

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

**FINANCIAL STATEMENTS AND OTHER
FINANCIAL INFORMATION
SEPTEMBER 30, 2017 AND 2016**

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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, 2017 and 2016, 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, 2017 and 2016, 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 13, 2018

COMMUNITY FOUNDATION OF THE CHATTAHOOCHEE VALLEY, INC.
COLUMBUS, GEORGIA
STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2017 AND 2016

	<u>ASSETS</u>	
	<u>2017</u>	<u>2016</u>
Cash and cash equivalents	\$ 8,973,753	\$ 8,279,902
Investments	142,370,007	115,242,611
Contributions receivable	5,722,458	6,734,896
Other assets	1,817	239
Fixed assets (net of accumulated depreciation)	<u>23,233</u>	<u>33,121</u>
Total assets	<u>\$ 157,091,268</u>	<u>\$ 130,290,769</u>

LIABILITIES AND NET ASSETS

<u>LIABILITIES</u>		
Grants and accounts payable	\$ 31,315	\$ 15,642
Organization funds	<u>2,010,303</u>	<u>1,757,936</u>
Total liabilities	<u>2,041,618</u>	<u>1,773,578</u>

NET ASSETS

<u>UNRESTRICTED NET ASSETS</u>		
General and administrative funds	3,292,087	2,968,194
Undesignated, unrestricted funds	1,952,675	1,869,145
Donor-advised funds	119,745,622	95,385,750
Donor-designated funds	22,128,724	19,553,604
Area funds	297,227	282,343
Field of interest funds	144,690	120,757
Scholarship funds	<u>1,766,167</u>	<u>1,602,502</u>
Total unrestricted net assets	149,327,192	121,782,295
 <u>TEMPORARILY RESTRICTED NET ASSETS</u>	 <u>5,722,458</u>	 <u>6,734,896</u>
Total net assets	<u>155,049,650</u>	<u>128,517,191</u>
Total liabilities and net assets	<u>\$ 157,091,268</u>	<u>\$ 130,290,769</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

	UNRESTRICTED NET ASSETS	TEMPORARILY RESTRICTED NET ASSETS	TOTAL
SUPPORT, REVENUE AND RECLASSIFICATIONS			
Contributions	\$ 24,017,722	\$ 254,027	\$ 24,271,749
Investment income	14,212,824	0	14,212,824
Total support and revenue	38,230,546	254,027	38,484,573
Net assets released from time restrictions	1,266,465	(1,266,465)	0
Total support, revenue and reclassifications	39,497,011	(1,012,438)	38,484,573
EXPENSES			
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	11,952,114	0	11,952,114
Change in net assets	27,544,897	(1,012,438)	26,532,459
Net assets, beginning	121,782,295	6,734,896	128,517,191
Net assets, ending	\$ 149,327,192	\$ 5,722,458	\$ 155,049,650

See Notes to Financial Statements.

COMMUNITY FOUNDATION OF THE CHATTAHOOCHEE VALLEY, INC.
COLUMBUS, GEORGIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	UNRESTRICTED NET ASSETS	TEMPORARILY RESTRICTED NET ASSETS	TOTAL
SUPPORT, REVENUE AND RECLASSIFICATIONS			
Contributions	\$ 28,550,523	\$ 292,890	\$ 28,843,413
Investment income	<u>7,979,279</u>	<u>0</u>	<u>7,979,279</u>
Total support and revenue	36,529,802	292,890	36,822,692
 Net assets released from time restrictions	 <u>1,245,678</u>	 <u>(1,245,678)</u>	 <u>0</u>
 Total support, revenue and reclassifications	 <u>37,775,480</u>	 <u>(952,788)</u>	 <u>36,822,692</u>
EXPENSES			
Program services			
Grant expense	11,584,301	0	11,584,301
Other program expenses	89,761	0	89,761
Supporting services			
General and administrative	628,327	0	628,327
Fundraising	179,522	0	179,522
Depreciation	<u>17,771</u>	<u>0</u>	<u>17,771</u>
Total expenses	<u>12,499,682</u>	<u>0</u>	<u>12,499,682</u>
 Change in net assets	 25,275,798	 (952,788)	 24,323,010
 Net assets, beginning	 <u>96,506,497</u>	 <u>7,687,684</u>	 <u>104,194,181</u>
 Net assets, ending	 <u>\$ 121,782,295</u>	 <u>\$ 6,734,896</u>	 <u>\$ 128,517,191</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, 2017 AND 2016

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	<u>\$ 26,532,459</u>	<u>\$ 24,323,010</u>
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	17,140	17,771
Unrealized gain on investments	(8,564,615)	(6,992,702)
Realized (gain) loss on sale of investments	(3,875,334)	323,269
Changes in:		
Contributions receivable - net of discount	1,012,438	952,788
Grants and accounts payable	15,673	5,885
Organization funds - net	<u>252,367</u>	<u>84,209</u>
Total adjustments	<u>(11,142,331)</u>	<u>(5,608,780)</u>
 Net cash provided by operating activities	 <u>15,390,128</u>	 <u>18,714,230</u>
 CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of fixed assets	(7,251)	(10,830)
Purchase of investments	(47,476,117)	(42,627,020)
Proceeds from sale of investments	33,816,836	27,027,111
Money market funds - net	<u>(1,029,745)</u>	<u>(1,281,225)</u>
 Net cash used in investing activities	 <u>(14,696,277)</u>	 <u>(16,891,964)</u>
 Net increase in cash and cash equivalents	 693,851	 1,822,266
 Cash and cash equivalents, beginning	 <u>8,279,902</u>	 <u>6,457,636</u>
 Cash and cash equivalents, ending	 <u>\$ 8,973,753</u>	 <u>\$ 8,279,902</u>

See Notes to Financial Statements.

COMMUNITY FOUNDATION OF THE CHATTAHOOCHEE VALLEY, INC.
COLUMBUS, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2017 AND 2016

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.

Receivables - Receivables 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, 2017 AND 2016

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.

COMMUNITY FOUNDATION OF THE CHATTAHOOCHEE VALLEY, INC.
COLUMBUS, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2017 AND 2016

NOTE 2: Summary of Significant Accounting Policies (continued)

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.

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 \$53,148 and \$60,141 for the years ended September 30, 2017 and 2016, respectively.

COMMUNITY FOUNDATION OF THE CHATTAHOOCHEE VALLEY, INC.
COLUMBUS, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2017 AND 2016

NOTE 2: Summary of Significant Accounting Policies (continued)

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, 2017.

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 2016 financial statements have been reclassified in order to be in conformity with the 2017 statement presentation.

Subsequent Events - The Foundation has evaluated all transactions that might qualify for subsequent event disclosure through February 13, 2018, 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.

COMMUNITY FOUNDATION OF THE CHATTAHOOCHEE VALLEY, INC.
COLUMBUS, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2017 AND 2016

NOTE 3: Contributions Receivable

Contributions receivable at September 30, 2017 and 2016 consist primarily of the 2010 donation described in Note 9, and are summarized as follows:

	<u>2017</u>	<u>2016</u>
Less than one year	\$ 1,252,347	\$ 1,268,812
One to five years	<u>5,105,833</u>	<u>6,146,305</u>
Total contributions receivable	6,358,180	7,415,117
Less: discount on contributions receivable	(630,722)	(675,221)
Less: allowance for uncollectible contributions	<u>(5,000)</u>	<u>(5,000)</u>
Contributions receivable - net	<u>\$ 5,722,458</u>	<u>\$ 6,734,896</u>

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.

COMMUNITY FOUNDATION OF THE CHATTAHOOCHEE VALLEY, INC.
COLUMBUS, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2017 AND 2016

NOTE 4: Investments

The following summarizes investments, and the related unrealized gain in total for the years ended September 30, 2017 and 2016:

	2017		
	COST	FAIR VALUE	UNREALIZED GAIN (LOSS)
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
Marketable equity securities (including mutual funds)	92,211,607	114,172,751	21,961,144
Alternative investments	7,103,850	8,712,796	1,608,946
Total investments	\$ 118,381,466	\$ 142,370,007	\$ 23,988,541
	2016		
	COST	FAIR VALUE	UNREALIZED GAIN (LOSS)
Money market funds	\$ 1,748,833	\$ 1,748,833	\$ 0
Stocks	2,034,325	2,059,737	25,412
Bonds	10,183,075	10,565,626	382,551
Marketable equity securities (including mutual funds)	73,503,818	84,405,778	10,901,960
Alternative investments	12,472,811	16,462,637	3,989,826
Total investments	\$ 99,942,862	\$ 115,242,611	\$ 15,299,749

COMMUNITY FOUNDATION OF THE CHATTAHOOCHEE VALLEY, INC.
COLUMBUS, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2017 AND 2016

NOTE 4: Investments (continued)

The following summarizes investment income for the years ended September 30, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Investment earnings	\$ 1,772,875	\$ 1,309,846
Net realized gain (loss) on sales of investments	3,875,334	(323,269)
Net unrealized gain on investments	<u>8,564,615</u>	<u>6,992,702</u>
 Total investment income	 <u>\$ 14,212,824</u>	 <u>\$ 7,979,279</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 shares held by the Foundation for level 3 investments. The portion of the alternative investments for which the underlying assets have a quoted market price and are classified as level 1 or 2 within the fair value hierarchy by the alternative investments are classified as level 2 or 3 by the Foundation, respectively.

The following table sets forth by level, within the fair value hierarchy, the Foundation's investments at fair value as of September 30, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
<u>Investments</u>		
Level 1		
Bonds	\$ 14,059,443	\$ 10,565,626
Stocks	2,557,279	2,059,737
Marketable equity securities	95,435,649	77,019,297
Money market funds	2,867,738	1,748,833
Level 2		
Various mutual funds	18,737,102	7,386,481
Level 3		
Alternative investments	<u>8,712,796</u>	<u>16,462,637</u>
 Total investments at fair value	 <u>\$ 142,370,007</u>	 <u>\$ 115,242,611</u>

COMMUNITY FOUNDATION OF THE CHATTAHOOCHEE VALLEY, INC.
COLUMBUS, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2017 AND 2016

NOTE 4: Investments (continued)

The following table provides further detail on the Level 3 fair value measurements:

	<u>2017</u>	<u>2016</u>
<u>Alternative Investments</u>		
Balance, beginning of year	\$ 16,462,637	\$ 14,329,446
Total net gains (realized and unrealized) included in change in net assets	1,749,912	3,989,823
Purchases	2,506,677	2,516,939
Settlements and reclassifications	<u>(12,006,430)</u>	<u>(4,373,571)</u>
Balance, end of year	<u>\$ 8,712,796</u>	<u>\$ 16,462,637</u>

Additional fair value disclosures related to alternative investments as of September 30, 2017 are as follows:

	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency (if currently eligible)</u>	<u>Redemption Notice Period</u>
Flexible capital	\$ 1,409,017	\$ 0	Quarterly/annually/ semi-annually	45 - 95 days
Hedge funds	153,973	0	Not eligible	Not eligible
Private equity funds	<u>7,149,806</u>	<u>12,524,475</u>	Not eligible	Not eligible
Total alternatives	<u>\$ 8,712,796</u>	<u>\$ 12,524,475</u>		

COMMUNITY FOUNDATION OF THE CHATTAHOOCHEE VALLEY, INC.
COLUMBUS, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2017 AND 2016

NOTE 5: Fixed Assets and Accumulated Depreciation

Fixed assets and accumulated depreciation at September 30, 2017 and 2016 are summarized as follows:

	2017	2016
Furniture and computer equipment	\$ 122,458	\$ 119,443
Leasehold improvements	162,700	162,700
Total fixed assets	285,158	282,143
Less: accumulated depreciation	(261,925)	(249,022)
Fixed assets - net	\$ 23,233	\$ 33,121

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.

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, 2017 and 2016:

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.

COMMUNITY FOUNDATION OF THE CHATTAHOOCHEE VALLEY, INC.
COLUMBUS, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2017 AND 2016

NOTE 7: Net Assets (continued)

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.

Temporarily Restricted Net Assets

Pledges receivable designated for collection in future periods represent the temporarily restricted net assets as of September 30, 2017 and 2016.

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.

COMMUNITY FOUNDATION OF THE CHATTAHOOCHEE VALLEY, INC.
COLUMBUS, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2017 AND 2016

NOTE 8: Endowments (continued)

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%; 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.

COMMUNITY FOUNDATION OF THE CHATTAHOOCHEE VALLEY, INC.
COLUMBUS, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2017 AND 2016

NOTE 8: Endowments (continued)

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>

Endowment net assets consist of the following at September 30, 2016:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Donor-designated	\$ 389,898	\$ 0	\$ 389,898
Board-designated	<u>111,001,672</u>	<u>6,734,896</u>	<u>117,736,568</u>
Total endowment net assets	<u>\$ 111,391,570</u>	<u>\$ 6,734,896</u>	<u>\$ 118,126,466</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.
COLUMBUS, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2017 AND 2016

NOTE 8: Endowments (continued)

Changes in endowment net assets for the year ended September 30, 2016 are as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Endowment net assets 10/1/15	\$ 89,171,023	\$ 7,687,684	\$ 96,858,707
Net asset reclassification	1,245,678	(1,245,678)	0
Investment income	1,203,944	0	1,203,944
Loss	6,596,231	0	6,596,231
Contributions	19,219,227	292,890	19,512,117
Endowment expenses	(5,295,737)	0	(5,295,737)
Other expenses	<u>(748,796)</u>	<u>0</u>	<u>(748,796)</u>
Endowment net assets 9/30/16	<u>\$ 111,391,570</u>	<u>\$ 6,734,896</u>	<u>\$ 118,126,466</u>

NOTE 9: Contributions

Contributions for the years ended September 30, 2017 and 2016 are summarized as follows:

	<u>2017</u>	<u>2016</u>
New pledges	\$ 24,017,722	\$ 28,550,523
Amortization of present value discount	<u>254,027</u>	<u>292,890</u>
Net contributions	<u>\$ 24,271,749</u>	<u>\$ 28,843,413</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 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. Subsequent to year-end, the donor paid off the outstanding pledge.

COMMUNITY FOUNDATION OF THE CHATTAHOOCHEE VALLEY, INC.
 COLUMBUS, GEORGIA
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FOR THE YEARS ENDED SEPTEMBER 30, 2017 AND 2016

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 had expired as of year-end and the Foundation is continuing to lease on a month-to-month basis. Future minimum rental payments for leased equipment are summarized as follows:

2018	\$	2,628
2019		2,628
2020		2,628
2021		2,628
Totals	\$	10,512

Rental expense for this and other operating leases totaled \$48,519 and \$46,449 for the years ended September 30, 2017 and 2016, 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, 2017 and 2016, totaling \$20,117,973 and \$23,139,145, respectively.

NOTE 12: Concentrations

Concentrations of Contributions

The Foundation received contributions from four donors totaling \$15,274,771 representing 64% of the total contributions for the year ended September 30, 2017.

The Foundation received contributions from three donors totaling \$19,627,396 representing 69% of the total contributions for the year ended September 30, 2016.

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, 2017 the uninsured amount was approximately \$5,210,000.

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, 2017 and 2016 and have issued our report thereon dated February 13, 2018 (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, 2015 – 2013, which contained unmodified opinions (not presented herein).

The accompanying schedule (page 22) 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 13, 2018

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
UNRESTRICTED NET ASSETS								
General and administrative funds	\$ 2,968,194	\$ 106,100	\$ 368,729	\$ 0	\$ (66,328)	\$ (84,608)	\$ 3,292,087	
Undesignated, unrestricted funds	1,869,145	27,949	211,539	0	(135,768)	(20,190)	1,952,675	
Donor-advised funds	95,385,750	22,342,386	11,215,786	0	(8,361,958)	(836,342)	119,745,622	
Donor-designated funds	19,553,604	1,469,947	2,187,124	1,266,465	(2,188,241)	(160,175)	22,128,724	
Area funds	282,343	0	33,381	0	(18,000)	(497)	297,227	
Field of interest funds	120,757	50,218	0	0	(25,344)	(941)	144,690	
Scholarship funds	1,602,502	21,122	196,265	0	(34,314)	(19,408)	1,766,167	
Total unrestricted net assets	<u>121,782,295</u>	<u>24,017,722</u>	<u>14,212,824</u>	<u>1,266,465</u>	<u>(10,829,953)</u>	<u>(1,122,161)</u>	<u>149,327,192</u>	
TEMPORARILY RESTRICTED NET ASSETS	<u>6,734,896</u>	<u>254,027</u>	<u>0</u>	<u>(1,266,465)</u>	<u>0</u>	<u>0</u>	<u>5,722,458</u>	
Total net assets	128,517,191	24,271,749	14,212,824	0	(10,829,953)	(1,122,161)	155,049,650	
GRANTS AND ACCOUNTS PAYABLE	15,642	0	0	0	0	15,673	31,315	
ORGANIZATION FUNDS	<u>1,757,936</u>	<u>140,457</u>	<u>203,993</u>	<u>0</u>	<u>(71,673)</u>	<u>(20,410)</u>	<u>2,010,303</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>
Totals - all assets September 30, 2013	<u>\$ 93,129,150</u>	<u>\$ 10,217,599</u>	<u>\$ 7,182,085</u>	<u>\$ 0</u>	<u>\$ (10,017,520)</u>	<u>\$ (791,217)</u>	<u>\$ 99,720,097</u>	<u>7.08%</u>
Five-year totals - all assets	<u>\$ 93,129,150</u>	<u>\$ 90,459,725</u>	<u>\$ 30,314,298</u>	<u>\$ 0</u>	<u>\$ (52,305,904)</u>	<u>\$ (4,506,001)</u>	<u>\$ 157,091,268</u>	

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

Five year average increase 11.38%
Five year cumulative increase 68.68%