

**COBB COMMUNITY FOUNDATION, INC.**

**FINANCIAL REPORT**

**DECEMBER 31, 2023**



**MAULDIN & JENKINS**

**CPAs & ADVISORS**

**COBB COMMUNITY FOUNDATION, INC.**

**FINANCIAL REPORT**

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## INDEPENDENT AUDITOR'S REPORT

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

### **Opinion**

We have audited the accompanying financial statements of **Cobb Community Foundation, Inc.** (a nonprofit organization), which comprise the statements of financial position as of December 31, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

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, 2023 and 2022, 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.

### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Cobb Community Foundation, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Cobb Community Foundation, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Cobb Community Foundation, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Cobb Community Foundation, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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**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 25-27 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  
July 10, 2024

**COBB COMMUNITY FOUNDATION, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2023 AND 2022**

	2023	2022
<b>ASSETS</b>		
Cash	\$ 104,038	\$ 661,972
Investments	24,361,744	21,833,968
Unconditional promises to give	152,635	121,917
Operating lease right-of-use asset	175,195	198,731
Total assets	\$ 24,793,612	\$ 22,816,588
 <b>LIABILITIES AND NET ASSETS</b>		
<b>Liabilities</b>		
Accounts payable	\$ 7,873	\$ 18,692
Operating lease obligations	180,099	201,508
Agency funds	10,912,791	9,353,548
Total liabilities	11,100,763	9,573,748
 <b>Net assets</b>		
Without donor restrictions		
Operating funds	182,343	187,040
Donor-advised funds	10,924,594	10,794,343
Designated funds	1,041,196	903,213
Unrestricted funds	59,954	143,137
Committee advised scholarship funds	469,759	403,190
Field of interest funds	180,599	35,630
Employee assistance funds	60,714	54,111
Total without donor restrictions	12,919,159	12,520,664
With donor restrictions		
Operating funds	50,250	47,750
Donor-advised funds	495,248	459,619
Designated funds	175,390	154,576
Unrestricted funds restricted for the passage of time	52,802	60,231
Total with donor restrictions	773,690	722,176
Total net assets	13,692,849	13,242,840
Total liabilities and net assets	\$ 24,793,612	\$ 22,816,588

**See Notes to Financial Statements.**

**COBB COMMUNITY FOUNDATION, INC.**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUES AND OTHER SUPPORT</b>			
Contributions and special events	\$ 4,065,294	\$ 84,833	\$ 4,150,127
Net realized and unrealized gains on investments	1,227,732	77,493	1,305,225
Net investment income	313,934	16,629	330,563
Fee income	113,897	-	113,897
Other income	-	-	-
Net assets released from restrictions:			
Satisfaction of program restrictions	127,441	(127,441)	-
Total revenues and other support	<u>5,848,298</u>	<u>51,514</u>	<u>5,899,812</u>
<b>EXPENSES</b>			
Program services	5,009,903	-	5,009,903
Supporting services			
Management and general	207,231	-	207,231
Fundraising	232,669	-	232,669
Total expenses	<u>5,449,803</u>	<u>-</u>	<u>5,449,803</u>
<b>CHANGE IN NET ASSETS</b>	<b>398,495</b>	<b>51,514</b>	<b>450,009</b>
<b>NET ASSETS, BEGINNING</b>	<u>12,520,664</u>	<u>722,176</u>	<u>13,242,840</u>
<b>NET ASSETS, ENDING</b>	<u>\$ 12,919,159</u>	<u>\$ 773,690</u>	<u>\$ 13,692,849</u>

See Notes to Financial Statements.

**COBB COMMUNITY FOUNDATION, INC.**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUES AND OTHER SUPPORT</b>			
Contributions and special events	\$ 4,358,738	\$ 72,500	\$ 4,431,238
Net realized and unrealized losses on investments	(1,744,919)	(116,410)	(1,861,329)
Net investment income	236,696	15,931	252,627
Fee income	86,230	-	86,230
Other income	5,000	-	5,000
Net assets released from restrictions:			
Satisfaction of program restrictions	86,731	(86,731)	-
Total revenues and other support	<u>3,028,476</u>	<u>(114,710)</u>	<u>2,913,766</u>
<b>EXPENSES</b>			
Program services	2,203,820	-	2,203,820
Supporting services			
Management and general	113,471	-	113,471
Fundraising	156,582	-	156,582
Total expenses	<u>2,473,873</u>	<u>-</u>	<u>2,473,873</u>
<b>CHANGE IN NET ASSETS</b>	554,603	(114,710)	439,893
<b>NET ASSETS, BEGINNING</b>	<u>11,966,061</u>	<u>836,886</u>	<u>12,802,947</u>
<b>NET ASSETS, ENDING</b>	<u>\$ 12,520,664</u>	<u>\$ 722,176</u>	<u>\$ 13,242,840</u>

See Notes to Financial Statements.

**COBB COMMUNITY FOUNDATION, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

	Program services	Supporting services		Total
		Management and general	Fundraising	
Salaries	\$ 265,007	\$ 111,684	\$ 61,342	\$ 438,033
Payroll taxes	22,566	9,510	5,223	37,299
Benefits	37,128	15,647	8,594	61,369
Grants	4,559,026	-	-	4,559,026
Training and development	10,146	1,268	1,268	12,682
Board of Directors and other insurance	-	3,685	-	3,685
Tax and audit	-	16,500	-	16,500
Dues and publications	4,958	1,983	2,975	9,916
Board meetings	-	4,635	-	4,635
Donor development	6,329	-	14,768	21,097
Bank or custodian fee	30	3,528	-	3,558
Credit card and e-check processing	477	-	4,951	5,428
Marketing and promotion	-	-	42,490	42,490
Network meetings	2,787	806	1,880	5,473
Printing and copying	13,110	-	-	13,110
Website hosting and maintenance	2,232	1,116	1,116	4,464
Office supplies	4,698	2,349	2,349	9,396
Administrative services (Chamber)	15,246	6,425	3,529	25,200
Rent	14,790	6,233	3,423	24,446
Graphic design	6,250	-	-	6,250
Backoffice processing and systems	41,442	7,313	-	48,755
Donor funds event expense	-	-	78,562	78,562
Special project expense	-	13,504	-	13,504
Miscellaneous expense	3,681	1,045	199	4,925
Total expenses	<u>\$ 5,009,903</u>	<u>\$ 207,231</u>	<u>\$ 232,669</u>	<u>\$ 5,449,803</u>

See Notes to Financial Statements.

**COBB COMMUNITY FOUNDATION, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

	Program services	Supporting services		Total
		Management and general	Fundraising	
Salaries	\$ 198,673	\$ 59,568	\$ 68,860	\$ 327,101
Payroll taxes	17,173	5,149	5,952	28,274
Benefits	12,155	3,644	4,213	20,012
Grants	1,842,358	-	-	1,842,358
Training and development	8,815	1,259	2,519	12,593
Board of Directors and other insurance	341	5,877	-	6,218
Tax and audit	7,626	16,555	-	24,181
Dues and publications	3,931	1,572	2,359	7,862
Donor development	6,928	-	16,166	23,094
Credit card and e-check processing	303	-	3,830	4,133
Marketing and promotion	-	-	36,824	36,824
Network Meetings	1,711	513	1,197	3,421
Contracts	9,500	-	-	9,500
Office supplies	3,025	1,512	1,512	6,049
Administrative services (Chamber)	10,933	3,278	3,789	18,000
Rent	16,114	4,832	5,585	26,531
Backoffice processing and systems	30,002	5,294	-	35,296
Donor funds event expense	7,298	-	-	7,298
Special project expense	7,000	-	2,500	9,500
Miscellaneous expense	19,934	4,418	1,276	25,628
Total expenses	<u>\$ 2,203,820</u>	<u>\$ 113,471</u>	<u>\$ 156,582</u>	<u>\$ 2,473,873</u>

**See Notes to Financial Statements.**

**COBB COMMUNITY FOUNDATION, INC.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

	<b>2023</b>	<b>2022</b>
<b>OPERATING ACTIVITIES</b>		
Change in net assets	\$ 450,009	\$ 439,893
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Net realized and unrealized (gain) loss on investments	(1,305,225)	1,861,329
Noncash rent expense for operating leases	2,127	2,777
Change in unconditional promises to give	(30,718)	(26,923)
Change in accounts payable	(10,819)	2,395
Change in taxes payable	-	(159,677)
	<b>(894,626)</b>	<b>2,119,794</b>
<b>INVESTING ACTIVITIES</b>		
Sales proceeds of investments	6,408,655	11,017,266
Purchases of investments	(6,071,963)	(13,607,657)
	<b>336,692</b>	<b>(2,590,391)</b>
Net cash provided by (used in) investing activities		
Net (decrease) in cash	(557,934)	(470,597)
Cash, at beginning of year	661,972	1,132,569
Cash, at end of year	\$ 104,038	\$ 661,972

**See Notes to Financial Statements.**

# COBB COMMUNITY FOUNDATION, INC.

## NOTES TO FINANCIAL STATEMENTS

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### 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 being a catalyst for a thriving community, mobilizing people, ideas, and resources to improve quality of life in and around 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. By mobilizing people, ideas, and resources, the Foundation seeks to fulfill a vision of a thriving community of engaged charitable citizens, where all people can access opportunities and achieve their greatest potential.

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

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

#### Significant accounting policies: (Continued)

##### Basis of presentation: (Continued)

Net assets with donor restrictions consist 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.

##### Agency funds:

Agency funds are established by nonprofit 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.

##### 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. The Foundation believes that all pledges are currently collectible as of both December 31, 2023 and 2022.

##### Contributed services:

Contributed services, reflected as in-kind contributions on the statements of activities, are recognized if the services received (a) create or enhance nonfinancial 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.

## NOTES TO FINANCIAL STATEMENTS

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### 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, 2023 and 2022, cash balances consisted of the following:

	<u>2023</u>	<u>2022</u>
Cash held in donor funds and agency	\$ (28,897)	\$ 522,669
Cash held for operations	<u>132,935</u>	<u>139,303</u>
Total cash	<u>\$ 104,038</u>	<u>\$ 661,972</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

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

#### Significant accounting policies: (Continued)

##### Donor funds:

Funds received from individuals or organizations are reported as contributions without donor restrictions, unless a restriction is explicitly imposed by the donor and accepted by the Foundation. In any event, 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.

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

## NOTES TO FINANCIAL STATEMENTS

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

#### Significant accounting policies: (Continued)

##### 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.

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.

## NOTES TO FINANCIAL STATEMENTS

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

#### Significant accounting policies: (Continued)

##### Fair value of financial instruments: (Continued)

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, 2023 and 2022, the application of valuation techniques applied to similar assets and liabilities has been consistent.

##### 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.

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. For the years ended December 31, 2023 and 2022, 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.

## NOTES TO FINANCIAL STATEMENTS

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

#### Significant accounting policies: (Continued)

##### 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.

### 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, 2023 and 2022:

	2023	2022
Cash	\$ 104,038	\$ 661,972
Investments	24,361,744	21,833,968
Unconditional promises to give	152,635	121,917
Total financial assets	24,618,417	22,617,857
Less those unavailable for general expenditures within one year, due to contractual or donor-imposed restrictions:		
Cash and investments held for agency funds	(10,912,791)	(9,353,548)
Cash and investments held for donor-advised funds	(11,420,768)	(11,272,552)
Cash and investments held for designated funds	(1,216,586)	(1,057,789)
Cash and investments held for unrestricted funds	(112,756)	(203,368)
Cash and investments held for committee advised scholarship funds	(469,759)	(403,190)
Cash and investments held for field of interest funds	(180,599)	(35,630)
Cash and investments held for employee assistance funds	(60,714)	(54,111)
Financial assets available to meet cash needs for general expenditures within one year	\$ 244,444	\$ 237,669

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.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 3. AGENCY FUNDS AND DONOR FUNDS HELD

The following table summarizes activity in agency and donor funds held during 2023:

	Agency Funds	Donor Funds	Total
Beginning of the year	\$ 9,353,548	\$ 13,008,050	\$ 22,361,598
Contributions	1,384,661	3,698,410	5,083,071
Dividends and interest	317,896	385,614	703,510
Net realized and unrealized gains	662,543	1,305,225	1,967,768
Investment expenses	(26,419)	(57,388)	(83,807)
Other expense	(110,393)	(325,299)	(435,692)
Distributions	(669,045)	(4,554,356)	(5,223,401)
End of the year	10,912,791	13,460,256	24,373,047
Less: outstanding unconditional promises to give	-	(102,344)	(102,344)
End of the year, net	<u>\$ 10,912,791</u>	<u>\$ 13,357,912</u>	<u>\$ 24,270,703</u>

The following table summarizes activity in agency and donor funds held during 2022:

	Agency Funds	Donor Funds	Total
Beginning of the year	\$ 5,446,104	\$ 12,563,848	\$ 18,009,952
Contributions	5,247,190	4,068,890	9,316,080
Dividends and interest	154,913	311,592	466,505
Net realized and unrealized gains	(802,960)	(1,861,329)	(2,664,289)
Investment expenses	(21,792)	(58,965)	(80,757)
Other expense	(87,008)	(173,628)	(260,636)
Distributions	(582,899)	(1,842,358)	(2,425,257)
End of the year	9,353,548	13,008,050	22,361,598
Less: outstanding unconditional promises to give	-	(72,111)	(72,111)
End of the year, net	<u>\$ 9,353,548</u>	<u>\$ 12,935,939</u>	<u>\$ 22,289,487</u>

### NOTE 4. UNCONDITIONAL PROMISES TO GIVE

At December 31, 2023, unconditional promises to give consisted of the following:

Amount due in:	<u>2023</u>
2024	<u>\$ 152,635</u>
	<u>\$ 152,635</u>

The adjustment to present value of future cash flows was deemed immaterial due to a short-term collection period. Management feels these unconditional promises to give are fully collectible as of December 31, 2023 and 2022.

## 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, 2023:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money market funds	\$ 4,188,897	\$ -	\$ -	\$ 4,188,897
Equity securities	133,187	-	-	133,187
Mutual funds				
Equity	2,124,429	-	-	2,124,429
Bonds	6,670,598	-	-	6,670,598
Exchange traded funds				
Equity	10,238,831	-	-	10,238,831
Fixed income	1,005,802	-	-	1,005,802
Total assets at fair value	<u>\$ 24,361,744</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24,361,744</u>

The following table sets forth by level, within the fair value hierarchy, the Foundation's investments at fair value as of December 31, 2022:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money market funds	\$ 3,668,600	\$ -	\$ -	\$ 3,668,600
Equity securities	140,598	-	-	140,598
Mutual funds				
Equity	875,630	-	-	875,630
Fixed income	7,468,992	-	-	7,468,992
Exchange traded funds				
Equity	8,459,345	-	-	8,459,345
Fixed income	1,220,803	-	-	1,220,803
Total assets at fair value	<u>\$ 21,833,968</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,833,968</u>

## NOTES TO FINANCIAL STATEMENTS

### NOTE 6. RESTRICTIONS ON NET ASSETS

Net assets with donor restrictions consist of the following as of December 31, 2023 and 2022:

	2023	2022
Subject to expenditure for specified purpose:		
MUST Ministries Fund	\$ 75,390	\$ 54,576
Marietta Kiwanis Foundation Art Fund	395,249	359,619
Cobb Community Impact Endowment Fund	2,302	1,231
Cobb Unrestricted Community Fund	-	10,000
Total subject to expenditure for specified purpose:	472,941	425,426
Subject to the passage of time:		
Promises to give that are not restricted by donors	91,749	87,750
Total subject to passage of time:	564,690	87,750
Perpetual in nature:		
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	209,000
Total net assets with donor restrictions:	\$ 773,690	\$ 722,176

Net assets with donor restrictions as of December 31, 2023 and 2022 consisted of the following:

	2023	2022
Investments	\$ 681,941	\$ 634,426
Unconditional promises to give	91,749	87,750
	\$ 773,690	\$ 722,176

### NOTE 7. NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from donor restrictions during the years ended December 31, 2023 and 2022 by incurring expenses satisfying the restricted purposes specified by donors as follows:

	2023	2022
Administrative fees and investment management expense	\$ 11,607	\$ 12,117
Grant distributions for specified purposes	35,000	24,614
Passage of time	80,834	50,000
	\$ 127,441	\$ 86,731

## NOTES TO FINANCIAL STATEMENTS

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### 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 determined that, absent explicit donor directions or an exercise of the Foundation's variance power to the contrary, the Foundation will seek to preserve the historic dollar value of donor-restricted endowment funds.

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, 2023 and 2022 relate to contributions received which are specifically restricted for use as the corpus on an endowment fund to benefit Cobb Community Impact, 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 shall hold in perpetuity, barring the Foundation's exercise of its variance power. 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, 2023 and 2022 is as follows:

	<i>(Without Donor Restrictions)</i>	<i>(With Donor Restrictions)</i>	Total
<b>December 31, 2023</b>			
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	-	472,941	472,941
Endowment net assets, end of year	\$ -	\$ 681,941	\$ 681,941
<b>December 31, 2022</b>			
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	-	415,457	415,457
Endowment net assets, end of year	\$ -	\$ 624,457	\$ 624,457

## NOTES TO FINANCIAL STATEMENTS

### NOTE 8. ENDOWMENT (Continued)

The Changes in Endowment Net Assets for the year ended December 31, 2023 are:

	<i>(Without Donor Restrictions)</i>	<i>(With Donor Restrictions)</i>	Total
Endowment net assets, Beginning of year	\$ -	\$ 624,457	\$ 624,457
Investment return:			
Net investment income	-	13,413	13,413
Net realized and unrealized losses	-	77,493	77,493
Total investment returns	-	90,906	90,906
Appropriation of endowment assets for expenditure	-	(33,422)	(33,422)
Endowment net assets, end of year	\$ -	\$ 681,941	\$ 681,941

The Changes in Endowment Net Assets for the year ended December 31, 2022 are:

	<i>(Without Donor Restrictions)</i>	<i>(With Donor Restrictions)</i>	Total
Endowment net assets, Beginning of year	\$ -	\$ 762,053	\$ 762,053
Investment return:			
Net investment income	-	12,460	12,460
Net realized and unrealized gains	-	(116,410)	(116,410)
Total investment returns	-	(103,950)	(103,950)
Appropriation of endowment assets for expenditure	-	(33,646)	(33,646)
Endowment net assets, end of year	\$ -	\$ 624,457	\$ 624,457

### 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 was renewed in 2021 and matured in June 2023. In January 2023, the Foundation entered into a new unsecured line of credit with a borrowing capacity of \$150,000. The interest rate is variable and based on the lender's prime rate and matures in January 2025. There was no balance as of December 31, 2023 and 2022 for either line of credit.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 10. OPERATING LEASE

The Foundation elected to adopt FASB ASC 842, *Leases*, using the optional transition method that allows the Company to initially apply the new leases standard at the adoption date and recognize a cumulative effect adjustment to the opening balance of net assets in the period of adoption. The Foundation elected to adopt the package of practical expedients available under the transition guidance with the new standard. This package includes the following: relief from determination of lease contracts included in existing or expiring leases at the point of adoption, relief from having to reevaluate the classification of leases in effect at the point of adoption, and relief from reevaluation of existing leases that have initial direct costs associated with the execution of the lease contract. The Foundation also elected to adopt the practical expedient to use hindsight to determine the lease term and assess the impairment of the right-of-use assets. The Foundation has elected to apply the short-term lease exception practical expedient to all leases with a term of one year or less.

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 2.75% each year. For the years ended December 31, 2023 and 2022, rent expense was \$24,446 and \$26,531, respectively, and administrative services expense was \$25,200 and \$18,000, respectively. The Foundation has elected to use the implied rate as the discount rate for all leases.

The following summarizes the weighted-average remaining lease term and discount rate for operating leases as of December 31, 2023:

Weighted-average remaining lease term	7.01 years
Weighted-average discount rate	1.55%

The following is a schedule by years of minimum future rentals on the operating lease and the amortization of the net present value (NPV) of the lease liability as of:

Year Ending December 31:	Minimum annual lease payments	Amortization of NPV of lease liability
2024	\$ 25,020	\$ 22,420
2025	25,704	23,459
2026	26,412	24,540
2027	27,132	25,649
2028	27,888	26,811
Thereafter	58,080	57,220
	\$ 190,236	\$ 180,099

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 10. OPERATING LEASE (Continued)

The carrying value of the related operating right-of-use assets as of December 31, 2023 was:

Accumulated basis	\$	221,942
Less – accumulated amortization		(46,747)
	\$	<u>175,195</u>

### NOTE 11. SUBSEQUENT EVENTS

Management has evaluated events through July 10, 2024, the date on which the financial statements were available to be issued.

In 2023, a grant-making private foundation notified the Foundation that it would be terminating largely in favor of a donor-advised fund at the Foundation. The fund would be funded with a grant from the foundation in excess of \$5 million. This private foundation would further engage the Foundation to administer an annual grant application process for the donor advisors, allowing the original private foundation's purpose to be fulfilled without having to maintain the foundation. In early April of 2024, total grants of approximating \$5.5 million were contributed by this private foundation to two newly created funds.

## **SUPPLEMENTAL INFORMATION**

**COBB COMMUNITY FOUNDATION, INC.**  
**STATEMENT OF FINANCIAL POSITION BY FUNDS AND OPERATIONS**  
**DECEMBER 31, 2023**

	<u>Funds</u>	<u>Operations</u>	<u>Total</u>
<b>ASSETS</b>			
Cash	\$ (28,897)	\$ 132,935	\$ 104,038
Investments	24,300,526	61,218	24,361,744
Unconditional promises to give	102,344	50,291	152,635
Right-of-use asset	-	175,195	175,195
Total assets	<u>\$ 24,373,973</u>	<u>\$ 419,639</u>	<u>\$ 24,793,612</u>
<b>LIABILITIES AND NET ASSETS</b>			
<b>Liabilities</b>			
Accounts payable	\$ 926	\$ 6,947	\$ 7,873
Operating lease obligations	-	180,099	180,099
Agency funds	10,912,791	-	10,912,791
Total liabilities	<u>10,913,717</u>	<u>187,046</u>	<u>11,100,763</u>
<b>Net assets</b>			
Without donor restrictions			
Operating funds	-	182,343	182,343
Donor-advised funds	10,924,594	-	10,924,594
Designated funds	1,041,196	-	1,041,196
Unrestricted funds	59,954	-	59,954
Committee advised scholarship funds	469,759	-	469,759
Field of interest funds	180,599	-	180,599
Employee assistance funds	60,714	-	60,714
Total without donor restrictions	<u>12,736,816</u>	<u>182,343</u>	<u>12,919,159</u>
With donor restrictions			
Operating funds	-	50,250	50,250
Donor-advised funds	495,248	-	495,248
Designated funds	175,390	-	175,390
Unrestricted funds	52,802	-	52,802
Total with donor restrictions	<u>723,440</u>	<u>50,250</u>	<u>773,690</u>
Total net assets	<u>13,460,256</u>	<u>232,593</u>	<u>13,692,849</u>
Total liabilities and net assets	<u>\$ 24,373,973</u>	<u>\$ 419,639</u>	<u>\$ 24,793,612</u>

**COBB COMMUNITY FOUNDATION, INC.**  
**STATEMENT OF ACTIVITIES BY FUNDS AND OPERATIONS**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

	<u>Funds</u>	<u>Operations</u>	<u>Eliminations</u>	<u>Total</u>
<b>REVENUES AND OTHER SUPPORT</b>				
Contributions and special events	\$ 3,698,410	\$ 455,935	\$ (4,218) **	\$ 4,150,127
Net realized and unrealized losses on investments	1,305,225	-	-	1,305,225
Investment income, net	328,226	2,337	-	330,563
Fee income	-	333,777	(219,880) *	113,897
	<u>5,331,861</u>	<u>792,049</u>	<u>(224,098)</u>	<u>5,899,812</u>
<b>EXPENSES</b>				
Salaries	-	438,033	-	438,033
Payroll taxes	-	37,299	-	37,299
Benefits	-	61,369	-	61,369
Grants	4,554,356	4,670	-	4,559,026
Fund administrative fees	219,880	-	(219,880) *	-
Training and development	-	12,682	-	12,682
Board of Directors and other insurance	-	3,685	-	3,685
Tax and audit	-	16,500	-	16,500
Dues and publications	-	9,916	-	9,916
Board meetings	-	4,635	-	4,635
Donor development	-	21,097	-	21,097
Bank or custodian fee	30	3,528	-	3,558
Credit card and e-check processing	4,695	4,951	(4,218) **	5,428
Marketing and promotion	-	42,490	-	42,490
Network meetings	102	5,371	-	5,473
Printing and copying	13,110	-	-	13,110
Website hosing and maintenance	-	4,464	-	4,464
Office supplies	-	9,396	-	9,396
Administrative services (Chamber)	-	25,200	-	25,200
Rent	-	24,446	-	24,446
Graphic design	6,250	-	-	6,250
Backoffice processing and systems	-	48,755	-	48,755
Donor funds event expense	78,562	-	-	78,562
Special project expense	-	13,504	-	13,504
Miscellaneous expense	-	4,925	-	4,925
	<u>4,876,985</u>	<u>796,916</u>	<u>(224,098)</u>	<u>5,449,803</u>
<b>CHANGE IN NET ASSETS</b>	<u>\$ 454,876</u>	<u>\$ (4,867)</u>	<u>\$ -</u>	<u>450,009</u>
<b>NET ASSETS, BEGINNING</b>				<u>13,242,840</u>
<b>NET ASSETS, ENDING</b>				<u>\$ 13,692,849</u>

\* Elimination of intercompany fund administrative fees between donor funds and operating funds

\*\* Elimination of intercompany credit card fees between donor funds and operating funds

**COBB COMMUNITY FOUNDATION, INC.**  
**RECONCILIATION OF NET ASSETS BY FUND TYPE**  
**DECEMBER 31, 2023**

Fund Type	Per Statement of Financial Position			Reconciliation to Note 2 Totals by Fund		
	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total Net Assets	Accounts Payable by Fund Type	Operating Lease Obligation by Fund Type	Total Assets by Fund Type
<b>OPERATING FUNDS</b>	\$ 182,343	\$ 50,250	\$ 232,593	\$ 6,947	\$ 180,099	\$ 419,639
<b>DONOR FUNDS</b>						
Donor-advised funds	10,924,594	495,248	11,419,842	926	-	11,420,768
Designated funds	1,041,196	175,390	1,216,586	-	-	1,216,586
Unrestricted funds	59,954	52,802	112,756	-	-	112,756
Committee advised scholarship funds	469,759	-	469,759	-	-	469,759
Field of interest funds	180,599	-	180,599	-	-	180,599
Employee assistance funds	60,714	-	60,714	-	-	60,714
	<u>12,736,816</u>	<u>723,440</u>	<u>13,460,256</u>	<u>926</u>	<u>-</u>	<u>13,461,182</u>
Total Operating and Donor Funds	<u>\$ 12,919,159</u>	<u>\$ 773,690</u>	<u>\$ 13,692,849</u>	<u>\$ 7,873</u>	<u>\$ 180,099</u>	<u>13,880,821</u>
<b>AGENCY FUNDS</b>						10,912,791
<b>Total Assets</b>						<u>\$ 24,793,612</u>