

The Coweta Community Foundation, Inc.

Financial Statements

For the Year Ended
December 31, 2010

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
The Coweta Community Foundation, Inc.
Newnan, Georgia

We have audited the accompanying statement of financial position of The Coweta Community Foundation, Inc. (a nonprofit organization) as of December 31, 2010, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion the financial statements referred to above present fairly, in all material respects, the financial position of The Coweta Community Foundation, Inc. as of December 31, 2010, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Higgins and Smith

Newnan, Georgia
July 15, 2013

The Coweta Community Foundation, Inc.
STATEMENT OF FINANCIAL POSITION
December 31, 2010

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 133,470
Investments	87,223
Prepaid expenses	200
Total current assets	220,893

EQUIPMENT

Office equipment	3,160
Less accumulated depreciation	(1,896)
	1,264

Total assets	\$ 222,157
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LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accrued expenses	\$ 1,818
Total current liabilities	1,818

NET ASSETS

Net assets, unrestricted	103,192
Net assets, temporarily restricted	117,147
Total net assets	220,339

Total liabilities and net assets	\$ 222,157
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The accompanying notes are an integral part of the financial statements.

The Coweta Community Foundation, Inc.
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2010

CHANGES IN UNRESTRICTED NET ASSETS

Revenues and support	
Donations - general	\$ 59,248
Interest and dividend income	22,756
Investment return	3,440
Management fees	2,906
	<u>88,350</u>
Net assets released from restrictions	<u>87,241</u>
Total unrestricted revenue and support, and net assets released from restrictions	<u>175,591</u>
Expenses	
Program expenses	
C.L.I.C.K.	49,157
Stepping Stones	19,239
FERST	8,028
Scholarships	4,500
Other grants and program expenses	18,678
Management and general	32,199
Fundraising expenses	187
Total expenses	<u>131,988</u>
Increase in unrestricted net assets	<u>43,603</u>

CHANGES IN TEMPORARILY RESTRICTED NET ASSETS

Donations	
C.L.I.C.K.	38,817
Stepping Stones	17,803
FERST	62,043
Miscellaneous	10,550
Interest and dividend income	829
Investment return	1,551
	<u>131,593</u>
Net assets released from restrictions	<u>87,241</u>
Increase in temporarily restricted net assets	<u>44,352</u>
Increase in net assets	<u>87,955</u>
Net assets at beginning of year	
Unrestricted	59,589
Temporarily restricted	72,795
	<u>132,384</u>
Net assets at end of year	
Unrestricted	103,192
Temporarily restricted	117,147
	<u>\$ 220,339</u>

The accompanying notes are an integral part of the financial statements.

The Coweta Community Foundation, Inc.
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2010

CASH FLOWS FROM OPERATING ACTIVITIES	
Increase in net assets	\$ 87,955
Adjustments to reconcile increase in net assets to net cash used by operating activities:	
Depreciation	632
Decrease in accounts receivable	2,710
Net unrealized gain on investments	(4,991)
Increase in prepaid expenses	(200)
Decrease in accrued expenses	(5,401)
Decrease in contingent liability under consent order	<u>(1,500,000)</u>
Net cash used by operating activities	<u>(1,419,295)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Change in investments	<u>(2,275)</u>
Net cash used by investing activities	<u>(2,275)</u>
Net decrease in cash and cash equivalents	<u>(1,421,570)</u>
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	1,555,040
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$ 133,470</u></u>

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The accompanying notes are an integral part of the financial statements.

The Coweta Community Foundation, Inc.
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2010

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Activities

The Coweta Community Foundation, Inc. is a nonprofit organization incorporated to enhance the sense of community of Coweta County, Georgia by encouraging philanthropic interaction. This is accomplished through community programs and projects including: Stepping Stones, a hospital-based early intervention program; Certified Literate is Coweta's Key (C.L.I.C.K.), an adult literacy campaign; and FERST, a community-wide program that provides books for preschoolers.

Basis of Accounting

The Foundation prepares its financial statements in accordance with accounting principles generally accepted in the United States of America, which involves the application of accrual accounting; consequently, revenues and gains are recognized when earned and expenses and losses are recognized when incurred.

Basis of Presentation

The Foundation reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets, depending on the existence or nature of any donor restrictions.

The Foundation reports contributions received as unrestricted, temporarily restricted, and permanently restricted support depending on the existence and/or nature of any donor restrictions. All donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When the intent of the donor is that the assets are to remain in perpetuity and the Foundation does not have the right to invade the original principal, the assets are reported as permanently restricted. When a donor restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Revenue and Support

All donations are considered to be available for unrestricted use unless donor restrictions are specified. Donations for specific projects are considered temporarily restricted and are released from restrictions when the related expenses are incurred.

The Coweta Community Foundation, Inc.
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2010

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES –continued

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the statement of cash flows, cash equivalents include money market accounts and certificates of deposit with original maturities of three months or less.

Investments

The Foundation carries investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying statement of activities.

The Foundation is allowed to commingle restricted cash and investments in accounts with unrestricted cash and investments as long as it is accounted for separately.

Property and Equipment

Property and equipment are stated at cost. Depreciation is provided on the straight-line method over the estimated useful lives of the respective assets. Maintenance and repairs are expensed as incurred whereas major renewals and betterments are capitalized.

Income Taxes

The Foundation has obtained a favorable determination letter to be a not-for-profit organization exempt from federal income tax under section 501 (c)(3) and a nonprivate foundation under 509 (a)(1) of the Internal Revenue Code of 1986. Accordingly, no provision for federal income taxes has been recorded.

The Foundation's Forms 990, Return of Organization Exempt from Income Tax, for the years ending 2009 and 2010 are subject to examination by the IRS, generally for three years after they were filed.

Concentration of Risk

The Foundation is financially dependent on revenues generated from the geographic region of Coweta County.

The Coweta Community Foundation, Inc.
 NOTES TO THE FINANCIAL STATEMENTS
 For the Year Ended December 31, 2010

NOTE 2 – INVESTMENTS

Investments in marketable securities consist of the following at December 31, 2010:

Investments	Fair Value
Money Market Funds	\$ 972
Mutual Funds	86,251
	<u>\$ 87,223</u>

Investment return consists of investment income of approximately \$2,300 and net unrealized gains on investments of approximately \$5,800. Expenses relating to investment revenues, including custodial fees and investment advisory fees, amounted to approximately \$800 and have been netted against investment revenues in the accompanying Statement of Activities.

The investment objectives for the foundation will be for the asset value, exclusive of contributions or withdrawals, to grow over time through a combination of investment income and capital appreciation.

The Foundation is expected to, but not obligated to disburse 5% annually of the investment's four-year rolling average value market value as determined annually. At the end of each year, if the four-year rolling average market value of the investment is less than the initial value of all the contributions made to the investment, then distributions will be limited to interest and dividend income received during the next annual period. In accordance with this disbursement policy, the Foundation is committed to: (1) protecting the corpus of the Foundation; (2) preserving the spending power of the income from the fund (3) maintaining a diversified portfolio of assets in order to meet investment return objectives while keeping the level of risk commensurate with that of the median fund in a representative foundation and investment universe; (4) complying with applicable laws. This spending policy applies to all assets of the Foundation, except donor advised funds or funds accepted for disbursement within one year.

NOTE 3 – FIXED ASSETS

Fixed assets are summarized as follows:

Computer	\$ 3,160
Less Accumulated Depreciation	1,896
	<u>\$ 1,264</u>

Depreciation expense for the year ended December 31, 2010 was \$632.

The Coweta Community Foundation, Inc.
 NOTES TO THE FINANCIAL STATEMENTS
 For the Year Ended December 31, 2010

NOTE 4 – NET ASSETS

Included in unrestricted net assets at December 31, 2010 are donor-advised funds. Although grant recommendations are accepted from donors or other advisors of these funds, the Foundation has variance power: that is, the ultimate discretion of the use of these funds lies with the Board of Directors. Thus, such funds represent unrestricted net assets to the Foundation. However, the intent of the Foundation is to leave the principal intact and use the earnings for programs and projects.

Temporarily restricted net assets represent donor-restricted donations. The restrictions are for the donated assets to be used for specific purposes. These purposes include various fields of interest, scholarships or programs of the Foundation.

The net assets at December 31, 2010 consist of the following funds:

Unrestricted	
Administrative Operating Fund	\$ 12,709
Administrative Reserve Fund	56,943
Donor Advised Funds	
Shirey-Troutman Fund	33,366
Newnan Kiwanis Fund	<u>174</u>
Total Unrestricted Net Assets	<u>\$103,192</u>
Temporarily Restricted	
Non-profit and Organizational Funds	
Commission for Early Childhood Education	2,679
One Roof	1,000
Bethesda House	458
Scholarships	
Joe Adams Scholarship Fund	848
W.C. Adamson Scholarship Fund	8,232
General Funds	
Community Wellness Fund	1,549
General Grant Fund	18,586
Field of Interest Funds	
Education Grant	6,522
Stephaniak Fund	276
Projects	
CLICK	2,992
Stepping Stones	17,506
Coweta FERST Fund	<u>56,499</u>
Total Temporarily Restricted Net Assets	<u>\$117,147</u>

The Coweta Community Foundation, Inc.
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2010

NOTE 5 – MAJOR CONTRIBUTORS

During the year ended December 31, 2010, the Foundation had one major contributor that gave a total of approximately \$50,000. This contributor is discussed further in NOTE 8.

NOTE 6 – MAJOR SUPPLIERS

During the year ended December 31, 2010, the Foundation had one major supplier. The Foundation had approximately \$19,000 of purchases from this supplier.

NOTE 7 – CONCENTRATIONS OF CREDIT RISK

The Foundation maintains its cash balances at several financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. At December 31, 2010 all bank balances were below FDIC limits.

NOTE 8 –LITIGATION

In 2010, the Foundation reached a settlement with the Edgar B. Hollis Estate. The Foundation was named as a party in a lawsuit regarding several restricted contributions received from the Edgar B. Hollis Estate during 2006, 2007 and 2008. The lawsuit was seeking repayment of these contributions to the Estate.

The Foundation had received the following contributions from the Hollis Estate:

2006	\$ 10,000
2007	15,000
2008	<u>1,530,000</u>
	<u>\$1,555,000</u>

The settlement agreement stated that former board member Mayo Royal had used estate funds to make three anonymous gifts totaling \$55,000 to the Foundation in addition to the \$1.5 million he gave it as the successor beneficiary to the City of Newnan. In the settlement agreement, the parties disclaimed interest in and forgave return of the anonymous gifts and required the Foundation to return \$1.45 million of the \$1.5 million gift. During 2010, \$50,000 was recognized as an unrestricted contribution from the Edgar B Hollis Estate.

Also, in 2010, there was a dispute over the funds received into the Mary Royal donor advised fund. In November 2010, a settlement was reached and \$9,000 was distributed.

Management believes that both of these matters are properly reflected in the financial statements at December 31, 2010 and expects no further impact to the Foundation.

The Coweta Community Foundation, Inc.
 NOTES TO THE FINANCIAL STATEMENTS
 For the Year Ended December 31, 2010

NOTE 9 – FAIR VALUE MEASUREMENTS

The Foundation adopted FASB ASC 820, Fair Value Measurements and Disclosures, for assets and liabilities measure at fair value on a recurring basis. The codification established a common definition for fair value to be applied to existing generally accepted accounting principles that requires the use of fair value measurements, establishes a framework for measuring fair value, and expands disclosure about such fair value measurements.

FASB ASC 820 defines fair value as 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. Additionally, FASB ASC 820 requires the use of valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. These inputs are prioritized as follows:

- Level 1: Observable inputs such as quoted market prices in active markets for identical assets or liabilities;
- Level 2: Observable market-based inputs or unobservable inputs that are corroborated by market data;
- Level 3: Unobservable inputs for which there is little or no market data, which require the use of the reporting entity’s own assumptions.

Certain financial instruments are carried at cost on the statement of financial position, which approximates fair value due to their short-term, highly liquid nature. These instruments include cash and cash equivalents, accounts receivable, accounts payable and accrued expenses.

The Foundation measures certain financial instruments at fair value on a recurring basis. Financial assets measured on a recurring basis are as follows at December 31, 2010:

	Level 1	Level 2	Level 3	Total
Investments	<u>\$87,223</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$87,223</u>
Total	<u>\$87,223</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$87,223</u>

NOTE 10 – EVALUATION OF SUBSEQUENT EVENTS

The Foundation has evaluated subsequent events through July 15, 2013, the date which the financial statements were available to be issued.