and promotion	-	-	32,745	32,745
Printing and copying	4,035	-	954	4,989
Website hosting	2,032	1,016	1,016	4,064
Office supplies	3,245	1,622	1,622	6,489
Administrative services (Chamber)	11,142	5,706	1,152	18,000
Rent	4,052	2,075	419	6,546
Backoffice processing & systems	31,192	5,078	-	36,270
Fundraising event expense	7,115	-	-	7,115
Special project expense	72,153	-	-	72,153
Miscellaneous expense	4,432	5,485	323	10,240
Total expenses	<u>\$ 2,191,837</u>	<u>\$ 130,496</u>	<u>\$ 70,769</u>	<u>\$ 2,393,102</u>

See Notes to Financial Statements.

COBB COMMUNITY FOUNDATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2019

	Program services	Supporting services		Total
		Management and general	Fundraising	
Salaries	\$ 103,836	\$ 51,314	\$ 37,756	\$ 192,906
Payroll taxes	8,176	4,040	2,973	15,189
Grants from funds	963,526	-	-	963,526
In-kind grants	8,460	16,721	-	25,181
Training and development	735	2,205	735	3,675
Tax and audit	-	12,223	-	12,223
Dues and publications	2,134	2,846	2,134	7,114
Donor development	1,560	-	6,240	7,800
Credit card and E-check processing	235	-	2,756	2,991
Marketing and promotion	-	-	14,415	14,415
Printing and copying	810	-	2,429	3,239
Website hosting	2,221	1,110	1,110	4,441
Office supplies	1,905	952	952	3,809
Branding initiative	-	4,775	-	4,775
Back office processing and systems	26,010	4,590	-	30,600
Fundraising event expense	17,100	-	30,911	48,011
Special project expense	12,500	-	-	12,500
Miscellaneous expense	4,559	7,659	1,883	14,101
Total expenses	<u>\$ 1,153,767</u>	<u>\$ 108,435</u>	<u>\$ 104,294</u>	<u>\$ 1,366,496</u>

See Notes to Financial Statements.

COBB COMMUNITY FOUNDATION, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
OPERATING ACTIVITIES		
Change in net assets	\$ 488,009	\$ 2,914,772
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Net realized and unrealized (gain) on investments	(621,192)	(964,798)
Decrease (increase) in unconditional promises to give	85,550	(156,864)
Decrease in prepaid expenses	1,500	174
(Decrease) in accounts payable	(6,831)	(5,510)
(Decrease) increase in deferred revenue	(1,500)	500
	<u>(54,464)</u>	<u>1,788,274</u>
INVESTING ACTIVITIES		
Sales proceeds of investments	13,964,826	3,227,648
Purchases of investments	(14,089,839)	(5,791,370)
	<u>(125,013)</u>	<u>(2,563,722)</u>
Net cash (used in) provided by investing activities		
	<u>(179,477)</u>	<u>(775,448)</u>
Net (decrease) in cash		
	<u>(179,477)</u>	<u>(775,448)</u>
Cash, at beginning of year	413,374	1,188,822
	<u>413,374</u>	<u>1,188,822</u>
Cash, at end of year	\$ 233,897	\$ 413,374
	<u>\$ 233,897</u>	<u>\$ 413,374</u>

See Notes to Financial Statements.

COBB COMMUNITY FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of activities:

The Cobb Community Foundation, Inc. (the "Foundation") is a nonprofit foundation 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 and incorporated in the State of Georgia. Pending Internal Revenue Service approval of its independent charitable status, the Foundation affiliated with the Community Foundation for Northeast Georgia. Cobb Community Foundation received its 501(c)(3) designation effective in 2005, 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 and the immediate surrounding areas.

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 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 contributions.

Significant accounting policies:

Basis of presentation:

The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

The Foundation presents its financial statements in accordance with the Financial Accounting Standards Board (FASB)'s *Not-For-Profit* presentation and disclosure guidance. Under this guidance, the Foundation is required to report information regarding its financial position and activities according to two categories of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions consists of net assets that are not subject to donor-imposed stipulations, which are used to account for resources available to carry out the purposes of the Foundation.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Significant accounting policies: (Continued)

Basis of presentation: (Continued)

Net assets with donor restrictions consists of net assets that are 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 may be perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Contributions:

Contributions received, including unconditional promises to give, are recognized as revenue in the period received at their estimated fair value. Conditional promises to give are recognized when the conditions are substantially met. The allowance for doubtful pledges is based on specifically identified amounts that the Foundation believes to be uncollectible, plus certain percentages of aged pledged receivables, which are determined based on historical experience and management's assessment of the general financial conditions affecting the Foundation's donor base. If actual collections experience changes, revisions to the allowance may be required.

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.

Contributed facilities and supplies:

In 2019, the Foundation used office space, equipment, and supplies that were provided by the Cobb Chamber of Commerce (the "Chamber"). In-kind contribution revenue and related in-kind expense of \$16,721 is recognized in the accompanying statements of activities for the year ended December 31, 2019. This amount represents estimated fair value of the office space and supplies. In 2020, the Foundation moved with the Chamber to a new location where the Foundation rents its space and pays for administrative services provided. While the Chamber does continue to contribute certain administrative services and supplies, the amount estimated is not significant to these financial statements.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Significant accounting policies: (Continued)

Cash:

Cash is invested with reputable financial institutions, and at times the balance may exceed federally insured amounts.

At December 31, 2020 and 2019, cash balances consisted of the following:

	<u>2020</u>	<u>2019</u>
Cash held in donor funds	\$ 124,395	\$ 316,912
Cash held for operations	109,502	96,462
Total cash	<u>\$ 233,897</u>	<u>\$ 413,374</u>

Investments:

Investments consist primarily of money market accounts, mutual funds, fixed income securities, equity securities, and exchange traded funds and are carried at fair value.

Donated investments are recorded at fair value on the date received. Realized and unrealized gains and losses on the portfolio are recognized as income or loss.

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 changes in the value of investment securities, it is at least reasonably possible that changes in conditions in the near term would materially affect the amounts reported in the accompanying financial statements.

Investment transaction 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.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Significant accounting policies: (Continued)

Agency funds:

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 corresponding 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 statements of activities of the Foundation.

Donor funds:

Funds received from individuals or organizations are reported as contributions without donor restrictions. 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 statements of activities and statements of cash flows of the Foundation.

Consistent with the National Standards for U.S. Community Foundations, the Foundation classifies its donor funds as follows:

Donor advised fund: A charitable fund designed to allow the donor or the donor's designee to recommend grants from the fund to eligible charitable recipients.

Committee advised scholarship fund: A charitable fund established for the purpose of providing education and/or training to individuals who meet defined set of qualifying criteria and who are selected by the Foundation's board or designated committee.

Designated fund: A charitable fund designed to benefit a single 501(c)(3) organization that is designated as the sole beneficiary at the time of the fund's establishment.

Field of interest fund: A charitable fund overseen by the Foundation's board or designated committee established to support a specific cause, fulfill a specific charitable purpose or benefit a particular geography as identified at the time of the fund's creation

NOTES TO FINANCIAL STATEMENTS

NOTE 1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Significant accounting policies: (Continued)

Donor funds: (Continued)

Unrestricted fund: A fund overseen by the Foundation's board or designated committee that is comprised of contributions that are not specifically designated to any particular use by the donor or for which any restrictions have expired or been removed

All assets of donor funds are legally owned by the Foundation and reflected as assets on the books of the Foundation.

Use of estimates:

The Foundation prepares its financial statements in accordance with generally accepted accounting principles which require management to make estimates and assumptions that affect reported amounts of assets and liabilities at the date of the financial statements, as well as the amounts of income and expenses during the reporting period. Actual results could differ from those estimates.

Fair value of financial instruments:

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value:

Cash - The carrying amount approximates fair value because of the short-term maturity of these instruments.

Investments - Investments are carried at fair value based on quoted market prices for those or similar investments, third party pricing service for identical or similar investments, or from other valuation methodologies including option pricing models, discounted cash flows, and similar techniques.

The Foundation follows FASB's fair value measurements and disclosure guidance, which provides a framework for measuring fair value under generally accepted accounting principles. This guidance applies to all financial instruments that are being measured and reported on a fair value basis.

As defined in the FASB issued guidance, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, the Foundation uses various methods including market, income and cost approaches.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Significant accounting policies: (Continued)

Fair value of financial instruments: (Continued)

Based on these approaches, the Foundation often utilizes certain assumptions that market participants would use in pricing the assets or liability, including assumptions about risk and or the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable inputs. The Foundation utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Based on the observability of the inputs used in the valuation techniques, the Foundation is required to provide the following information according to the fair value hierarchy.

The fair value hierarchy ranks the quality and reliability of the information used to determine fair values. Financial assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

Level 1 – Valuations for assets and liabilities traded in active markets, such as the New York Stock Exchange. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.

Level 2 – Valuations for assets and liabilities traded in less active dealer or broker markets. Valuations are obtained from third party pricing services for identical or similar assets or liabilities.

Level 3 – Valuations for assets and liabilities that are derived from other valuation methodologies, including option pricing models, discounted cash flow models and similar techniques, and not based on market exchange, dealer, or broker-traded transactions. Level 3 valuations incorporate certain assumptions and projections in determining the fair value assigned to such assets and liabilities.

If listed prices or quotes are not available, fair value is based upon externally developed models that use unobservable inputs due to the limited market activity of these instruments.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date. For the years ended December 31, 2020 and 2019, the application of valuation techniques applied to similar assets and liabilities has been consistent.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Significant accounting policies: (Continued)

Income tax status:

The Foundation qualifies as a tax-exempt organization as described in Internal Revenue Code Section 501(c)(3) and has been classified by the Internal Revenue Service as a publicly supported organization and not as a private foundation. However, income from certain activities not directly related to the Foundation's tax-exempt purpose is subject to taxation as unrelated business income.

During the year end December 31, 2020 and 2019, the Foundation had no unrelated business activities and therefore paid no unrelated business income tax.

The Foundation follows the statutory requirements for its income tax accounting and generally avoids risks associated with potentially problematic tax positions that may be challenged upon examination. Management believes any liability resulting from taxing authorities imposing additional income taxes from activities deemed to be unrelated to the Foundation's tax-exempt status would not have a material effect on the Foundation's financial statements.

The Foundation files Form 990 in the U.S. federal jurisdiction and the State of Georgia.

Functional allocation of expenses:

The costs of providing the various programs and other activities have been summarized on a functional basis on the statements of activities and statements of functional expenses. Directly identifiable expenses are charged to programs and supporting services. Furthermore, all other costs have been allocated among the programs and supporting services benefited as required by FASB's *Not-for-Profit* presentation and disclosure guidance. The expenses that are allocated include office space, 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.

Reclassifications:

Certain prior year amounts have been reclassified for consistency with current year presentation and had no effect on the reported results of operations. These reclassifications include eliminating fund administrative fees of \$124,384 from fee income and the calculation of net investment income, eliminating credit card fees of \$2,104 from contributions and credit card and E-check processing expense, and reclassifying other assets of \$57,067 to cash held in donor funds of \$5,817 and unconditional promises to give of \$51,250.

NOTES TO FINANCIAL STATEMENTS

NOTE 2. LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the statements of financial position date, comprise the following at December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Cash	\$ 233,897	\$ 413,374
Investments – Agency funds	3,661,514	2,969,887
Investments – Donor funds	10,769,421	10,023,216
Unconditional promises to give	110,950	196,500
Less those unavailable for general expenditures within one year, due to contractual or donor-imposed restrictions:		
Agency funds	(3,661,514)	(2,969,887)
Donor funds held	(10,769,421)	(10,023,216)
Cash in donor funds	(124,395)	(316,912)
Unconditional promises to give	(55,000)	(131,250)
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 165,452</u>	<u>\$ 161,712</u>

The Foundation must maintain sufficient resources to meet donor responsibilities. Certain financial assets may not be available for general expenditures within one year. As part of the Foundation's liquidity management, it follows a practice to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

The Foundation may also draw upon its \$150,000 line of credit as further described in Note 9. The line of credit matures on June 18, 2021 and is in the process of being renewed.

NOTE 3. AGENCY FUNDS AND DONOR FUNDS HELD

The following table summarizes activity in agency and donor funds held during 2020:

	<u>Agency Funds</u>	<u>Donor Funds</u>	<u>Total</u>
Beginning of the year	\$ 2,969,887	10,023,216	12,993,103
Contributions	609,012	2,007,485	2,616,497
Dividends and interest	59,180	211,316	270,496
Net realized and unrealized gains	203,040	621,192	824,232
Investment expenses	(16,866)	(55,329)	(72,195)
Other expense	(40,106)	(219,797)	(259,903)
Distributions	(122,633)	(1,818,662)	(1,941,295)
End of the year	<u>\$ 3,661,514</u>	<u>10,769,421</u>	<u>14,430,935</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 3. AGENCY FUNDS AND DONOR FUNDS HELD (Continued)

The following table summarizes activity in agency and donor funds held during 2019:

	Agency Funds	Donor Funds	Total
Beginning of the year	\$ 2,371,813	\$ 6,494,696	\$ 8,866,509
Contributions	339,504	3,468,501	3,808,005
Dividends and interest	73,745	231,965	305,710
Net realized and unrealized gains	359,331	964,798	1,324,129
Investment expenses	(10,985)	(35,785)	(46,770)
Other expense	(33,696)	(137,433)	(171,129)
Distributions	(129,825)	(963,526)	(1,093,351)
End of the year	<u>\$ 2,969,887</u>	<u>\$ 10,023,216</u>	<u>\$ 12,993,103</u>

NOTE 4. UNCONDITIONAL PROMISES TO GIVE

At December 31, 2020, unconditional promises to give consisted of the following:

	2020
Amount due in:	
2021	\$ 105,950
2022	5,000
	<u>\$ 110,950</u>

The adjustment to present value of future cash flows was deemed immaterial due to a short term collection period and low interest rates. Management feels these unconditional promises to give are fully collectible as of December 31, 2020 and 2019.

NOTES TO FINANCIAL STATEMENTS

NOTE 5. FAIR VALUE MEASUREMENTS

The following table sets forth by level, within the fair value hierarchy, the Foundation's investments at fair value as of December 31, 2020:

	Level 1	Level 2	Level 3	Total
Money market funds	\$ 1,906,299	\$ -	\$ -	\$ 1,906,299
Equity securities	112,018	-	-	112,018
Investments in real estate	924	-	-	924
Mutual funds				
Equity	1,001,550	-	-	1,001,550
Bonds	3,840,117	-	-	3,840,117
Exchange traded funds				
Equity	7,554,329	-	-	7,554,329
Fixed income	15,698	-	-	15,698
Total assets at fair value	<u>\$ 14,430,935</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,430,935</u>

The following table sets forth by level, within the fair value hierarchy, the Foundation's investments at fair value as of December 31, 2019:

	Level 1	Level 2	Level 3	Total
Money market funds	\$ 1,073,880	\$ -	\$ -	\$ 1,073,880
Equity securities	1,064,429	-	-	1,064,429
Investments in real estate	852	-	-	852
Mutual funds				
Equity	335,479	-	-	335,479
Fixed income	1,571,751	-	-	1,571,751
Exchange traded funds				
Equity	5,603,248	-	-	5,603,248
Fixed income	2,932,012	-	-	2,932,012
Real estate	411,452	-	-	411,452
Total assets at fair value	<u>\$ 12,993,103</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,993,103</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 6. RESTRICTIONS ON NET ASSETS

Net assets with donor restrictions consist of the following as of December 31, 2020 and 2019:

	2020	2019
Subject to expenditure for specified purpose:		
Enduring Hearts Fund	\$ -	\$ 11,195
MUST Ministries Fund	65,302	53,788
Marietta Kiwanis Foundation Art Fund	441,041	423,058
Cobb Community Impact Fund	30,676	10,674
Cobb Community Impact Endowment Fund	2,493	1,986
Promises to give, the proceeds from which have been restricted by donors for:		
Cobb Community Impact Fund	15,000	105,000
Total subject to expenditure for specified purpose:	554,512	605,701
Subject to the passage of time:		
Promises to give that are not restricted by donors	90,250	30,500
Total subject to passage of time:	90,250	30,500
Perpetual in nature:		
Enduring Hearts Fund	-	25,463
MUST Ministries Fund	100,000	100,000
Marietta Kiwanis Foundation Art Fund	100,000	100,000
Cobb Community Impact Endowment Fund	9,000	9,000
Total perpetual in nature:	209,000	234,463
Total net assets with donor restrictions:	\$ 853,762	\$ 870,664

Net assets with donor restrictions are classified on the statements of financial position as investments – donor funds for both the years ending December 31, 2020 and 2019.

NOTE 7. NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from donor restrictions during the years ended December 31, 2020 and 2019 by incurring expenses satisfying the restricted purposes specified by donors as follows:

	2020	2019
Administrative fees	\$ 12,786	\$ 12,069
Grant distributions	131,738	125,000
	\$ 144,524	\$ 137,069

NOTES TO FINANCIAL STATEMENTS

NOTE 8. ENDOWMENT

Interpretation of Relevant Law

In approving endowment, spending and related policies, as part of the prudent and diligent discharge of its duties, the Board of Directors of the Foundation, as authorized by the UPMIFA as enacted by the state of Georgia, has relied upon the actions, reports, information, advice and counsel taken or provided by its duly constituted committees and the duly appointed officers of the Foundation and in doing so has interpreted the law to require the preservation of the historic dollar value of donor-restricted endowment funds, absent explicit donor directions to the contrary.

As a result of this interpretation, for accounting and financial statement purposes, the Foundation classifies as net assets with donor restrictions the historic dollar value of assets held as donor-restricted endowment, including any subsequent gifts and any accumulations to donor-restricted endowments made in accordance with the direction of the applicable gift instruments.

The portion of the donor-restricted endowment fund that is not classified as net assets with donor restriction held in perpetuity is classified for accounting and financial statement purposes in accordance with requirements of the Financial Accounting Standards Board and the law.

Endowments

Endowments as of December 31, 2020 and 2019 relate to contributions received which are specifically restricted for use as the corpus on 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 statements of financial position.

Return Objectives and Risk Parameters

The Foundation has adopted investment and spending practices for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the historic dollar value of the endowment assets. Endowment assets include those assets of donor-restricted funds that the organization must hold in perpetuity. Under this practice, as approved by the Investment Committee of the Board of Directors, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of benchmark indexes of similar assets classes while assuming a moderate level of investment risk.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation to achieve its long-term return objectives within prudent risk constraints.

NOTES TO FINANCIAL STATEMENTS

NOTE 8. ENDOWMENT (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.

Spending Policy and How the Investment Objectives Related to 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.

The Endowment Net Asset Composition by type of Fund as of December 31, 2020 and 2019 as follows:

	<i>(Without Donor Restriction)</i>	<i>(With Donor Restriction)</i>	Total
December 31, 2020			
Donor-restricted endowment funds			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	\$ -	\$ 209,000	\$ 209,000
Accumulated investment gains	-	508,836	508,836
Endowment net assets, end of year	<u>\$ -</u>	<u>\$ 717,836</u>	<u>\$ 717,836</u>
December 31, 2019			
Donor-restricted endowment funds			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	\$ -	\$ 234,463	\$ 234,463
Accumulated investment gains	-	490,027	490,027
Endowment net assets, end of year	<u>\$ -</u>	<u>\$ 724,490</u>	<u>\$ 724,490</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 8. ENDOWMENT (Continued)

The Changes in Endowment Net Assets for the year ended December 31, 2020 are:

	<i>(Without Donor Restriction)</i>	<i>(With Donor Restriction)</i>	Total
Endowment net assets, Beginning of year	\$ -	\$ 724,490	\$ 724,490
Investment return:			
Net investment income	-	9,884	9,884
Net realized and unrealized gains	-	42,652	42,652
Total investment returns	-	777,026	777,026
Appropriation of endowment assets for expenditure	-	(59,190)	(59,190)
Endowment net assets, end of year	<u>\$ -</u>	<u>\$ 717,836</u>	<u>\$ 717,836</u>

The Changes in Endowment Net Assets for the year ended December 31, 2019 are:

	<i>(Without Donor Restriction)</i>	<i>(With Donor Restriction)</i>	Total
Endowment net assets, Beginning of year	\$ -	\$ 638,348	\$ 638,348
Investment return:			
Net investment income	-	16,745	16,745
Net realized and unrealized gains	-	103,375	103,375
Total investment returns	-	120,120	120,120
Appropriation of endowment assets for expenditure	-	(33,978)	(33,978)
Endowment net assets, end of year	<u>\$ -</u>	<u>\$ 724,490</u>	<u>\$ 724,490</u>

NOTE 9. LINE OF CREDIT

In June 2019, the Foundation entered into an unsecured line of credit with a borrowing capacity of \$150,000. The interest rate is variable and based on the lender's prime rate. The line of credit matures on June 18, 2021. There was no balance as of December 31, 2020 and 2019. The line of credit is in the process of being renewed.

NOTES TO FINANCIAL STATEMENTS

NOTE 10. OPERATING LEASE

In January 2020, the Foundation entered into an agreement with the Cobb Chamber for administrative services and office space through 2031. Under the terms of the agreement, the Foundation will pay, in monthly installments, an annual administrative fee of \$18,000 and an additional annual payment of \$22,443 for the facility rent. The Foundation received free rent for the first six months and half rent for the following year through May 2021. Starting in 2022, the facility rent will increase 2.7% each year. For the year ended December 31, 2020 was rent expense was \$6,546 and administrative services was \$18,000.

Minimum annual lease payments under the lease are as follows:

Year Ending December 31:

2021	\$	17,765
2022		23,060
2023		23,694
2024		24,346
2025		25,015
Thereafter		135,782
	\$	<u>249,662</u>

NOTE 11. PAYCHECK PROTECTION PROGRAM LOAN

On April 14, 2020, the Foundation received \$39,900 through the Paycheck Protection Program (PPP) established by the Coronavirus Aid, Relief and Economic Security (CARES) Act and implemented by the Small Business Administration as a loan. The PPP loan and accrued interest are forgivable after the covered period, up to 24-weeks, if the borrower uses the PPP loan proceeds for eligible purposes, including payroll, benefits, rent, utilities, covered operations expenditures, covered property damage, covered suppliers costs, covered worker protection expenditures and maintains its payroll levels. The amount of PPP loan forgiveness will be reduced if the borrower terminates employees or reduces salaries during the covered period, up to 24-weeks. The unforgiven portion of the PPP loan is payable over 2 years at an interest rate of 1%, with a deferral of payments for the first 10 months after the end of the covered period.

The Foundation has accounted for the PPP loan in accordance with FASB ASC 958-605 as a conditional contribution. The Foundation recorded the amount received as a refundable advance followed by a reduction in the advance and recognition of revenue as the aforementioned conditions are substantially met. During the year ended December 31, 2020, the Foundation met the PPP eligibility criteria and received forgiveness, resulting in recognition of \$39,900 as contribution revenue in the accompanying financial statements.

NOTES TO FINANCIAL STATEMENTS

NOTE 12. EFFECTS OF COVID-19 CORONAVIRUS

Due to COVID-19, the Foundation canceled a fundraising event, Partners in Philanthropy Luncheon, in August. The Foundation also established a new fund, Cobb COVID-19 Community Response fund, on March 18, 2020 in response to the COVID-19 pandemic. The fund is without donor restrictions and is set up to receive funds from individuals and organizations which are granted out to charitable organizations, local school districts and churches who are meeting the needs of the community through emergency food distribution, remote learning equipment, rental assistance, and other similar supporting causes.

NOTE 13. SUBSEQUENT EVENTS

Management has evaluated events through August 4, 2021, the date on which the financial statements were available to be issued.