

COMMUNITY FOUNDATION
OF WASHINGTON COUNTY, INC.

FINANCIAL STATEMENTS

December 31, 2017

COMMUNITY FOUNDATION
OF WASHINGTON COUNTY, INC.

TABLE OF CONTENTS

	<u>Page</u>
Independent Accountants' Review Report	1
Financial Statements:	
Statement of Financial Position	2
Statement of Activities	3
Statement of Cash Flows	4
Notes to the Financial Statements	5-13

INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Board of Trustees of
Community Foundation of Washington County, Inc.

We have reviewed the accompanying financial statements of Community Foundation of Washington County, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2017, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Managements' 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.

Accountants' Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountants' Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Sayle Sandifer
& Associates, LLP

Greenville, Mississippi
May 9, 2018

COMMUNITY FOUNDATION OF WASHINGTON COUNTY, INC.
STATEMENT OF FINANCIAL POSITION
December 31, 2017

ASSETS:	
Cash	\$ 259,890
Investments	1,094,286
Equipment, net	<u>335</u>
 TOTAL ASSETS	 <u><u>\$ 1,354,511</u></u>
 LIABILITIES AND NET ASSETS	
LIABILITIES:	
Accounts payable	\$ 2,176
Payroll taxes payable	2,274
Agency fund	<u>10,025</u>
TOTAL LIABILITIES	<u>14,475</u>
 NET ASSETS:	
Unrestricted net assets	1,079,297
Temporarily restricted net assets	<u>260,739</u>
 TOTAL NET ASSETS	 <u>1,340,036</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u><u>\$ 1,354,511</u></u>

See independent accountants' compilation report.

COMMUNITY FOUNDATION OF WASHINGTON COUNTY, INC.
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2017

	Unrestricted	Temporarily Restricted	Total
REVENUE AND SUPPORT			
REVENUE			
Realized and unrealized gains on investment	\$ 77,541	\$ 20,266	\$ 97,807
Interest and dividend income, net of fees	17,183	1,166	18,349
TOTAL REVENUE	94,724	21,432	116,156
SUPPORT			
Contributions	206,963	312,150	519,113
Net assets released from purpose restrictions	428,239	(428,239)	-
TOTAL SUPPORT	635,202	(116,089)	519,113
TOTAL REVENUE AND SUPPORT	729,926	(94,657)	635,269
EXPENSES			
Program services and grants awarded	326,487	-	326,487
Supporting services			
Fund raising	1,550	-	1,550
General and administrative	100,437	-	100,437
Total supporting services	101,987	-	101,987
TOTAL EXPENSES	428,474	-	428,474
CHANGES IN NET ASSETS	301,452	(94,657)	206,795
NET ASSETS, BEGINNING OF YEAR	777,845	355,396	1,133,241
NET ASSETS, END OF YEAR	\$ 1,079,297	\$ 260,739	\$ 1,340,036

See independent accountants' compilation report.

COMMUNITY FOUNDATION OF WASHINGTON COUNTY, INC.
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2017

CASH FLOWS FROM OPERATING ACTIVITIES:	
Change in net assets	\$ 206,795
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation expense	309
Increase in accrued payables	4,450
Increase in agency funds	10,025
Realized and unrealized gains on investments	(97,807)
Transfers to investments	<u>36,854</u>
Net cash flows from operating activities	<u>160,626</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Proceeds from sale of investments	222,843
Purchase of investments	<u>(340,763)</u>
Net cash flows from investing activities	<u>(117,920)</u>
NET INCREASE IN CASH	42,706
CASH, BEGINNING OF YEAR	<u>217,184</u>
CASH, END OF YEAR	<u><u>\$ 259,890</u></u>

See independent accountants' compilation report.

COMMUNITY FOUNDATION OF WASHINGTON COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

Organization and Nature of Activities

The Community Foundation of Washington County, Inc., (“the Foundation”) is a Mississippi nonprofit corporation classified by the Internal Revenue Service as tax-exempt under Section 501(c)(3). The Foundation serves as a leader, catalyst, and resource for philanthropy and seeks to improve the lives of individuals in Washington County, Mississippi. The Foundation accomplishes this by developing partnerships with philanthropic individuals, community leaders, and the non-profit sector to ensure that together they can build permanent endowments, make prudent grants for charitable causes, be a catalyst to solve community concerns and strengthen non-profit organizations. The Foundation was established in 2012. The mission of the Foundation is connecting people who care with causes that matter to create a thriving community for all.

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting.

Accounting

To ensure observance of certain constraints and restrictions placed on the use of resources, the accounts of the Foundation are maintained in accordance with the principles of net asset accounting. This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into net asset classes that are in accordance with specified activities or objectives. Accordingly, all financial transactions have been recorded and reported by net asset class as follows:

Unrestricted. Consist of donations and bequests that are available for the support of the operations of the Foundation, and for discretionary and donor advised granting needs. Generally accepted accounting principles provide that when the governing body of an organization, such as a community foundation, has the unilateral power to redirect the use of donors’ contributions to another beneficiary, such contributions must be classified as unrestricted net assets. The Board of Trustees of the Foundation has such power (variance power). However, the Board of Trustees would exercise this authority if the stated purpose of a contribution is no longer applicable and incapable of fulfillment. It is the expressed intention of the Foundation to honor the designations of the donors.

COMMUNITY FOUNDATION OF WASHINGTON COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS, continued

Temporarily Restricted. The Foundation reports gifts of cash and other assets as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets for a specific purpose or are not available for use until a specific time. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose of the restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from program or capital restrictions.

Permanently Restricted. These net assets consist of contributions that are limited by donor-imposed stipulations to invest the principal in perpetuity and to expend the income by making distributions from permanently endowed funds as grants for charitable purposes. The Foundation has no permanently restricted net assets at December 31, 2017.

Concentration of Credit Risks

The Foundation places its cash and cash equivalents in bank deposit accounts at high-credit, quality financial institutions. At times, such accounts may be in excess of the Federal Deposit Insurance Corporation insurance limit. The Foundation has not incurred losses related to these accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

Investment securities, in general are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain long-term investments, it is reasonably possible that changes in the values of these investments will occur in the near term and that such changes could materially affect the amounts reported in the Statement of Financial Position. The Board routinely reviews the performance of its investments.

Investments

Investments in money market funds and marketable securities are reported at their fair market values based upon published quotations. Investments for which the fair market values are not readily determinable are recorded at cost or, if received as a contribution, at their fair market values as determined at the time of the gift. Securities are generally held in custodial investment accounts administered by financial institutions. Cash and cash equivalents held at securities institutions and not used for operations are treated as investments.

COMMUNITY FOUNDATION OF WASHINGTON COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS, continued

Investment purchases and sales are accounted for on a trade-date basis. Realized gains and losses are calculated based upon the underlying cost of the securities traded. Interest and dividend income is recorded when earned. Gains or losses and interest and dividend income are reflected in the Statement of Activities as net investment income (loss).

Fair Value Measurements

Generally accepted accounting principles provide guidance on how fair value should be determined when financial statement elements are required to be measured at fair value. Valuation techniques are ranked in three levels depending on the degree of objectivity of the inputs used with each level:

Level 1 inputs - quoted prices in active markets for identical assets

Level 2 inputs - quoted prices in active or inactive markets for the same or similar assets

Level 3 inputs - estimates using the best information available when there is little or no market

The Foundation is required to measure contribution receivable, certain investments, and charitable gift annuities at fair value. The specific techniques used to measure fair value for these financial statement elements are described in the notes below that relate to each element.

Property and Equipment

Property and equipment are recorded at cost if purchased or at fair value at the date of donation if donated. Depreciation is computed on the straight-line basis over the estimated useful lives of the related assets. Maintenance and repair costs are charged to expense as incurred. Property and equipment are capitalized if the cost of an asset is greater than or equal to one thousand dollars and the useful life is greater than one year.

Since its inception, the Foundation has received donated equipment the value of which did meet its criteria for capitalization and have been capitalized.

Donated Materials and Services

Contributions of donated non-cash assets are measured on a non-recurring basis and recorded at fair value in the period received. Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at fair value in the period received.

COMMUNITY FOUNDATION OF WASHINGTON COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS, continued

Income Taxes

The Foundation is exempt from taxation under Internal Revenue Code Section 501(c)(3) and similar provisions of the State of Mississippi.

The Foundation returns are subject to examination by federal and state taxing authorities, generally for three years after they are filed.

Functional Allocation of Expenses

The costs of providing the Foundation's programs and other activities have been summarized on a functional basis in the accompanying statement of activities and change in net assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reported amounts of assets, liabilities, revenues, and expenses as of the date and for the period presented. Actual results could vary from those estimates.

Subsequent Events

Management has evaluated subsequent events through the review report date, the date which the financial statements were available for issue. No events or transactions have occurred during this period that appear to require recognition or disclosure in the financial statements.

2. Cash

Included in cash are amounts which are temporarily restricted as to use. The amount which is restricted as to use is \$141,341.

COMMUNITY FOUNDATION OF WASHINGTON COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS, continued

3. Investments

Investments at December 31, 2017 consist of the following:

Money market funds	\$	20,605
Mutual funds		779,258
Stocks		50,185
Exchange traded products		<u>244,238</u>
Total		<u>\$ 1,094,286</u>

Investment income, net presented on the financial statements includes the following:

	Unrestricted	Temporarily Restricted	Total
Net realized and unrealized gain	\$ 77,541	\$ 20,266	\$ 97,807
Interest and dividends	19,558	1,543	21,101
Less: investment fees	<u>(2,375)</u>	<u>(377)</u>	<u>(2,752)</u>
Net investment income	<u>\$ 94,724</u>	<u>\$ 21,432</u>	<u>\$ 116,156</u>

4. Fair Value Measurements

The table below presents the balances of assets measured at fair value at December 31, 2017:

	Level 1/Total
Investments:	
Mutual Funds:	
Stock	\$ 466,772
Bond	<u>312,486</u>
	779,258
Money market fund	20,605
Equity traded funds	244,238
Stock	<u>50,185</u>
Total	<u>\$ 1,094,286</u>

The fair value of investments has been measured on a recurring basis using quoted prices for identical assets in active markets (Level 1 inputs).

COMMUNITY FOUNDATION OF WASHINGTON COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS, continued

5. Equipment

Equipment consists of the following at December 31, 2017:

Equipment	\$ 1,545
Accumulated depreciation	<u>(1,210)</u>
Net equipment	<u>\$ 335</u>

6. Endowment Funds

The Foundation endowment consists of funds established for a variety of purposes. The endowment includes both donor-restricted endowment funds and funds designated by the Board to function as endowments. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor imposed restrictions.

The Foundation's management and investment of donor restricted endowment funds conforms to the provisions of the Uniform Prudent Management of Institutional Funds Act (UPMIFA). Based on the Foundation's interpretation of the provisions of UPMIFA, the organization is required to act prudently when making decisions to spend or accumulate donor restricted endowment assets and in doing so to consider a number of factors including the duration and preservation of its donor restricted endowment funds. Some of those factors include maintaining overall portfolio risk at a reasonable level, providing for the reasonable diversification of investment, acting with prudence, and being cost conscious when investing.

The endowment funds that are temporarily restricted can make annual distributions up to 4% per annum based on the average balance of all cash and the market value of investment in the fund in the previous year.

Endowment net assets consist of the following:

	Unrestricted	Temporarily Restricted	Total
Board designated	\$ 964,885	-	\$ 964,885
Donor restricted	<u>-</u>	<u>\$ 119,376</u>	<u>119,376</u>
Total	<u>\$ 964,885</u>	<u>\$ 119,376</u>	<u>\$ 1,084,261</u>

COMMUNITY FOUNDATION OF WASHINGTON COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS, continued

Activity in endowment net assets is as follows:

	Unrestricted	Temporarily Restricted	Total
Endowment fund, beginning of year	\$ 690,750	\$ 224,663	\$ 915,413
Contributions	63,850	250	64,100
Income	96,872	21,524	118,396
Transfer from temp. restricted	123,806	-	123,806
Release from restriction	<u>(10,393)</u>	<u>(127,061)</u>	<u>(137,454)</u>
Endowment fund, end of year	\$ <u>964,885</u>	\$ <u>119,376</u>	\$ <u>1,084,261</u>

7. Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes:

Specific programs/funds:

Stein Mart Square/Levee Walking Trail	\$ 42,128
Leland Beautification Fund	2,091
Police and Citizens United Crime Prevention	7,809
Pathways2Possibilities	17,603
Leland Community Plates	669
Washington County Disaster Recovery Fund	42,316
The Academy of Arts, Music and Science Project	8,862
Leadership Washington County Community Project	739
Washington County Emergency Medical Response Team	1,604
Greenville Power Box Art Initiative	6,359
Circle of Samaritans	19,759
Martha Campbell and Lollie Ray Charitable Fund	98,871
Delta Film Institute	902
Public School Academy Competition Fund	750
Mississippi Delta Back the Blue Fund	1,040
Lainoff Family Court	5,313
Girls Write the World	983
River City Revitalization	950
Beth McKnight DCB	746
AARF Leland Animal Shelter	<u>1,245</u>
 Total	 \$ <u>260,739</u>

COMMUNITY FOUNDATION OF WASHINGTON COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS, continued

Project expenses include the following for the year ended December 31, 2017:

<i>Academic enrichment and leadership development</i>	
Pathways2Possibilities	\$ 44,693
 <i>Cultural arts and community beautification</i>	
Greenville Power Box Art Initiative	1,118
Delta Film Institute	7,159
Lainoff Family Court	44,723
 <i>Disaster relief and humanitarian aid</i>	
Washington County Disaster Recovery Fund	177,548
Leland Community Plates	2,583
Roofing for Ruth	4,654
AARF Leland Animal Shelter	225
Disaster Fund- Houston	700
 <i>Law Enforcement Assistance</i>	
Mississippi Delta Back the Blue	699
Police Citizens United	13,300
<i>Workforce development</i>	19,350
<i>Early childhood education</i>	<u>9,735</u>
Total project expenses	\$ <u>326,487</u>

8. Agency Funds

The Foundation has accepted donations which are treated as agency funds. These funds are treated as assets and liabilities in these financial statements.

COMMUNITY FOUNDATION OF WASHINGTON COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS, continued

9. Donated Materials and Services

The following donated value received and related expense have been recorded as administrative expense in these financial statements for the year ended December 31, 2017:

Rent expense	\$ 3,850
Salary expense	38,844
Fringe benefit	8,197
Accounting expense	<u>750</u>
Total	\$ <u>51,641</u>