

**NORTH GEORGIA COMMUNITY FOUNDATION, INC.**  
(A Nonprofit Organization)

Financial Report

For the Years Ended December 31, 2020 and 2019

**NORTH GEORGIA COMMUNITY FOUNDATION, INC.  
TABLE OF CONTENTS**

<b>INDEPENDENT AUDITOR'S REPORT</b>	1
<b>FINANCIAL STATEMENTS</b>	
Consolidated Statements of Financial Position	2
Consolidated Statement of Activities for the year ended December 31, 2020	3
Consolidated Statement of Activities for the year ended December 31, 2019	4
Consolidated Statements of Cash Flows	5
Consolidated Statement of Functional Expenses for the year ended December 31, 2020	6
Consolidated Statement of Functional Expenses for the year ended December 31, 2019	7
Consolidated Notes to the Financial Statements	8-17

## INDEPENDENT AUDITOR'S REPORT

To the Governing Board of  
North Georgia Community Foundation, Inc.

We have audited the accompanying consolidated financial statements of North Georgia Community Foundation, Inc. (a nonprofit organization), which comprise the consolidated statements of financial position as of December 31, 2020 and 2019, and the related consolidated statements of activities, cash flows, and functional expenses 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of North Georgia Community Foundation, Inc., as of December 31, 2020 and 2019, 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.

*Rushton & Company, LLC*

Certified Public Accountants  
Gainesville, Georgia  
April 14, 2021

**North Georgia Community Foundation, Inc.**  
**Consolidated Statements of Financial Position**  
**December 31, 2020 and 2019**

	<b>2020</b>	<b>2019</b>
<b>ASSETS</b>		
Current Assets		
Cash	\$ 2,932,642	\$ 1,540,980
Investments	89,412,124	70,857,022
Prepaid expenses and deposits	26,040	12,901
Total Current Assets	92,370,806	72,410,903
Property and equipment, net	1,931,084	1,995,008
Cash held in trust	1,606	32,832
Investments held in trust	12,498,893	2,798,418
<b>TOTAL ASSETS</b>	<b>\$ 106,802,389</b>	<b>\$ 77,237,161</b>
<b>LIABILITIES AND NET ASSETS</b>		
Current Liabilities		
Accounts payable	\$ 29,943	\$ 28,238
Unearned revenue	20,750	0
Security deposits	640	640
Liabilities under split interest agreements	1,833,360	115,172
Total Current Liabilities	1,884,693	144,050
Long-Term Liabilities		
Funds held as agency endowments	16,943,501	12,933,193
Liabilities under split interest agreements	3,052,660	646,409
Annuity liabilities	89,678	83,890
Total Long-Term Liabilities	20,085,839	13,663,492
<b>TOTAL LIABILITIES</b>	<b>21,970,532</b>	<b>13,807,542</b>
Net Assets		
Without donor restriction	78,008,638	62,686,543
With donor restriction	6,823,219	743,076
TOTAL NET ASSETS	84,831,857	63,429,619
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 106,802,389</b>	<b>\$ 77,237,161</b>

**North Georgia Community Foundation, Inc.**  
**Consolidated Statement of Activities**  
**For the year ended December 31, 2020**  
**(with comparative totals for the year ended December 31, 2019)**

	2020			2019 Total
	Without Donor Restriction	With Donor Restriction	Total	
<b>Revenues, Gains and Other Support</b>				
Contributions	\$ 16,580,345	\$ 6,022,123	\$ 22,602,468	\$ 11,882,244
Rentals	108,866	0	108,866	113,791
Investment revenue	1,508,035	49,563	1,557,598	2,798,004
Net realized/unrealized gain (loss) on investments	9,373,001	255,447	9,628,448	7,408,528
Change in value of split interest agreements	0	(220,875)	(220,875)	(31,377)
Special events	61,311	0	61,311	645,636
Foundation fees, net	143,788	0	143,788	122,474
Administrative fees	285,733	0	285,733	287,471
Other	152,734	0	152,734	32,471
<b>Total Revenue, Gains and Other Support</b>	<b>28,213,813</b>	<b>6,106,258</b>	<b>34,320,071</b>	<b>23,259,242</b>
<b>Net Assets Released from Restrictions</b>				
Restrictions satisfied by payments	26,115	(26,115)	0	0
<b>Total Revenue, Gains, Reclassifications and Other Support</b>	<b>28,239,928</b>	<b>6,080,143</b>	<b>34,320,071</b>	<b>23,259,242</b>
<b>Expenses and Losses</b>				
Program Services				
Grants Awarded	11,262,458	0	11,262,458	15,084,595
Other program expense	1,122,029	0	1,122,029	1,129,847
<b>Total program services</b>	<b>12,384,487</b>	<b>0</b>	<b>12,384,487</b>	<b>16,214,442</b>
General and administrative	313,884	0	313,884	226,485
Fundraising	162,189	0	162,189	180,776
Costs of direct benefits to donors	56,407	0	56,407	74,684
<b>Total Expenses</b>	<b>12,916,967</b>	<b>0</b>	<b>12,916,967</b>	<b>16,696,387</b>
Loss on sale of property and equipment	866	0	866	2,298
<b>Total Expenses and Losses</b>	<b>12,917,833</b>	<b>0</b>	<b>12,917,833</b>	<b>16,698,685</b>
<b>INCREASE (DECREASE) IN NET ASSETS</b>	<b>15,322,095</b>	<b>6,080,143</b>	<b>21,402,238</b>	<b>6,560,557</b>
<b>BEGINNING NET ASSETS</b>	<b>62,686,543</b>	<b>743,076</b>	<b>63,429,619</b>	<b>56,869,062</b>
<b>ENDING NET ASSETS</b>	<b>\$ 78,008,638</b>	<b>\$ 6,823,219</b>	<b>\$ 84,831,857</b>	<b>\$ 63,429,619</b>

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

**North Georgia Community Foundation, Inc.**  
**Consolidated Statement of Activities**  
**For the year ended December 31, 2019**

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>
<b>Revenues, Gains and Other Support</b>			
Contributions	\$ 11,882,244	\$ 0	\$ 11,882,244
Rentals	113,791	0	113,791
Investment revenue	2,759,077	38,927	2,798,004
Net realized/unrealized gain (loss) on investments	7,294,877	113,651	7,408,528
Change in value of split interest agreements	0	(31,377)	(31,377)
Special events	645,636	0	645,636
Foundation fees, net	122,474	0	122,474
Administrative fees	287,471	0	287,471
Other	32,471	0	32,471
Total Revenue, Gains and Other	<u>23,138,041</u>	<u>121,201</u>	<u>23,259,242</u>
Net Assets Released from Restrictions			
Restrictions satisfied by payments	<u>309,445</u>	<u>(309,445)</u>	<u>0</u>
Total Revenue, Gains, Reclassifications and Other Support	<u>23,447,486</u>	<u>(188,244)</u>	<u>23,259,242</u>
<b>Expenses</b>			
Program Services			
Grants Awarded	15,084,595	0	15,084,595
Other program expense	1,129,847	0	1,129,847
Total program services	<u>16,214,442</u>	<u>0</u>	<u>16,214,442</u>
General and administrative	226,485	0	226,485
Fundraising	180,776	0	180,776
Costs of direct benefits to donors	74,684	0	74,684
Total Expenses	<u>16,696,387</u>	<u>0</u>	<u>16,696,387</u>
Loss on sale of property and equipment	2,298	0	2,298
Total Expenses and Losses	<u>16,698,685</u>	<u>0</u>	<u>16,698,685</u>
<b>INCREASE (DECREASE) IN NET ASSETS</b>	6,748,801	(188,244)	6,560,557
BEGINNING NET ASSETS	<u>55,937,742</u>	<u>931,320</u>	<u>56,869,062</u>
<b>ENDING NET ASSETS</b>	<u>\$ 62,686,543</u>	<u>\$ 743,076</u>	<u>\$ 63,429,619</u>

**North Georgia Community Foundation, Inc.**  
**Consolidated Statements of Cash Flows**  
**For the years ended December 31, 2020 and 2019**

	<b>2020</b>	<b>2019</b>
<b>Cash Flows From Operating Activities</b>		
Increase (decrease) in net assets	\$ 21,402,238	\$ 6,560,557
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	73,547	77,904
Net realized/unrealized gain (loss) on investments	(9,628,448)	(7,408,528)
Loss on the sale of property and equipment	866	2,298
(Increase) decrease in operating assets:		
Prepaid expenses and deposits	(13,139)	19,907
Increase (decrease) in operating liabilities:		
Accounts payable	1,705	(956)
Unearned revenue	20,750	(8,032)
Liabilities under split interest agreements	4,124,439	21,382
Funds held as agency endowments	4,010,308	2,316,775
Annuity liabilities	5,788	7,193
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>19,998,054</b>	<b>1,588,500</b>
<b>Cash Flows From Investing Activities</b>		
Proceeds from sale of investments	22,838,330	11,659,274
Purchases of investments	(41,465,459)	(15,659,373)
Purchase of property and equipment	(10,489)	(135,648)
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<b>(18,637,618)</b>	<b>(4,135,747)</b>
<b>NET INCREASE (DECREASE) IN CASH</b>	<b>1,360,436</b>	<b>(2,547,247)</b>
<b>CASH, BEGINNING</b>	<b>1,573,812</b>	<b>4,121,059</b>
<b>CASH, ENDING</b>	<b>\$ 2,934,248</b>	<b>\$ 1,573,812</b>
 <b>CASH RECONCILIATION</b>		
Cash	\$ 2,932,642	\$ 1,540,980
Cash held in trust	1,606	32,832
 Total Cash	<b>\$ 2,934,248</b>	<b>\$ 1,573,812</b>

**North Georgia Community Foundation, Inc.**  
**Consolidated Statement of Functional Expenses**  
**For the year ended December 31, 2020**  
**(with comparative totals for the year ended December 31, 2019)**

	<b>2020</b>					
	<b>Program Services</b>	<b>General and Administrative</b>	<b>Fundraising</b>	<b>Direct Benefits to Donors</b>	<b>Totals</b>	<b>2019 Totals</b>
<b>Personnel</b>						
Compensation	\$ 376,501	\$ 188,627	\$ 119,793	\$ 0	\$ 684,921	\$ 548,371
Retirement expense	14,118	7,073	4,492	0	25,683	22,837
Employee benefits	45,620	22,855	14,515	0	82,990	62,952
Payroll taxes	27,484	13,770	8,745	0	49,999	40,826
Total personnel expenses	<u>463,723</u>	<u>232,325</u>	<u>147,545</u>	<u>0</u>	<u>843,593</u>	<u>674,986</u>
<b>Marketing</b>						
Advertising	<u>13,524</u>	<u>6,775</u>	<u>4,303</u>	<u>0</u>	<u>24,602</u>	<u>20,980</u>
<b>Office</b>						
Equipment and software support	49,596	2,510	966	0	53,072	99,764
Dues and subscriptions	6,177	313	120	0	6,610	5,227
Postage	2,575	130	50	0	2,755	5,186
Supplies	5,871	297	114	0	6,282	10,375
Printing	4,909	248	96	0	5,253	5,482
Telephone	4,600	233	90	0	4,923	21,518
Other	9,358	474	182	0	10,014	19,220
Total office expenses	<u>83,086</u>	<u>4,205</u>	<u>1,618</u>	<u>0</u>	<u>88,909</u>	<u>166,772</u>
<b>Occupancy</b>						
Insurance	14,930	756	291	0	15,977	8,295
Depreciation	68,730	3,479	1,339	0	73,548	77,904
Repairs and maintenance	76,579	3,876	1,491	0	81,946	47,744
Utilities	19,656	995	383	0	21,034	24,617
Total occupancy expenses	<u>179,895</u>	<u>9,106</u>	<u>3,504</u>	<u>0</u>	<u>192,505</u>	<u>158,560</u>
Grants to others	11,262,458	0	0	0	11,262,458	15,084,595
Program expense	273,569	0	0	0	273,569	203,114
Special events	25,865	0	0	56,407	82,272	184,769
Board and committee expense	7,648	0	0	0	7,648	12,885
Professional fees	43,111	318	122	0	43,551	82,983
Travel and training expense	15,088	7,559	4,801	0	27,448	38,347
Investment commissions	1,292	0	0	0	1,292	904
Income taxes	0	52,824	0	0	52,824	50,273
Other	15,228	772	296	0	16,296	17,219
Total expenses	<u>\$ 12,384,487</u>	<u>\$ 313,884</u>	<u>\$ 162,189</u>	<u>\$ 56,407</u>	<u>\$ 12,916,967</u>	<u>\$ 16,696,387</u>



**North Georgia Community Foundation, Inc.**  
**Consolidated Statement of Functional Expenses**  
**For the year ended December 31, 2019**

	<u>Program Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Direct Benefits to Donors</u>	<u>Totals</u>
<b>Personnel</b>					
Compensation	\$ 298,917	\$ 119,216	\$ 130,238	\$ 0	\$ 548,371
Retirement expense	12,448	4,965	5,424	0	22,837
Employee benefits	34,315	13,686	14,951	0	62,952
Payroll taxes	22,254	8,876	9,696	0	40,826
Total personnel expenses	<u>367,934</u>	<u>146,743</u>	<u>160,309</u>	<u>0</u>	<u>674,986</u>
<b>Marketing</b>					
Advertising	<u>11,436</u>	<u>4,561</u>	<u>4,983</u>	<u>0</u>	<u>20,980</u>
<b>Office</b>					
Equipment and software support	93,229	4,719	1,816	0	99,764
Dues and subscriptions	4,885	247	95	0	5,227
Postage	4,847	245	94	0	5,186
Supplies	9,695	491	189	0	10,375
Printing	5,123	259	100	0	5,482
Telephone	20,108	1,018	392	0	21,518
Other	17,961	909	350	0	19,220
Total office expenses	<u>155,848</u>	<u>7,888</u>	<u>3,036</u>	<u>0</u>	<u>166,772</u>
<b>Occupancy</b>					
Insurance	7,752	392	151	0	8,295
Depreciation	72,801	3,685	1,418	0	77,904
Repairs and maintenance	44,617	2,258	869	0	47,744
Utilities	23,005	1,164	448	0	24,617
Total occupancy expenses	<u>148,175</u>	<u>7,499</u>	<u>2,886</u>	<u>0</u>	<u>158,560</u>
Grants to others	15,084,595	0	0	0	15,084,595
Program expense	203,114	0	0	0	203,114
Special events	110,085	0	0	74,684	184,769
Board and committee expense	12,885	0	0	0	12,885
Professional fees	82,472	369	142	0	82,983
Travel and training expense	20,903	8,337	9,107	0	38,347
Investment commissions	904	0	0	0	904
Income taxes	0	50,273	0	0	50,273
Other	16,091	815	313	0	17,219
Total expenses	<u>\$ 16,214,442</u>	<u>\$ 226,485</u>	<u>\$ 180,776</u>	<u>\$ 74,684</u>	<u>\$ 16,696,387</u>

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

**NORTH GEORGIA COMMUNITY FOUNDATION, INC.**  
**Consolidated Notes to the Financial Statements**  
**For the Years Ended December 31, 2020 and 2019**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization**

The North Georgia Community Foundation, Inc. (the “Foundation”) was incorporated in 1985 for the purpose of managing and disbursing funds to charitable organizations located in the Northeast Georgia area in accordance with the donors’ and directors’ request. The Foundation’s major revenue sources include contributions and investment income.

**Basis of Accounting**

The accompanying financial statements of North Georgia Community Foundation, Inc., have been prepared using the accrual basis of accounting. Using this method, revenues are recognized when earned and expenses are recognized when incurred.

**Basis of Presentation**

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) ASC 958, *Financial Statements for Not-for-Profit Organizations*, as updated by Accounting Standards Update 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. This standard requires classification of net assets and revenue, expenses, gains and losses based on the existence or absence of donor-imposed restrictions. It requires that the amounts for each of these two classes of net assets, with donor restrictions and without donor restrictions, be displayed in the statement of activities and changes in net assets. The accounting standards provide that if a governing body of an organization has the ability to remove a donor restriction, the contributions should be classified as net assets without donor restrictions.

**Use of Estimates**

The preparation of financial statements requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Fair Value Measurement**

The Foundation follows an accounting standard that defines fair value, establishes a framework for measuring fair value, and requires expanded disclosures about fair value measurements. In accordance with this standard, the Foundation has categorized its investments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

Financial assets and liabilities recorded on the statement of financial position are categorized based on the inputs to the valuation techniques as follows:

**Level 1** - Financial assets and liabilities are valued using inputs that are unadjusted quoted prices in active markets accessible at the measurement date of identical financial assets and liabilities. The inputs include those traded on an active exchange, such as the New York Stock Exchange, as well as government and agency mortgage-backed securities that are traded by dealers or brokers in active over-the-counter markets.

**NORTH GEORGIA COMMUNITY FOUNDATION, INC.**  
**Consolidated Notes to the Financial Statements**  
**For the Years Ended December 31, 2020 and 2019**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

**Fair Value Measurement, continued**

**Level 2** - Financial assets and liabilities are valued using inputs that are quoted prices for similar assets, or inputs that are observable, either directly or indirectly for substantially the full term through corroboration with observable market data. Level 2 includes private collateralized mortgage obligations, municipal bonds, and corporate debt securities. The Foundation currently has no level 2 investments.

**Level 3** - Financial assets and liabilities are valued using pricing inputs which are unobservable for the assets, inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset. Level 3 includes private equity, venture capital, hedge funds, and real estate.

**Fair Value of Financial Instruments**

At December 31, 2020 and 2019, the fair value of all financial instruments approximates carrying value. The following methods and assumptions were used to estimate the fair value of each class of financial instruments:

**Investments** - Investments, other than cash and cash equivalents are carried at fair value. Publicly traded investments are valued at fair value based on quoted market prices. A substantial portion of the fair value measurements included within investments are provided to the Foundation by third parties and are not calculated by the Foundation. These valuations are based on the fair value based on quoted market prices, financial models of hypothetical transactions, or net asset value as determined by the fund manager. Some valuations may also be determined and approved by the managers or valuation committees of the funds in which the Foundation invests. The fair value assigned to a particular security by the fund does not necessarily reflect the amount that would be realized. In addition, in light of the judgment involved in fair value decisions, there can be no assurance that a fair value assigned to a particular security by the fund is accurate.

**Obligations for Agency Funds and Endowments** - Carrying value, which approximates fair value, of obligations for agency funds and beneficiary endowments is based on the related fair values of investments discussed above and the beneficiaries' shares of the related investment assets.

**Obligations for Charitable Gift Annuities and Remainder Trusts** - Carrying value, which approximates fair value, of obligations of charitable gift annuities and charitable remainder trusts is based on the life expectancies of the beneficiaries, mortality tables, and interest rates imputed at the inception date of the obligations (see Note 7).

**Cash and Cash Equivalents**

For purposes of the statement of cash flows, the Foundation considers all highly liquid investments such as checking, savings and money market accounts to be cash equivalents.

**Investments**

The Foundation carries investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values in the statement of statement of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying statement of activities. The fair values are determined from current market values. Investments in non-marketable securities are carried at cost. Investments are held in trust if designated as such by the donor.

**NORTH GEORGIA COMMUNITY FOUNDATION, INC.**  
**Consolidated Notes to the Financial Statements**  
**For the Years Ended December 31, 2020 and 2019**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

**Promises to Give**

Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

**Property and Equipment**

Property and equipment are carried at cost or, if donated, at their approximate fair value at the date of donation. Interest expense incurred in direct relation to construction projects is capitalized and recorded in the cost of the constructed asset. Depreciation is computed using the straight-line method over the following years:

	<u>Years</u>
Furniture and equipment	5-15
Land Improvements	15
Building	10-40

**Contributions**

Contributions received are recorded as without donor restriction or with donor restriction depending on the existence and/or nature of any donor restrictions.

**Recognition of Donor Restrictions**

Support that is restricted by the donor is reported as an increase in net assets without donor restriction if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restriction depending on the nature of the restriction. When a restriction expires, net assets with donor restriction are reclassified to net assets without donor restriction.

**Donated Assets and Property and Equipment**

Donated marketable securities and other non-cash donations are recorded as contributions at their estimated fair values at the date of donation. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as contributions with donor restriction. Absent donor stipulations regarding how long those donated assets must be maintained, the Foundation reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Foundation reclassifies net assets with donor restriction to net assets without donor restriction at that time.

Donations of property and equipment are recorded as contributions at their estimated fair value at the date of donation. Such donations are reported as increases in net assets without donor restriction unless the donor has restricted the donated asset to a specific purpose.

**Donated Services**

Donated services are recognized as contributions in accordance with ASC 958, *Financial Statements for Not-for-Profit Organizations*, if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Foundation.

**NORTH GEORGIA COMMUNITY FOUNDATION, INC.**  
**Consolidated Notes to the Financial Statements**  
**For the Years Ended December 31, 2020 and 2019**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

**Revenue and Revenue Recognition**

The Foundation recognizes revenue from foundation fees and administrative fees as services are provided. Foundation fees for services are performed and recognized quarterly. Administrative fees for services are performed and recognized monthly.

The Foundation records special events revenue equal to the fair value of direct benefits to donors, and contribution income for the excess received when the event takes place.

Facility rentals are recognized when the performance obligation of providing space for the event is satisfied. These typically are satisfied and recognized monthly.

The Foundation recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend have been met. There are currently no conditional promises to give to report.

**Income Taxes**

The Internal Revenue Service has ruled that the Foundation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and state income taxes, except on net income derived from unrelated business activities. The Foundation receives certain trustee and service fees that are unrelated to its exempt purpose which is subject to tax on unrelated business activity. At December 31, 2020, the Foundation recorded a tax liability of \$52,925 of which \$53,903 in estimated tax payments have been paid during 2020 leaving a net tax asset of \$978, which is included in prepaid expenses. At December 31, 2019, the Foundation recorded a tax liability of \$58,481 of which \$65,646 in estimated tax payments have been paid during 2019 leaving a net tax asset of \$7,165, which is included in prepaid expenses.

**Functional Allocation of Expenses**

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function have been allocated among the programs and supporting services. General and administrative expenses include those expenses that provide for the overall support and direction of the Foundation.

For the years ended December 31, 2020 and 2019, payroll related items have been allocated on the basis of personnel time spent and overhead costs have been allocated on the basis of space usage.

**NORTH GEORGIA COMMUNITY FOUNDATION, INC.**  
**Consolidated Notes to the Financial Statements**  
**For the Years Ended December 31, 2020 and 2019**

**NOTE 2 – CASH AND INVESTMENTS**

Unrestricted cash and investments for the Foundation at December 31, consist of the following:

	<u>2020</u>	<u>2019</u>
Capital reserve and operating	<u>\$ 1,321,894</u>	<u>\$ 916,876</u>

Investments presented in the financial statements at December 31, 2020 consist of the following:

	<u>Total</u>	<u>Level 1</u>	<u>Level 3</u>
<b>Investments</b>			
Money Market Funds	\$ 4,406,218	\$ 4,406,218	\$ 0
Mutual Funds:			
Equity focused funds	54,083,016	54,083,016	0
Fixed income focused funds	30,922,890	30,922,890	0
	<u>\$ 89,412,124</u>	<u>\$ 89,412,124</u>	<u>\$ 0</u>
<b>Investments</b>			
<b>Held in Trust</b>			
Money Market Funds	\$ 1,138,928	\$ 1,138,928	\$ 0
Mutual Funds:	0		
Equity focused funds	6,979,815	6,979,815	0
Fixed income focused funds	3,939,700	3,939,700	0
Privately held company stock	440,450	0	440,450
	<u>\$ 12,498,893</u>	<u>\$ 12,058,443</u>	<u>\$ 440,450</u>

Investments presented in the financial statements at December 31, 2019 consist of the following:

	<u>Total</u>	<u>Level 1</u>
<b>Investments</b>		
Money Market Funds	\$ 5,151,171	\$ 5,151,171
Mutual Funds:		
Equity focused funds	42,529,539	42,529,539
Fixed income focused funds	23,176,312	23,176,312
	<u>\$ 70,857,022</u>	<u>\$ 70,857,022</u>
<b>Investments</b>		
<b>Held in Trust</b>		
Money Market Funds	\$ 193,100	\$ 193,100
Mutual Funds:		
Equity focused funds	1,690,239	1,690,239
Fixed income focused funds	915,079	915,079
	<u>\$ 2,798,418</u>	<u>\$ 2,798,418</u>

The following schedule summarizes the investment return for the year ended December 31:

	<u>2020</u>	<u>2019</u>
Investment revenue	\$ 1,557,598	\$ 2,798,004
Realized/unrealized gain (loss)	9,628,448	7,408,528
Total Investment Return	<u>\$ 11,186,046</u>	<u>\$ 10,206,532</u>

**NORTH GEORGIA COMMUNITY FOUNDATION, INC.**  
**Consolidated Notes to the Financial Statements**  
**For the Years Ended December 31, 2020 and 2019**

**NOTE 3 – LIQUIDITY**

Per its financial policies, the Foundation maintains a minimum operating reserve of 6 months based on their operating budget.

Financial assets available within one year for general operating expenses are as follows as of December 31:

	<u>2020</u>	<u>2019</u>
Cash	\$ 422,394	\$ 254,003
Investments	899,500	662,873
	<u>\$ 1,321,894</u>	<u>\$ 916,876</u>

The Foundation expects to have these liquid assets available for use on general operating expenses in the next year.

In addition, the Foundation maintains the following donor funds available for grants and donor fund expenses as of December 31:

	<u>2020</u>	<u>2019</u>
Cash	\$ 2,510,248	\$ 1,286,977
Investments	88,512,624	70,194,149
	<u>\$ 91,022,872</u>	<u>\$ 71,481,126</u>

**NOTE 4 – PREPAID EXPENSES AND DEPOSITS**

The Foundation had prepaid expenses and deposits related to the following at December 31:

	<u>2020</u>	<u>2019</u>
Software maintenance contracts	\$0	\$ 1,436
Insurance	7,835	4,300
Special event expenses	17,227	0
Income taxes	978	7,165
	<u>\$ 26,040</u>	<u>\$ 12,901</u>

**NOTE 5 - PROPERTY & EQUIPMENT, NET**

Property and equipment consists of the following at December 31:

	<u>2020</u>	<u>2019</u>
Furniture and Equipment	\$ 94,631	\$ 103,708
Buildings	2,142,089	2,142,089
Land and Land Improvements	668,601	668,601
	<u>2,905,321</u>	<u>2,914,398</u>
Less: Accumulated Depreciation	<u>(974,237)</u>	<u>(919,390)</u>
Total Property & Equipment, Net	<u>\$ 1,931,084</u>	<u>\$ 1,995,008</u>

Depreciation expense for 2020 and 2019 was \$73,547 and \$77,904, respectively.

**NORTH GEORGIA COMMUNITY FOUNDATION, INC.**  
**Consolidated Notes to the Financial Statements**  
**For the Years Ended December 31, 2020 and 2019**

**NOTE 6 - FUNDS HELD AS AGENCY ENDOWMENTS**

The Foundation has adopted ASC 958, *Financial Statements for Not-for-Profit Organizations*. This statement establishes standards for transactions in which a community foundation accepts a contribution from a donor and agrees to transfer those assets, the return on investment of those assets or both to another entity that is specified by the donor. ASC 958 specifically requires that if a Not-for-Profit Organization (NPO) establishes a fund at a community foundation with its own funds and specifies itself as the beneficiary of that fund, the community foundation must account for the transfer of such assets as a liability. The Foundation refers to such funds as agency endowments.

The Foundation maintains variance power and legal ownership of agency endowment funds and as such continues to report the funds as assets of the Foundation. However, in accordance with ASC 958, a liability has been established for the fair value of the funds, which is generally equivalent to the value of future payments expected to be made to the NPOs.

At December 31, 2020, the Foundation held 82 agency endowment funds with a combined value of \$16,943,501. At December 31, 2019, the Foundation held 74 agency endowment funds with a combined value of \$12,933,193. The following table summarizes activity in such funds during the year:

	<u>2020</u>	<u>2019</u>
Agency Endowment Fund Balances as of January 1	\$ 12,933,193	\$ 10,616,418
Amounts raised	1,939,379	1,397,267
Investment income	322,496	584,020
Investment fees	(142,077)	(122,026)
Unrealized and realized investment gains (losses)	2,283,986	1,449,490
Transfers	42,904	(1,000)
Grants	<u>(436,380)</u>	<u>(990,976)</u>
Agency Endowment Fund Balances as of December 31	<u>\$ 16,943,501</u>	<u>\$ 12,933,193</u>

**NOTE 7 - LIABILITIES UNDER SPLIT INTEREST AGREEMENTS**

The Foundation administers various charitable trusts. A charitable trust provides for the payment of distributions to the grantor or other designated beneficiary over the trust's term (usually the designated beneficiary's lifetime). At the end of the trust's term, the remaining assets become available for charitable purposes. The portion of the trust attributable to the present value of the future benefits to be received by for charitable purposes is recorded in the Statement of Activities as a contribution with donor restriction in the period the trust is established. There was \$6,022,123 in contributions in 2020 and \$0 for 2019. Assets held in the charitable trusts totaled \$12,500,499 and \$2,831,250 at December 31, 2020 and 2019, respectively, and are reported at fair value in the Foundation's Statement of Financial Position. At December 31, 2020, the Foundation held in trust seven Charitable Remainder Unitrusts (CRT), two Charitable Remainder Annuity Trusts (CRAT) and two Charitable Lead Annuity Trusts (CLAT), which are payable as annuities over the life of the donor. The amount of \$4,886,020 reported as \$1,833,360 current and \$3,052,660 long-term is the present value of the remaining annuity calculated using a discount rate of 2.0% and applicable Internal Revenue Service life expectancy tables. At December 31, 2019, the Foundation held in trust seven Charitable Remainder Unitrusts and three Charitable Lead Annuity Trusts, which are payable as annuities over the life of the donor. The amount of \$761,581 reported as \$115,172 current and \$646,409 long-term is the present value of the remaining annuity calculated using a discount rate of 2.0% and applicable Internal Revenue Service life expectancy tables. On an annual basis, the Foundation revalues the liability to make distributions to the designated beneficiaries based on actuarial assumptions.



**NORTH GEORGIA COMMUNITY FOUNDATION, INC.**  
**Consolidated Notes to the Financial Statements**  
**For the Years Ended December 31, 2020 and 2019**

**NOTE 8 - ANNUITY LIABILITIES**

The Foundation held one deferred gift annuity, which is an insurance annuity that begins payment 15 years after the date of gift. The present value of the annuity was \$89,678 and \$83,890 at December 31, 2020 and 2019, respectively.

**NOTE 9 - NET ASSETS WITH DONOR RESTRICTION**

Net assets with donor restriction consist of the following at December 31:

	<u>2020</u>	<u>2019</u>
Charitable Trust Contributions (See Note 7)	<u>\$ 6,823,219</u>	<u>\$ 743,076</u>

**NOTE 10 - NET ASSETS RELEASED FROM RESTRICTIONS**

Net assets in the following amounts were released from restriction by satisfying the restricted purpose during the year ended December 31:

	<u>2020</u>	<u>2019</u>
Changes in Charitable Trusts (See Note 7)	<u>\$ 26,115</u>	<u>\$ 309,445</u>

**NOTE 11 - RETIREMENT PLAN**

The Foundation provides retirement benefits for its employees through a SIMPLE IRA retirement plan, which is administered by an independent third party. Any full-time employee may participate in the plan. After 12 months of service, the Foundation will match employee contributions up to 6% of the employee's annual salary. All employee contributions are optional.

Funds are vested 100% at the time of contribution. Amounts held in the plan are not available to the employees until termination, retirement, death, or unforeseeable emergency.

The employer's contributions into the retirement plan for the years ended December 31, 2020 and 2019 was \$25,684 and \$22,837, respectively.

The Foundation has no fiduciary relationship with the plan, and plan assets are not available to the Foundation or its general creditors. Plan assets are held in trust by the administrator for the exclusive benefit of the participants of the plan.

**NORTH GEORGIA COMMUNITY FOUNDATION, INC.**  
**Consolidated Notes to the Financial Statements**  
**For the Years Ended December 31, 2020 and 2019**

**NOTE 12 - RISK AND UNCERTAINTIES**

**Concentration of Credit Risk Arising from Cash Deposits in Excess of Insured Limits**

The Foundation maintains several interest and non-interest bearing deposit accounts in local banks. The total of these deposits is \$3,293,846, of which \$250,000 is insured by the Federal Deposit Insurance Corporation, leaving \$3,043,846 uninsured.

**Concentration of Credit Risk Arising from Uncollateralized Investments**

The Foundation maintains deposits and investments in various money market and mutual fund accounts. The total of these is \$102,018,603 which is at the risk of market change. This amount is secured from brokerage failure for up to \$3,143,979 by the Securities Investor Protection Corporation, leaving \$98,874,624 unsecured.

**Testamentary Gifts**

The Foundation has been named a beneficiary in various testamentary documents. These documents may be changed at any time and, therefore, are not considered completed gifts. The values of these contingent gifts are not determinable at this time and have not been recorded in the financial statements.

**Trustee Capacity**

The Foundation serves as Trustee for certain entities of which it receives a trustee fee for this capacity. Trustee responsibilities increase the fiduciary risk of the Foundation.

**Public Health Emergency**

In January 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a “Public Health Emergency of International Concern,” which continues to spread throughout the world and has adversely impacted global commercial activity and contributed to significant declines and volatility in financial markets. The coronavirus outbreak and government responses are creating disruption in global supply chains and adversely impacting many industries. The outbreak could have a continued material adverse impact on economic and market conditions and trigger a period of global economic slowdown. The rapid development and fluidity of this situation precludes any prediction as to the ultimate material adverse impact of the coronavirus outbreak. Nevertheless, the outbreak presents uncertainty and risk with respect to the Foundation, its performance, and its financial results.

**NOTE 13 - CONSOLIDATION**

The financial statements of the Foundation are presented as consolidated to include the statements of the wholly-owned entity of Lake Rabun Pavilion, LLC. The Foundation is the only Member of the Lake Rabun Pavilion, LLC. The LLC was created to construct and own a pavilion on Lake Rabun, Georgia for the public benefit of the local community. The LLC also has a donor advised fund at the Foundation. All interrelated transactions have been eliminated in the consolidation. The following is a summary of the amounts that are included in the financial statements as of December 31:

	<u>2020</u>	<u>2019</u>
Property and equipment, net	\$ 785,518	\$ 803,042
Depreciation expense	17,524	17,524

**NORTH GEORGIA COMMUNITY FOUNDATION, INC.**  
**Consolidated Notes to the Financial Statements**  
**For the Years Ended December 31, 2020 and 2019**

**NOTE 14 - UNCERTAIN TAX POSITIONS**

Effective January 1, 2010, the Foundation implemented the new accounting requirements associated with uncertainty in income taxes using the provisions of Financial Accounting Standards Board [FASB] ASC 740, Income Taxes. The guidance prescribes a minimum recognition threshold and measurement methodology that a tax position taken or expected to be taken in a tax return is required before being recognized in the financial statements. It also provides guidance for derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. As of December 31, 2020, the Foundation has no uncertain tax positions that qualify for either recognition or disclosure in the financial statements.

The Foundation has various revenue from charges for services which creates unrelated business income tax. The Foundation pays the required federal and state income tax at the corporate tax rates.

With few exceptions, the Foundation is no longer subject to U.S. federal, state, and local income tax examinations by tax authorities for years before fiscal year 2017.

**NOTE 15 – SUBSEQUENT EVENTS**

Management has evaluated subsequent events through April 14, 2021 the date the financial statements were available to be issued.