

**COMMUNITY FOUNDATION OF THE  
CHATTAHOOCHEE VALLEY, INC.  
COLUMBUS, GEORGIA**

**FINANCIAL STATEMENTS AND OTHER  
FINANCIAL INFORMATION  
SEPTEMBER 30, 2018 AND 2017**

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## Independent Auditor's Report

The Board of Directors  
Community Foundation of the Chattahoochee Valley, Inc.  
Columbus, Georgia

We have audited the accompanying financial statements of Community Foundation of the Chattahoochee Valley, Inc. (the "Foundation"), a non-profit organization, which comprise the statements of financial position as of September 30, 2018 and 2017, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Foundation'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 Foundation'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.

The Board of Directors  
Community Foundation of the Chattahoochee Valley, Inc.  
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***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Community Foundation of the Chattahoochee Valley, Inc. as of September 30, 2018 and 2017, 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.

*Robinson, Grimes + Company, P.C.*

Certified Public Accountants

February 14, 2019

COMMUNITY FOUNDATION OF THE CHATTAHOOCHEE VALLEY, INC.  
COLUMBUS, GEORGIA  
STATEMENTS OF FINANCIAL POSITION  
SEPTEMBER 30, 2018 AND 2017

ASSETS

	<b>2018</b>	<b>2017</b>
Cash and cash equivalents	\$ 10,486,699	\$ 8,973,753
Investments	162,163,386	142,370,007
Contributions receivable	49,500	5,722,458
Other assets	4,458	1,817
Split interest agreement	810,109	0
Fixed assets (net of accumulated depreciation)	35,757	23,233
Total assets	<b>\$ 173,549,909</b>	<b>\$ 157,091,268</b>

LIABILITIES AND NET ASSETS

LIABILITIES

Grants and accounts payable	\$ 33,015	\$ 31,315
Organization funds	2,971,641	2,010,303
Total liabilities	<b>3,004,656</b>	2,041,618

NET ASSETS

UNRESTRICTED NET ASSETS

General and administrative funds	3,535,658	3,292,087
Undesignated, unrestricted funds	2,110,186	1,952,675
Donor-advised funds	132,556,485	119,745,622
Donor-designated funds	28,873,026	22,128,724
Area funds	299,903	297,227
Field of interest funds	423,466	144,690
Scholarship funds	1,886,920	1,766,167
Total unrestricted net assets	<b>169,685,644</b>	149,327,192

TEMPORARILY RESTRICTED NET ASSETS

	<b>859,609</b>	5,722,458
Total net assets	<b>170,545,253</b>	155,049,650
Total liabilities and net assets	<b>\$ 173,549,909</b>	<b>\$ 157,091,268</b>

See Notes to Financial Statements.

COMMUNITY FOUNDATION OF THE CHATTAHOOCHEE VALLEY, INC.  
COLUMBUS, GEORGIA  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	<u>UNRESTRICTED</u>	<u>TEMPORARILY</u> <u>RESTRICTED</u>	<u>TOTAL</u>
	<u>NET ASSETS</u>	<u>NET ASSETS</u>	
<b>SUPPORT, REVENUE AND RECLASSIFICATIONS</b>			
Contributions	\$ 18,321,737	\$ 957,768	\$ 19,279,505
Investment income	<u>10,160,310</u>	<u>0</u>	<u>10,160,310</u>
Total support and revenue	28,482,047	957,768	29,439,815
 Net assets released from time restrictions	 <u>5,820,617</u>	 <u>(5,820,617)</u>	 <u>0</u>
 Total support, revenue and reclassifications	 <u>34,302,664</u>	 <u>(4,862,849)</u>	 <u>29,439,815</u>
<b>EXPENSES</b>			
Program services			
Grant expense	12,768,022	0	12,768,022
Other program expenses	117,087	0	117,087
Supporting services			
General and administrative	819,686	0	819,686
Fundraising	234,173	0	234,173
Depreciation	<u>5,244</u>	<u>0</u>	<u>5,244</u>
Total expenses	<u>13,944,212</u>	<u>0</u>	<u>13,944,212</u>
 Change in net assets	 20,358,452	 (4,862,849)	 15,495,603
 Net assets, beginning	 <u>149,327,192</u>	 <u>5,722,458</u>	 <u>155,049,650</u>
 Net assets, ending	 <u>\$ 169,685,644</u>	 <u>\$ 859,609</u>	 <u>\$ 170,545,253</u>

See Notes to Financial Statements.

COMMUNITY FOUNDATION OF THE CHATTAHOOCHEE VALLEY, INC.  
COLUMBUS, GEORGIA  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	<u>UNRESTRICTED</u> <u>NET ASSETS</u>	<u>TEMPORARILY</u> <u>RESTRICTED</u> <u>NET ASSETS</u>	<u>TOTAL</u>
<b>SUPPORT, REVENUE AND RECLASSIFICATIONS</b>			
Contributions	\$ 24,017,722	\$ 254,027	\$ 24,271,749
Investment income	14,212,824	0	14,212,824
Total support and revenue	<u>38,230,546</u>	<u>254,027</u>	<u>38,484,573</u>
 Net assets released from time restrictions	 <u>1,266,465</u>	 <u>(1,266,465)</u>	 <u>0</u>
 Total support, revenue and reclassifications	 <u>39,497,011</u>	 <u>(1,012,438)</u>	 <u>38,484,573</u>
<b>EXPENSES</b>			
Program services			
Grant expense	10,829,953	0	10,829,953
Other program expenses	109,492	0	109,492
Supporting services			
General and administrative	776,545	0	776,545
Fundraising	218,984	0	218,984
Depreciation	17,140	0	17,140
Total expenses	<u>11,952,114</u>	<u>0</u>	<u>11,952,114</u>
 Change in net assets	 27,544,897	 (1,012,438)	 26,532,459
 Net assets, beginning	 <u>121,782,295</u>	 <u>6,734,896</u>	 <u>128,517,191</u>
 Net assets, ending	 <u>\$ 149,327,192</u>	 <u>\$ 5,722,458</u>	 <u>\$ 155,049,650</u>

See Notes to Financial Statements.

COMMUNITY FOUNDATION OF THE CHATTAHOOCHEE VALLEY, INC.  
COLUMBUS, GEORGIA  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED SEPTEMBER 30, 2018 AND 2017

	<b>2018</b>	<b>2017</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	<b>\$ 15,495,603</b>	\$ 26,532,459
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	5,244	17,140
Unrealized gain on investments	(4,477,602)	(8,564,615)
Realized gain on sale of investments	(3,544,968)	(3,875,334)
Changes in:		
Contributions receivable - net of discount	5,672,958	1,012,438
Other assets	(2,641)	0
Split interest agreement	(810,109)	0
Grants and accounts payable	1,700	15,673
Total adjustments	<b>(3,155,418)</b>	<b>(11,394,698)</b>
Net cash provided by operating activities	<b>12,340,185</b>	15,137,761
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of fixed assets	(17,768)	(7,251)
Purchase of investments	(30,922,777)	(47,476,117)
Proceeds from sale of investments	19,858,092	33,816,836
Organization funds - net	961,338	252,367
Money market funds - net	(706,124)	(1,029,745)
Net cash used in investing activities	<b>(10,827,239)</b>	(14,443,910)
Net increase in cash and cash equivalents	<b>1,512,946</b>	693,851
Cash and cash equivalents, beginning	<b>8,973,753</b>	8,279,902
Cash and cash equivalents, ending	<b>\$ 10,486,699</b>	<b>\$ 8,973,753</b>

See Notes to Financial Statements.



COMMUNITY FOUNDATION OF THE CHATTAHOOCHEE VALLEY, INC.  
COLUMBUS, GEORGIA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED SEPTEMBER 30, 2018 AND 2017

NOTE 1: Nature of Operations

Community Foundation of the Chattahoochee Valley, Inc. (the "Foundation") is a nonprofit organization incorporated under the laws of the State of Georgia which operates in the Chattahoochee Valley area located in Central West Georgia and East Alabama. The Foundation is responsible for charitable funds and their generated income as contributed by numerous donors. The Foundation is committed to servicing the general charitable needs of the area through charitable grants, at the discretion of the Board of Directors and with the advice of donors.

NOTE 2: Summary of Significant Accounting Policies

Basis of Accounting - The Foundation's financial statements have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Contributions receivable - Contributions receivable consist of unconditional promises to give from various donors. The Foundation uses the allowance method to account for uncollectible accounts receivable based on experience and current evaluation of accounts for financial reporting. Balances that are still outstanding after reasonable collection efforts have been made are written off through a charge to the allowance and a credit to the receivable.

Investments - Investments are stated at fair value.

Net appreciation or depreciation of the fair value of investments consists of the unrealized appreciation or depreciation of investments held during the year, as well as the realized gain or loss on sale of investments which represents the difference between net sales proceeds and cost or previous fair value of the investments sold. Investment management fees and service charges are netted against investment income for financial reporting purposes. The net realized and unrealized gains and losses on investments are reflected in the statements of activities.

The Foundation maintains master investment accounts for its various funds. Realized and unrealized gains and losses from securities in the master investment accounts are allocated monthly to the individual funds based on the relationship of the market value of each fund to the total market value of the master investment accounts, as adjusted for additions to or deductions from those accounts.

COMMUNITY FOUNDATION OF THE CHATTAHOOCHEE VALLEY, INC.  
COLUMBUS, GEORGIA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED SEPTEMBER 30, 2018 AND 2017

NOTE 2: Summary of Significant Accounting Policies (continued)

Fair Value Measurements - Accounting principles generally accepted in the United States of America (“GAAP”) establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1      Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access.

Level 2      Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3      Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset’s or liability’s fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used maximize the use of observable inputs and minimize the use of unobservable inputs. See Note 4 relating to assets for which fair value measurements apply.

The Foundation adopted *Fair Value Measurements and Disclosures* Topic of the FASB ASC (“FASB ASC 820”), which defines fair value, establishes a framework for measuring fair value under generally accepted accounting principles and expands disclosure about fair value measurements.

COMMUNITY FOUNDATION OF THE CHATTAHOOCHEE VALLEY, INC.  
COLUMBUS, GEORGIA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED SEPTEMBER 30, 2018 AND 2017

NOTE 2: Summary of Significant Accounting Policies (continued)

Following is a description of the valuation methodologies used for assets measured at fair value.

*Bonds, stocks, marketable equity securities, money market funds:* Valued at the closing priced reported on the active market on which the individual securities are traded.

*Alternative investments:* Investments without readily determinable fair values, such as alternative investments, consist of funds of funds, investments in private equity funds, direct investments in real estate, and direct investments in nonpublic entities. These investments are reflected at estimated fair value using net asset value per share. Since alternative investments may not be immediately marketable given the nature of the underlying strategies and the terms of the governing agreements, the estimated fair value is subject to uncertainty and, therefore, may differ from the value that may be received if a ready market for these investments had been in existence, and the difference could be material.

The Foundation's alternative investments are recorded at net asset value after consideration of certain pertinent factors, including, but not limited to, liquidity features of the holdings, the underlying portfolio of holdings, the current market conditions for observable, corroborated, or correlated transactions, comparable or similar investments' fair values, third-party valuation and the audit opinions from the independent auditors of the funds.

Split Interest Agreement - Split interest agreement consists of the Foundation's share, as a remainder beneficiary, of a charitable trust receivable recorded at estimated fair value. The Foundation's interests have been estimated using U.S. Treasury Department AFR mid-term interest rate on an annual basis to discount the Foundation's share of remaining assets to present value. This valuation method is classified as a level 2 input within the fair value hierarchy as described above.

Fixed Assets and Depreciation - Assets are recorded at cost, if purchased, or estimated fair value, if donated, on the date contributed and depreciated on the straight-line method over the assets' estimated useful lives as follows:

Furniture and computer equipment	5 - 10 years
Leasehold improvements	15 years

Maintenance, repairs and minor renewals are charged against income when incurred. Additions and renewals are capitalized.

COMMUNITY FOUNDATION OF THE CHATTAHOOCHEE VALLEY, INC.  
COLUMBUS, GEORGIA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED SEPTEMBER 30, 2018 AND 2017

NOTE 2: Summary of Significant Accounting Policies (continued)

The Foundation's policy is to capitalize fixed assets purchased or donated with a cost or fair value in excess of \$500.

Contributions - Contributions and net assets are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Allocation of Expenses - The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. These allocated costs are listed as either other program expenses, general and administrative, or fundraising on the statement of activities.

Grant Expense - The Foundation maintains variance power over distributions from donor advised and other funds. Grants are reported as expense upon recommendation by advisors, if applicable, and approval by the Foundation.

Advertising - Marketing and other advertising costs are expensed as incurred. These expenses totaled \$39,272 and \$53,148 for the years ended September 30, 2018 and 2017, respectively.

Income Taxes - The Foundation is exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code and, therefore, has made no provision for federal or state income taxes in the accompanying financial statements. In addition, the Foundation has been classified, by the Internal Revenue Service, as an organization that is not a "private foundation" within the meaning of section 509(a)(2) of the Internal Revenue Code.

GAAP requires recognition of a liability for the benefit resulting from any uncertain tax positions taken by the Foundation. The tax returns of the Foundation are subject to examination by the Internal Revenue Service ("IRS") and state taxing authorities. There are currently no audits for any tax periods in progress. Based on evaluation of the Foundation's tax positions, management believes all positions would be upheld under an examination. Therefore, no provision for the effect of uncertain tax positions has been recorded for the year ended September 30, 2018.

COMMUNITY FOUNDATION OF THE CHATTAHOOCHEE VALLEY, INC.  
COLUMBUS, GEORGIA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED SEPTEMBER 30, 2018 AND 2017

NOTE 2: Summary of Significant Accounting Policies (continued)

Statements of Cash Flows - The Foundation considers cash equivalents to include all highly liquid instruments with an initial maturity of three months or less, and which are not held by investment managers as a part of an investment portfolio or restricted for long-term purposes.

Use of Estimates - The preparation of financial statements requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Material estimates that are particularly susceptible to significant change relate to the investments in marketable equity securities and alternative investments. Accordingly, it is at least reasonably possible that these investments may change materially in the near term.

Reclassifications - Certain items in the 2017 financial statements have been reclassified in order to be in conformity with the 2018 statement presentation.

Subsequent Events - The Foundation has evaluated all transactions that might qualify for subsequent event disclosure through February 14, 2019, which is the date of the financial statements were available to be issued. There were no transactions discovered that were required to be disclosed under the aforementioned professional guidance.

NOTE 3: Contributions Receivable

Contributions receivable at September 30, 2018 and 2017 consist of one three year pledge and the 2010 donation described in Note 9, respectively, and are summarized as follows:

	<u>2018</u>	<u>2017</u>
Less than one year	\$ 25,000	\$ 1,252,347
One to five years	<u>25,000</u>	<u>5,105,833</u>
Total contributions receivable	<b>50,000</b>	6,358,180
Less: discount on contributions receivable	0	(630,722)
Less: allowance for uncollectible contributions	<u>(500)</u>	<u>(5,000)</u>
Contributions receivable - net	<u><b>\$ 49,500</b></u>	<u><b>\$ 5,722,458</b></u>

COMMUNITY FOUNDATION OF THE CHATTAHOOCHEE VALLEY, INC.  
COLUMBUS, GEORGIA  
NOTES TO FINANCIAL STATEMENTS  
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NOTE 3: Contributions Receivable (continued)

Unconditional promises to give (pledges) that are expected to be collected within one year are recorded at net realizable value. Contributions expected to be realized in more than one year have been discounted to net present value at an applicable interest rate. This valuation method is classified as a level 2 input within the fair value hierarchy as described in Note 2, Fair Value Measurements.

NOTE 4: Investments

The following summarizes investments, and the related unrealized gain in total for the years ended September 30, 2018 and 2017:

	<b>2018</b>		
	<b>COST</b>	<b>FAIR VALUE</b>	<b>UNREALIZED GAIN (LOSS)</b>
Money market funds	\$ 3,585,162	\$ 3,585,162	\$ 0
Stocks	2,636,973	3,043,681	406,708
Bonds	12,203,459	11,838,875	(364,584)
Equity and fixed income mutual funds	77,959,163	94,692,999	16,733,836
Alternative investments	37,277,664	49,002,669	11,725,005
Total investments	\$ 133,662,421	\$ 162,163,386	\$ 28,500,965
	<b>2017</b>		
	<b>COST</b>	<b>FAIR VALUE</b>	<b>UNREALIZED GAIN</b>
Money market funds	\$ 2,867,738	\$ 2,867,738	\$ 0
Stocks	2,207,198	2,557,279	350,081
Bonds	13,991,073	14,059,443	68,370
Equity and fixed income mutual funds	65,263,236	76,792,030	11,528,794
Alternative investments	34,052,221	46,093,517	12,041,296
Total investments	\$ 118,381,466	\$ 142,370,007	\$ 23,988,541

COMMUNITY FOUNDATION OF THE CHATTAHOOCHEE VALLEY, INC.  
COLUMBUS, GEORGIA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED SEPTEMBER 30, 2018 AND 2017

NOTE 4: Investments (continued)

The following summarizes investment income for the years ended September 30, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Investment earnings	\$ 2,137,740	\$ 1,772,875
Net realized gain on sales of investments	3,544,968	3,875,334
Net unrealized gain on investments	<u>4,477,602</u>	<u>8,564,615</u>
 Total investment income	 <u>\$ 10,160,310</u>	 <u>\$ 14,212,824</u>

The Foundation's investments are valued at the closing market price on the active market on which the individual securities are traded for Level 1 investments, or the net asset value ("NAV") of other investments held by the Foundation.

The fair market value of each asset in the table below was measured using FASB ASC 820 input guidance and valuation techniques. The following table sets forth carrying amounts and estimated fair values of assets measured and recorded at fair value on a recurring basis as of September 30, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
<u>Investments</u>		
Level 1		
Money market funds	\$ 3,585,162	\$ 2,867,738
Stocks	3,043,681	2,557,279
Bonds	11,838,875	14,059,443
Equity and fixed income mutual funds	94,692,999	76,792,030
Alternative investments*	<u>49,002,669</u>	<u>46,093,517</u>
 Total investments at fair value	 <u>\$ 162,163,386</u>	 <u>\$ 142,370,007</u>

\* In accordance with FASB ASC 820, certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statements of financial position.

COMMUNITY FOUNDATION OF THE CHATTAHOOCHEE VALLEY, INC.  
COLUMBUS, GEORGIA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED SEPTEMBER 30, 2018 AND 2017

NOTE 4: Investments (continued)

In accordance with this standard, the following information is provided for investments that are measured at fair value using net asset value per share as a practical expedient as of September 30, 2018 and 2017. This is provided to enable users of financial statements to understand the nature and risk of the Foundation's investments by major category and whether the investments are probable of being sold at amounts different from net asset value per share or ownership interest in partners' capital.

	<b>2018</b>	2017	Unfunded	Redemption Frequency and Notice Period (if currently eligible)
	<u>Fair Value</u>	<u>Fair Value</u>	<u>Commitments</u>	
Absolute return funds (a)	\$ 4,211,378	\$ 3,970,500	\$ 0	Quarterly/monthly 30 - 90 days
Distressed funds (b)	1,737,292	1,266,337	1,572,769	Not eligible
Energy funds (c)	3,643,266	3,289,000	2,663,790	Monthly/not eligible 30 days
Equity long/short hedge funds (d)	5,702,112	5,307,071	0	Quarterly 45 days
Flexible capital (e)	415,674	4,096,342	0	Not eligible
Global bond funds (f)	2,400,139	2,459,237	0	Semi-monthly 5 days
Global equity funds (g)	10,678,360	8,777,100	0	Daily/monthly 1 - 10 days
Multi-strategy funds (h)	7,150,592	6,470,075	0	Quarterly/annually/ semi-annually/not eligible 60 - 90 days
Real estate funds (i)	7,749,893	6,996,252	3,021,071	Monthly/not eligible 15 days
Private equity funds (j)	5,313,963	3,461,604	7,896,134	Not eligible
Total alternatives	<u>\$ 49,002,669</u>	<u>\$46,093,518</u>	<u>\$ 15,153,764</u>	



COMMUNITY FOUNDATION OF THE CHATTAHOOCHEE VALLEY, INC.  
COLUMBUS, GEORGIA  
NOTES TO FINANCIAL STATEMENTS  
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NOTE 4: Investments (continued)

- a. This class includes investments in nonperforming and underperforming corporate, consumer, and real estate loans, structured products, high yield debt, and certain equity securities and derivatives primarily in the United States (“US”) and Europe. The fair values of the investments in this class have been estimated using the net asset value per share of the investment. For one investment, valued at \$2,599,760, a lockup has been imposed by the fund manager and no redemptions are currently permitted. The remaining restriction period for this investment is one year. For one investment, valued at \$1,611,618, a gate has been imposed by the fund manager and no redemptions are permitted until the investor reaches the 25% investor level.
- b. This class includes investments in distressed opportunities that are priced at attractive levels due to their illiquidity and complex nature. Areas of focus for the funds are corporate-related investments, commercial real estate loans, asset-backed and securitized products, and longer-dated liquidations. The fair values of the investments in this class have been estimated using the net asset value per share of the investment. These investments can never be redeemed with the fund. Distributions from each fund will be received as the underlying investments of the funds are liquidated. It is estimated that the underlying assets of the fund will be liquidated over the next 1 to 6 years.
- c. This class includes investments in midstream and oil and gas field services assets which are related to or located near its upstream investments. Areas of focus for the funds are leasing, development, acquisition, and redevelopment activities in the upstream/production space with multi-cycle experience investing in all sub-sectors of the domestic oil and gas industry, including midstream, services, and power. The fair values of the investments in this class have been estimated using the net asset value per share of the investment. Four of these investments can never be redeemed with the fund. Distributions from the four funds will be received as the underlying investments of the funds are liquidated. For two of the investments, valued at \$1,307,405, it is estimated that the underlying assets of the funds will be liquidated over the next 5 to 10 years. The liquidation timeframe is unknown for two of the investments valued at \$948,041.
- d. This class includes investments in 10 direct long/short equity hedge funds. The fair values of the investments in this class have been estimated using the net asset value per share of the investment.

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NOTES TO FINANCIAL STATEMENTS  
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NOTE 4: Investments (continued)

- e. This class includes investments in long and short exposure to equity and credit markets. The fair values of the investments in this class have been estimated using the net asset value per share of the investment. Distributions from each fund are being received as the underlying investments of the funds are liquidated. The fund is expected to be fully liquidated in the next year.
- f. This class includes investments in a globally diversified portfolio of debt or debt-like securities with an emphasis on the preservation and enhancement of principal. The fair values of the investments in this class have been estimated using the net asset value per share of the investment.
- g. This class includes investments in a diversified portfolio of shares (or other similar instruments including convertible bonds, bearer securities and depository receipts) issued by companies located in emerging market countries or that conduct substantial business in emerging markets. The fair values of the investments in this class have been estimated using the net asset value per share of the investment.
- h. This class invests in funds that pursue multiple strategies to diversify and reduce volatility and preserve capital. This class consists of two absolute return multi-strategy funds, one multi-strategy credit oriented fund, and two funds of funds. The fair values of the investments in this class have been estimated using the net asset value per share of the investment. One investment, valued at \$111,025, is in a performing fund being fully liquidated with periodic redemptions. For one investment, valued at \$2,513,905, a lockup has been imposed by the fund manager and no redemptions are currently permitted. The remaining restriction period for this investment is one year. For one investment, valued at \$1,637,370, the investment manager imposes a 25% per quarter limit on redemptions.
- i. This class includes investments in real estate securities, domestic debt related distressed real estate, international real estate, and opportunistic and value-add investments across sectors, US markets and themes in the lower middle market. The fair values of the investments in this class have been estimated using the net asset value per share of the investment. These investments can never be redeemed with the fund. Distributions from each fund will be received as the underlying investments of the funds are liquidated. For two investments, valued at \$476,784, it is estimated that the underlying assets of the fund will be liquidated over the next 3 to 10 years. The liquidation period is unknown for the remaining investments.

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NOTE 4: Investments (continued)

- j. This class includes 13 private equity primary and secondary funds, formed as domestic or offshore limited partnerships. These direct and funds of funds pursue a broad range of strategies across the spectrum of the private equity market including venture capital, buyouts, mezzanine financing, distressed, turnaround investments, growth equity, and late-stage equity. The fair values of the investments in this class have been estimated using the net asset value per share of the investment. These investments can never be redeemed with the fund. Distributions from each fund will be received as the underlying investments of the funds are liquidated. It is estimated that the underlying assets of the fund will be liquidated over the next 1 to 24 years.

NOTE 5: Fixed Assets and Accumulated Depreciation

Fixed assets and accumulated depreciation at September 30, 2018 and 2017 are summarized as follows:

	<b>2018</b>	<b>2017</b>
Furniture and computer equipment	\$ 132,096	\$ 122,458
Leasehold improvements	<b>163,252</b>	162,700
Total fixed assets	<b>295,348</b>	285,158
Less: accumulated depreciation	<b>(259,591)</b>	(261,925)
Fixed assets - net	<b>\$ 35,757</b>	\$ 23,233

NOTE 6: Organization Funds

Organization funds are those established by a beneficiary (generally a not-for-profit organization) for its own benefit. The Foundation holds and manages these funds in an agency capacity. The related contributions and investment earnings are shown as an addition to the liability and the related grant distributions are shown as a reduction of the liability. These funds are not considered a part of the Foundation's net assets.

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NOTE 7: Net Assets

Net assets consist of the following:

*Unrestricted Net Assets*

Unrestricted Net Assets include the following types of fund designations as of September 30, 2018 and 2017:

General and administrative funds – Consist of contributions not directed to a separate, named fund. Earnings from these funds are used to support the Foundation’s operations.

Undesignated, unrestricted funds – Consist of other contributions not directed to a separate, named fund, although specified by the donor to be used for grants at the Board’s discretion. Earnings from these funds are used for this purpose.

Donor Funds

Donor-advised funds – Consist of separate, named funds, which allow donors to remain active advisors of grants from the fund, through recommendation to the Foundation.

Donor-designated funds – Provide support to donor-selected charitable organizations in perpetuity. If the specific charity ceases to exist or changes its mission, the Foundation will make grants to non-profits with similar missions.

Area funds – Benefit a particular neighborhood, region, county, or municipality. Donors may select an advisory committee for the fund to make recommendations for specific grants from the fund.

Field of interest funds – Allow donors to address specific areas of interest or community needs without specifying particular recipient organizations.

Scholarship funds – Benefit institutions and organizations selected by the donor or by the Foundation to provide scholarship assistance to qualified students.

Although grant recommendations are accepted from the 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.

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NOTE 7: Net Assets (continued)

*Temporarily Restricted Net Assets*

Pledges receivable designated for collection in future periods represent the temporarily restricted net assets as of September 30, 2018 and 2017.

NOTE 8: Endowments

The Foundation's net assets contain several endowment funds established for a variety of purposes. These endowments consist principally of funds designated by the Board of Directors to function as endowments as well as one donor-restricted endowment fund (collectively, the "Funds"). The Foundation's endowments are under the direct oversight of the Finance and Investment Committee (the "Committee"), whose members have been selected for their extensive background and expertise in endowment stewardship. The Committee is responsible for establishing asset allocation parameters, recommending investment managers and monitoring their performance. The Foundation's total investment portfolio is also governed by a set of adopted investment policies and guidelines, which are periodically reviewed by the Committee.

Funds with Deficiencies - From time to time, the fair value of assets associated with individual endowment funds may fall below the level that the donor or the Uniform Prudent Management of Investment Funds Act ("UPMIFA") requires the Foundation to retain as a fund of perpetual duration. Deficiencies of this nature are absorbed by those endowment funds.

Return Objectives and Risk Parameters - The Foundation has adopted an investment policy for the endowment assets where the general investment objective is for a disciplined long-term strategy that will accommodate relevant, reasonable, or probable events. Careful management of the assets is designed to ensure a total return necessary to preserve and enhance the principal of the Funds and at the same time, provides a dependable source of support for current operations and programs.

Strategies Employed for Achieving Objectives - To satisfy its long-term rate of return objectives, the Foundation relies on returns achieved through capital appreciation (realized and unrealized gains). The Foundation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

The various investment managers shall have the authority to determine the mix of assets in the Funds within an established range by the Committee. The following guidelines are set forth as an indication of an acceptable asset mix: Equities 30-50%; Private Equities 0-9%;

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NOTE 8: Endowments (continued)

Flexible Capital 20-30%; Real Assets 8-16%; Domestic Fixed Income 7-11%; Global Fixed Income 3-8%; and Liquid Capital 0-5%.

Spending Policy - The amount of return available for current spending during a fiscal year is expected to be 4.5% of the average balance of the Funds over the past twelve quarters, or such shorter time as may be available.

Endowment net assets consist of the following at September 30, 2018:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Donor-designated	\$ 466,406	\$ 0	\$ 466,406
Board-designated	<u>155,854,687</u>	<u>859,609</u>	<u>156,714,296</u>
Total endowment net assets	<u>\$ 156,321,093</u>	<u>\$ 859,609</u>	<u>\$ 157,180,702</u>

Endowment net assets consist of the following at September 30, 2017:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Donor-designated	\$ 435,238	\$ 0	\$ 435,238
Board-designated	<u>137,614,567</u>	<u>5,722,458</u>	<u>143,337,025</u>
Total endowment net assets	<u>\$ 138,049,805</u>	<u>\$ 5,722,458</u>	<u>\$ 143,772,263</u>

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NOTE 8: Endowments (continued)

Changes in endowment net assets for the year ended September 30, 2018 are as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Endowment net assets 10/1/17	\$ 138,049,805	\$ 5,722,458	\$ 143,772,263
Net asset reclassification	5,820,617	(5,820,617)	0
Investment income	1,969,419	0	1,969,419
Gain	7,864,048	0	7,864,048
Contributions	8,177,651	957,768	9,135,419
Endowment expenses	(4,519,949)	0	(4,519,949)
Other expenses	<u>(1,040,498)</u>	<u>0</u>	<u>(1,040,498)</u>
Endowment net assets 9/30/18	<u>\$ 156,321,093</u>	<u>\$ 859,609</u>	<u>\$ 157,180,702</u>

Changes in endowment net assets for the year ended September 30, 2017 are as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Endowment net assets 10/1/16	\$ 111,391,570	\$ 6,734,896	\$ 118,126,466
Net asset reclassification	1,266,465	(1,266,465)	0
Investment income	1,643,927	0	1,643,927
Gain	12,287,159	0	12,287,159
Contributions	15,394,167	254,027	15,648,194
Endowment expenses	(2,977,124)	0	(2,977,124)
Other expenses	<u>(956,359)</u>	<u>0</u>	<u>(956,359)</u>
Endowment net assets 9/30/17	<u>\$ 138,049,805</u>	<u>\$ 5,722,458</u>	<u>\$ 143,772,263</u>

COMMUNITY FOUNDATION OF THE CHATTAHOOCHEE VALLEY, INC.  
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NOTE 9: Contributions

Contributions for the years ended September 30, 2018 and 2017 are summarized as follows:

	<u>2018</u>	<u>2017</u>
New pledges	\$ 19,206,846	\$ 24,017,722
Amortization of present value discount	<u>72,659</u>	<u>254,027</u>
Net contributions	<u>\$ 19,279,505</u>	<u>\$ 24,271,749</u>

The Foundation received a temporarily restricted contribution of \$15,833,805 from one donor during the year ended September 30, 2010 to be added to an existing donor-advised fund. The contribution was originally pledged to be paid in quarterly installments of \$312,500 over a period of ten years with a balloon payment of \$3,333,805 due in the tenth year and was discounted to a net present value of \$12,500,00 (see Note 3). The current change in the discount is recognized as contribution income annually as noted in the table above. In October 2016, the donor revised the payment schedule, extending the quarterly payments for three years (through December 2022) and eliminating the balloon payment. During 2018, the donor paid off the outstanding pledge. The applicable net asset balance was released to unrestricted net assets.

NOTE 10: Operating Leases

During the year ended September 30, 2007, the Foundation entered into a ten-year non-cancelable operating lease for office space. The lease provided for monthly rent of \$3,346 for the first five years, increasing to \$3,724 for the remainder of the lease. The building lease expired during the year-ended September 30, 2017, and the Foundation is continuing to lease on a month-to-month basis. Rental expense for this and other operating leases totaled \$48,507 and \$48,519 for the years ended September 30, 2018 and 2017, respectively.

NOTE 11: Supplemental Cash Flow Information

The Foundation received current year contributions and payments on prior pledges in the form of stock during the years ending September 30, 2018 and 2017, totaling \$16,126,500 and \$20,117,973, respectively.



COMMUNITY FOUNDATION OF THE CHATTAHOOCHEE VALLEY, INC.  
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NOTES TO FINANCIAL STATEMENTS  
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NOTE 12: Concentrations

Concentrations of Contributions

The Foundation received contributions from its top five donors totaling \$15,086,000 representing 78% of the total contributions for the year ended September 30, 2018.

The Foundation received contributions from its top five donors totaling \$16,474,000 representing 68% of the total contributions for the year ended September 30, 2017.

Concentrations of Credit Risk

Substantially all of the Foundation's cash is maintained in one financial institution. The Foundation has exposure to credit risk to the extent that its total cash exceeds amounts covered by federal deposit insurance. At September 30, 2018 the uninsured amount was approximately \$6,800,000.

Concentrations of Market Risk

The Foundation has investments measured at net asset value, which comprise 28% and 29% of total assets as of September 30, 2018 and 2017, respectively. These investments contain underlying funds which may include limited partnerships, limited liability companies, or non-US corporations. These investments may entail liquidity risks to the extent that they are difficult to sell or convert to cash quickly at favorable prices.

The investment risk of these investments without readily determinable values with respect to each underlying investment will be limited to the capital committed to it by the Foundation.

NOTE 13: Employee Benefit Plan

Eligible employees participate in the Foundation's Simplified Employee Pension (SEP) and medical reimbursement plan. The Foundation contributed 5% of the employees' salaries to the SEP and reimbursed each employee up to \$6,000 per year for approved health expenses, resulting in \$64,050 and \$53,565 of expense under these plans for the years ended September 30, 2018 and 2017, respectively.

Independent Auditor's Report on Other Financial Information

The Board of Directors  
Community Foundation of the Chattahoochee Valley, Inc.  
Columbus, Georgia

We have audited the financial statements of Community Foundation of the Chattahoochee Valley, Inc. as of and for the years ended September 30, 2018 and 2017 and have issued our report thereon dated February 14, 2019 (page 2), which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. We have also audited the financial statements of Community Foundation of the Chattahoochee Valley, Inc. as of and for the years ended September 30, 2016 – 2014, which contained unmodified opinions (not presented herein).

The accompanying schedule (page 25) is presented for the 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.

*Robinson, Grimes & Company, P.C.*

Certified Public Accountants

February 14, 2019

COMMUNITY FOUNDATION OF THE CHATTAHOOCHEE VALLEY, INC.  
COLUMBUS, GEORGIA  
SUMMARY OF NET ASSETS BY FUND TYPE

	Beginning Balance	Contributions	Investment Income (Loss)	Assets Transferred/ Reclassified *	Grant Expense	Other Expenses	Ending Balance	Percentage Increase
<b>UNRESTRICTED NET ASSETS</b>								
General and administrative funds	\$ 3,292,087	\$ 140,066	\$ 288,201	\$ 0	\$ (140,866)	\$ (43,830)	\$ 3,535,658	
Undesignated, unrestricted funds	1,952,675	126,096	139,267	0	(87,001)	(20,851)	2,110,186	
Donor-advised funds	119,745,622	15,637,569	7,803,485	0	(9,713,089)	(917,102)	132,556,485	
Donor-designated funds	22,128,724	1,931,252	1,774,308	5,795,617	(2,591,495)	(165,380)	28,873,026	
Area funds	297,227	12,000	21,209	0	(30,000)	(533)	299,903	
Field of interest funds	144,690	423,067	(126)	25,000	(162,097)	(7,068)	423,466	
Scholarship funds	1,766,167	51,687	133,966	0	(43,474)	(21,426)	1,886,920	
Total unrestricted net assets	<u>149,327,192</u>	<u>18,321,737</u>	<u>10,160,310</u>	<u>5,820,617</u>	<u>(12,768,022)</u>	<u>(1,176,190)</u>	<u>169,685,644</u>	
TEMPORARILY RESTRICTED NET ASSETS	<u>5,722,458</u>	<u>957,768</u>	<u>0</u>	<u>(5,820,617)</u>	<u>0</u>	<u>0</u>	<u>859,609</u>	
Total net assets	155,049,650	19,279,505	10,160,310	0	(12,768,022)	(1,176,190)	170,545,253	
GRANTS AND ACCOUNTS PAYABLE	31,315	0	0	0	0	1,700	33,015	
ORGANIZATION FUNDS	<u>2,010,303</u>	<u>882,616</u>	<u>183,139</u>	<u>0</u>	<u>(75,710)</u>	<u>(28,707)</u>	<u>2,971,641</u>	
Totals - all assets September 30, 2018	<u>\$ 157,091,268</u>	<u>\$ 20,162,121</u>	<u>\$ 10,343,449</u>	<u>\$ 0</u>	<u>\$ (12,843,732)</u>	<u>\$ (1,203,197)</u>	<u>\$ 173,549,909</u>	<u>10.48%</u>
Totals - all assets September 30, 2017	<u>\$ 130,290,769</u>	<u>\$ 24,412,206</u>	<u>\$ 14,416,817</u>	<u>\$ 0</u>	<u>\$ (10,901,626)</u>	<u>\$ (1,126,898)</u>	<u>\$ 157,091,268</u>	<u>20.57%</u>
Totals - all assets September 30, 2016	<u>\$ 105,877,665</u>	<u>\$ 28,883,095</u>	<u>\$ 8,115,579</u>	<u>\$ 0</u>	<u>\$ (11,656,544)</u>	<u>\$ (929,026)</u>	<u>\$ 130,290,769</u>	<u>23.06%</u>
Totals - all assets September 30, 2015	<u>\$ 106,382,252</u>	<u>\$ 16,744,244</u>	<u>\$ (5,338,942)</u>	<u>\$ 0</u>	<u>\$ (11,074,275)</u>	<u>\$ (835,614)</u>	<u>\$ 105,877,665</u>	<u>-0.47%</u>
Totals - all assets September 30, 2014	<u>\$ 99,720,097</u>	<u>\$ 10,202,581</u>	<u>\$ 5,938,759</u>	<u>\$ 0</u>	<u>\$ (8,655,939)</u>	<u>\$ (823,246)</u>	<u>\$ 106,382,252</u>	<u>6.68%</u>
Five-year totals - all assets	<u>\$ 99,720,097</u>	<u>\$ 100,404,247</u>	<u>\$ 33,475,662</u>	<u>\$ 0</u>	<u>\$ (55,132,116)</u>	<u>\$ (4,917,981)</u>	<u>\$ 173,549,909</u>	

\* Reflected on the Statement of Activities as Net Assets Released from Time Restrictions.

Five year average increase 12.06%  
Five year cumulative increase 74.04%