

The Coweta Community Foundation, Inc.

Financial Statements

For the Year Ended

December 31, 2013

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of The Coweta Community Foundation, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2013, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 Coweta Community Foundation, Inc. as of December 31, 2013, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Higgins and Smith, LLC

Newnan, Georgia
October 30, 2014

The Coweta Community Foundation, Inc.
STATEMENT OF FINANCIAL POSITION
December 31, 2013

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 262,874
Investments	87,888
Total current assets	<u>350,762</u>

EQUIPMENT

Office equipment	3,160
Less accumulated depreciation	<u>(3,160)</u>
	<u>-</u>

Total assets	<u><u>\$ 350,762</u></u>
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LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accrued expenses	\$ 2,442
Total current liabilities	<u>2,442</u>

NET ASSETS

Net assets, unrestricted	136,972
Net assets, temporarily restricted	211,348
Total net assets	<u>348,320</u>

Total liabilities and net assets	<u><u>\$ 350,762</u></u>
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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 year ended December 31, 2013

CHANGES IN UNRESTRICTED NET ASSETS

Revenues and support	
Donations - general	\$ 14,835
Interest and dividend income	5,019
Investment return	8,117
Fundraising	9,526
Management fees	5,465
	42,962
Net assets released from restrictions	103,224
Total unrestricted revenue and support, and net assets released from restrictions	146,186
Expenses	
Program expenses	
C.L.I.C.K.	35,450
Stepping Stones	17,998
FERST	35,415
Scholarships	2,000
Miscellaneous	13,046
	103,909
Fundraising	6,609
Management and general	34,132
Total expenses	144,650
Increase in unrestricted net assets	1,536

CHANGES IN TEMPORARILY RESTRICTED NET ASSETS

Donations and other support	
C.L.I.C.K.	48,561
Stepping Stones	16,473
FERST	60,454
Miscellaneous	18,198
Interest and dividend income	822
Investment return	1,228
	145,736
Net assets released from restrictions	103,224
Increase in temporarily restricted net assets	42,512
Increase in net assets	44,048
Net assets at beginning of year (see Note 8)	
Unrestricted	135,436
Temporarily restricted	168,836
	304,272
Net assets at end of year	
Unrestricted	136,972
Temporarily restricted	211,348
	\$ 348,320

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, 2013

CASH FLOWS FROM OPERATING ACTIVITIES	
Increase in net assets	\$ 44,048
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Net unrealized gain on investments	(9,345)
Increase in accrued expenses	<u>1,341</u>
Net cash provided by operating activities	<u>36,044</u>
 CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from the sale of investments	51,131
Purchase of investments	<u>(36,972)</u>
Net cash provided by investing activities	<u>14,159</u>
 Net increase in cash and cash equivalents	<u>50,203</u>
 CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	 212,671
 CASH AND CASH EQUIVALENTS, END OF YEAR	 <u><u>\$ 262,874</u></u>

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, 2013

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. The Foundation provides a catalyst to help focus local philanthropy on the community's changing needs and manages individual gifts and bequests that enhance and support the quality of life in Coweta County. 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 other 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, 2013

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 and investments in debt securities at their fair values. Unrealized gains and losses are included in the change in net assets in the accompanying statement of activities. Gains and losses on temporarily restricted assets are included as increases and decreases of temporarily restricted net assets.

The Foundation commingles restricted cash and investments in accounts with unrestricted cash and investments. These amounts are 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 2011, 2012, and 2013 are subject to examination by the IRS, generally for three years after they were filed.

Uncertain Tax Positions

Management has determined that the Foundation does not have any uncertain tax positions and associated unrecognized benefits that materially impact the financial statements or related disclosures.

The Coweta Community Foundation, Inc.
 NOTES TO THE FINANCIAL STATEMENTS
 For the Year Ended December 31, 2013

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

Functional Allocation of Expenses

The costs of various programs and supporting services have been summarized on a functional basis. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Concentration of Risk

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

Reclassifications

Certain prior year amounts have been reclassified to conform with the current year presentation with no effect on previously reported change in net assets.

NOTE 2 – INVESTMENTS

Investments in marketable securities consist of the following at December 31, 2013:

Investments	Fair Value
Money Market Funds	\$ 6,213
Mutual Funds	<u>81,675</u>
	<u>\$ 87,888</u>

Investment return consists of investment income of approximately \$5,841 and net unrealized gains on investments of approximately \$9,345. Expenses relating to investment revenues, including custodial fees and investment advisory fees, amounted to approximately \$900 and have been netted against investment revenues in the accompanying Statement of Activities.

NOTE 3 – FIXED ASSETS

Fixed assets are summarized as follows:

Computer	\$ 3,160
Less Accumulated Depreciation	<u>3,160</u>
	<u>\$ -</u>

For the year ended December 31, 2013 all assets were fully depreciated.

The Coweta Community Foundation, Inc.
 NOTES TO THE FINANCIAL STATEMENTS
 For the Year Ended December 31, 2013

NOTE 4 – NET ASSETS

Included in unrestricted net assets at December 31, 2013 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, 2013 consist of the following funds:

Unrestricted	
Administrative Operating Fund	\$ 8,523
Administrative Reserve Fund	44,448
Fund Raising	4,786
Tom McKeehan Fund	45,219
Donor Advised Fund	
Shirey Troutman Fund	28,725
Barbara Taylor Fund	5,271
Total Unrestricted Net Assets	<u>\$ 136,972</u>
Temporarily Restricted	
Agency Donor Advised Funds	\$ 4,866
Pass Thru Funds	3,931
Restricted Donor Advised Funds	944
Scholarships	2,026
General Funds	2,615
Field of Interest Funds	8,033
Fiscal Sponsor Funds	
CLICK	24,048
Stepping Stones	11,737
Coweta FERST Fund	148,406
Non-Profit Advisory Board	4,742
Total Temporarily Restricted	<u>\$ 211,348</u>

The Coweta Community Foundation, Inc.
 NOTES TO THE FINANCIAL STATEMENTS
 For the Year Ended December 31, 2013

NOTE 5 – MAJOR CONTRIBUTORS

During the year ended December 31, 2013, the Foundation had two major contributors that gave a total of approximately \$52,800. These contributors accounted for 15% and 13%, respectively, of the total revenues for 2013.

NOTE 6 – MAJOR SUPPLIERS

During the year ended December 31, 2013, the Foundation had one major supplier. The Foundation had approximately \$26,000 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, 2013 all bank balances were below FDIC limits.

NOTE 8 – PRIOR YEAR ADJUSTMENTS

Net assets have been restated as follows:

	<u>Unrestricted</u> <u>Net Assets</u>	<u>Restricted</u> <u>Net Assets</u>	<u>Total</u> <u>Net Assets</u>
Balance, December 31, 2012	\$ 94,202	\$ 210,070	\$ 304,272
Reclassification of Tom McKeehan Fund	41,234	(41,234)	-
Balance, December 31, 2012, as restated	<u>\$ 135,436</u>	<u>\$ 168,836</u>	<u>\$ 304,272</u>

This restatement had no impact on prior period total net assets.

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

The Coweta Community Foundation, Inc.
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2013

NOTE 9 – FAIR VALUE MEASUREMENTS - continued

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, 2013:

	Level 1	Level 2	Level 3	Total
Investments	\$87,888	\$ -	\$ -	\$87,888
Total	<u>\$87,888</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$87,888</u>

NOTE 10 – EVALUATION OF SUBSEQUENT EVENTS

The Foundation has evaluated subsequent events through October 30, 2014, the date which the financial statements were available to be issued.