

REPORT OF
COMMUNITY FOUNDATION OF CENTRAL MISSOURI
DECEMBER 31, 2018 AND 2017.



2005 West Broadway, Suite 100, Columbia, MO 65203
OFFICE (573) 442-6171 FAX (573) 777-7800

3220 West Edgewood, Suite E, Jefferson City, MO 65109
OFFICE (573) 635-6196 FAX (573) 644-7240

www.williamskeepers.com

INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Board of Directors
Community Foundation of Central Missouri

We have reviewed the accompanying financial statements of the Community Foundation of Central Missouri (the Foundation), which comprise the statements of financial position as of December 31, 2018 and 2017, the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

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

Accountants' Responsibility

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

Accountants' Conclusion

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

Williams Keepers LLC

October 21, 2019

COMMUNITY FOUNDATION OF CENTRAL MISSOURI

STATEMENTS OF FINANCIAL POSITION

December 31, 2018 and 2017

	2018	2017
ASSETS		
Cash	\$ 816,982	\$ 716,889
Prepaid expenses	16,000	20,000
Total current assets	832,982	736,889
Investments		
Funds held for others:		
Donor advised funds	2,422,872	1,936,221
Designated funds	385,188	296,923
Field of interest funds	1,512,632	1,451,473
Organization and agency funds	2,341,409	2,335,006
Scholarship funds	577,368	593,984
Total funds held for others	7,239,469	6,613,607
Foundation investments	350,634	312,172
Total investments	7,590,103	6,925,779
Real estate held for resale	250,000	250,000
Total assets	\$ 8,673,085	\$ 7,912,668
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	\$ 16,624	\$ 20,128
Security deposits payable	2,000	2,000
Funds held for others	7,239,469	6,613,607
CoMoGives funds payable	783,295	698,531
Total liabilities	8,041,388	7,334,266
NET ASSETS		
Without donor restrictions:		
Designated for:		
Real estate expenses	32,853	15,514
Undesignated	593,331	557,147
Total without donor restrictions	626,184	572,661
With donor restrictions	5,513	5,741
Total net assets	631,697	578,402
Total liabilities and net assets	\$ 8,673,085	\$ 7,912,668

See independent accountants' review report and accompanying notes to financial statements.

COMMUNITY FOUNDATION OF CENTRAL MISSOURI

STATEMENTS OF ACTIVITIES
Years Ended December 31, 2018 and 2017

	2018	2017
NET ASSETS WITHOUT DONOR RESTRICTIONS		
REVENUES AND OTHER SUPPORT		
CoMoGives income	\$ 44,985	\$ 45,100
Consultation income	20,000	20,000
Contributions	12,715	18,060
Fee income	67,872	53,958
In-kind support - City of Columbia	78,000	80,000
Investment return	(13,697)	28,546
Rental income	24,000	24,000
Net assets released from donor restrictions	2,655	179
Total revenues and other support	236,530	269,843
EXPENSES		
Administrative fees	9,798	8,966
Advertising and marketing	784	253
CoMoGives expenses	18,165	22,151
CoMoGives grants	15,500	15,500
City of Columbia expense	4,000	1,964
Grants	6,020	10,450
Impairment loss on real estate held for sale	-	205,000
In-kind expense - City of Columbia	78,000	80,000
Insurance	4,258	5,960
Miscellaneous	1,983	1,188
Professional fees	12,326	12,265
Property taxes	3,463	3,531
Salaries	26,851	16,000
Travel	1,859	1,210
Total expenses	183,007	384,438
Change in net assets without donor restrictions	53,523	(114,595)
NET ASSETS WITH DONOR RESTRICTIONS		
Revenues and other support	2,427	4,980
Net assets released from donor restrictions	(2,655)	(179)
Change in net assets with donor restrictions	(228)	4,801
Change in net assets	53,295	(109,794)
Net assets, beginning of year	578,402	688,196
Net assets, end of year	\$ 631,697	\$ 578,402

See independent accountants' review report and accompanying notes to financial statements.

COMMUNITY FOUNDATION OF CENTRAL MISSOURI

STATEMENTS OF CASH FLOWS
Years Ended December 31, 2018 and 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 53,295	\$ (109,794)
Reconciliation of change in net assets to net cash provided by operating activities:		
Net unrealized (gain) loss on investments	504,376	(379,345)
Realized gain on sales of investments	(102,331)	(69,807)
Impairment loss on real estate held for resale	-	205,000
Adjustments for (increases) decreases in assets and increases (decreases) in liabilities:		
Accounts receivable	-	5,000
Prepaid expenses	4,000	(4,000)
Accounts payable	(3,504)	(8,364)
Funds held for others	625,862	1,841,300
Miscellaneous funds held	84,764	149,980
Net cash provided by operating activities	1,166,462	1,629,970
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	1,099,449	672,712
Purchases of investments	(2,165,818)	(2,179,996)
Net cash used by investing activities	(1,066,369)	(1,507,284)
Net change in cash	100,093	122,686
Cash, beginning of year	716,889	594,203
Cash, end of year	\$ 816,982	\$ 716,889

See independent accountants' review report and accompanying notes to financial statements.

COMMUNITY FOUNDATION OF CENTRAL MISSOURI

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of entity: The Community Foundation of Central Missouri (the Foundation) is a charitable organization established for the general purpose of soliciting and receiving gifts, donations and bequests of money and property to be used to expand philanthropy, support nonprofits, and engage in key community issues throughout Central Missouri. The Foundation also acts as an agent and investment manager for various funds that have been donated to or accumulated by organizations associated with the Foundation in Central Missouri.

Basis of accounting: The financial statements have been prepared on the accrual basis of accounting, whereby revenues are reported when earned and expenses are reported when incurred.

Classes of net assets: The Foundation reports information regarding its financial position and activities according to two classes of net assets:

Without donor restrictions: Net assets available for use in general operations and not subject to donor- (or certain grantor-) restrictions.

With donor restrictions: Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

The Foundation had \$5,513 and \$5,741 of net assets with donor restrictions for unspent contributions received for the Boonville Community Fund and CoMoGives Community Granting Fund as of December 31, 2018 and 2017, respectively. As of December 31, 2018 and 2017, there were no donor restricted net assets required to be maintained in perpetuity.

Use of estimates: The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

Cash and cash equivalents: For purposes of the Statements of Cash Flows, the Foundation considers demand deposits and short-term investments with original maturities of three months or less to be cash and cash equivalents. The Foundation maintains cash balances at established financial institutions which are fully insured by the Federal Deposit Insurance Corporation (FDIC). Depending on the level of insurance in effect, these account balances may occasionally exceed the FDIC insurance limit.

Investments: Investments in equity securities with readily determinable market values and all investments in debt securities are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value of investment pools represents the estimated market value of the underlying securities and is generally obtained from the Foundation's investment custodians and managers, who obtain quoted market prices and dealer quotes. Realized and unrealized gains and losses are reported in the Statements of Activities. Investments which have been donated to the Foundation are recorded at estimated fair value at the date of the gift.

Investments are exposed to various risks, such as interest rates, market, and credit. Due to the level of risk associated with certain investments and the level of uncertainty related to changes in their values, it is at least reasonably possible that changes in risks in the near term would materially affect the investment balances reported in the financial statements.

Investment return reported in the Statements of Activities includes annual realized and unrealized gains and losses (changes in fair value), dividend income, interest income and other investment income, net of investment fees.

Real estate held for resale: The Foundation received a contribution of land and building in December 2016 at an appraised value of \$455,000 as an unrestricted gift. The donors also transferred the related security deposits of \$2,000. During 2017, the Foundation listed the property at a selling price of \$250,000, and the carrying value of the asset was reduced accordingly. As a result, an impairment loss of \$205,000 is reported in the Statements of Activities in 2017.

The Foundation intended to sell the real estate as soon as reasonably possible and did not intend to keep it long-term. As a result, no depreciation was being recorded. The property was being rented, and the Foundation received rent payments totaling \$24,000 during both 2018 and 2017.

Subsequent to yearend, an offer was made and accepted on land and building in the amount of \$175,000 and the sale closed on August 28, 2019. An impairment loss of \$75,000 will be reported in the Statements of Activities in 2019.

Contributions received: Contributions to the Foundation are recognized as revenues when received. Contributions to the Foundation that require the Foundation to expend or invest the funds on behalf of an organization associated with the Foundation in Central Missouri are reported as contributions revenue. Funds received by the Foundation directly from such organizations for investment purposes are reported as agency accounts under "funds held for others" in the Statements of Financial Position.

CoMoGives: CoMoGives is a special web-based fund-raising campaign operated by the Foundation each December to facilitate year-end giving to a cross-section of nonprofit organizations. The Foundation distributes a guide listing nonprofit organizations, and donors can select multiple agencies for donations with one credit card payment. The Foundation collects all donations and subsequently disburses funds received for other entities in January. Amounts due to other entities are recorded as CoMoGives payable. The Foundation also received contributions through the CoMoGives campaign, which it records as revenue.

Fee income: The Foundation receives administrative fees on funds held by the Foundation to support their mission-based operations. The fees are charged to the fund monthly based on the average fair market value of assets. The fee schedule is as follows: \$250 minimum fee, 1.00% on the first \$500,000, 0.60% on the next \$500,000, 0.30% on the next \$2 million, 0.10% on the next \$4 million, and a flat 0.25% on funds \$7 million and above.

Donated services: Donated services are reported if they create a nonfinancial asset or would typically need to be purchased by the Foundation if the services had not been provided by the contribution, require specialized skills, and are provided by individuals of those skills. If donated services meet the definition, they are recorded at fair value of the services received. During the years ended December 31, 2018 and 2017, the City of Columbia donated personnel services to the Foundation, and the value of the donated services is reflected in the financial statements.

Income taxes: The Foundation is a not-for-profit organization as described in Section 501(c)(3) of the Internal Revenue Code (the Code) and is exempt from federal income taxes pursuant to Section 501(a) of the Code.

Functional allocation of expenses: The costs of providing program activities has been summarized by natural classification in the Statements of Activities. Accordingly, all expenses are considered to be for the Foundation’s single program of soliciting and receiving gifts to be used to expand philanthropy, support nonprofits, and engage in key community issues throughout Central Missouri.

Change in accounting principle: On August 18, 2016, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-For-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Foundation has implemented the ASU and has adjusted the presentation of these financial statements accordingly. The ASU has been applied retrospectively to all periods presented, which resulted in no change to net assets without donor restrictions and net assets with donor restrictions.

Subsequent events: Events that have occurred subsequent to December 31, 2018, have been evaluated through October 21, 2019, which represents the date the Foundation’s financial statements were approved by management and, therefore, were available to be issued.

2. LIQUIDITY AND AVAILABILITY

The Foundation manages its liquidity in order to operate within a prudent range of financial stability and maintain adequate liquidity to fund near-term operations.

The Foundation’s financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, include the following:

Cash and cash equivalents	\$ 28,174
Foundation investments	350,634
	<u>378,808</u>
	<u>\$ 378,808</u>

3. INVESTMENTS

The Foundation maintains separate investment pools which vary in risk and income characteristics. At their choosing, organizations associated with the Foundation in Central Missouri place funds with the Foundation for investment purposes. These funds are reported in the Statements of Financial Position as “funds held for others”. The Foundation uses the Greater Kansas City Community Foundation for investment advisory services. Additionally, there are funds invested at the donor’s option with other financial institutions.

Investments consist of the following as of December 31:

2018		Funds held		
		for others	Foundation	Total
<i>By Type</i>				
Equity mutual funds		\$ 2,940,381	\$ 169,257	\$ 3,109,638
Fixed income mutual funds		2,583,801	173,457	2,757,258
Money market funds		1,702,863	7,920	1,710,783
Alternative mutual funds		12,424	-	12,424
Total investments		<u>\$ 7,239,469</u>	<u>\$ 350,634</u>	<u>\$ 7,590,103</u>
<i>By Investment Pool</i>				
Equity pool		\$ 2,697,960	\$ 169,257	\$ 2,867,217
Fixed income pool		2,394,013	173,457	2,567,470
Other		472,499	-	472,499
Money market pool		1,674,997	7,920	1,682,917
Total investments		<u>\$ 7,239,469</u>	<u>\$ 350,634</u>	<u>\$ 7,590,103</u>
2017		Funds held		
		for others	Foundation	Total
<i>By Type</i>				
Equity mutual funds		\$ 2,958,450	\$ 157,727	\$ 3,116,177
Fixed income mutual funds		2,376,899	147,873	2,524,772
Money market funds		1,278,258	6,572	1,284,830
Total investments		<u>\$ 6,613,607</u>	<u>\$ 312,172</u>	<u>\$ 6,925,779</u>
<i>By Investment Pool</i>				
Equity pool		\$ 2,661,232	\$ 157,727	\$ 2,818,959
Fixed income pool		2,192,102	147,873	2,339,975
Other		496,972	-	496,972
Money market pool		1,263,301	6,572	1,269,873
Total investments		<u>\$ 6,613,607</u>	<u>\$ 312,172</u>	<u>\$ 6,925,779</u>

The investment return for the years ended December 31, consists of:

	2018		2017	
	Funds held for others	Foundation	Funds held for others	Foundation
Net realized gain on sales of investments	\$ 97,369	\$ 4,962	\$ 66,323	\$ 3,484
Net unrealized loss resulting from change in fair value of investments	(477,454)	(26,922)	359,982	19,363
Dividends and interest	155,565	8,263	102,054	5,699
Less amount for funds held for others	224,520	-	(528,359)	-
Total investment return	\$ -	\$ (13,697)	\$ -	\$ 28,546
				\$ 28,546

4. FAIR VALUE MEASUREMENTS

For assets and liabilities required to be reported at fair value, U.S. generally accepted accounting principles prescribes a framework for measuring fair value and financial statement disclosures about fair value measurements. A fair value hierarchy has been established that distinguishes between market participant assumptions based on market data obtained from sources independent of the reporting entity (observable inputs that are classified within Levels 1 and 2 of the hierarchy) and the reporting entity's own assumptions about market participant assumptions (unobservable inputs classified within Level 3 of the hierarchy).

The fair value hierarchy as prescribed by U.S. generally accepted accounting principles is as follows:

- Level 1 Valuation is based upon quoted prices (unadjusted) in active markets for identical assets or liabilities that the Foundation has the ability to access.
- Level 2 Valuation is based upon quoted prices for similar assets and liabilities in active markets, as well as inputs that are observable for the asset or liability (other than quoted prices), such as interest rates, foreign exchange rates, and yield curves that are observable at commonly quoted intervals.
- Level 3 Valuation is generated from model-based techniques that use at least one significant assumption based on unobservable inputs for the asset or liability, which are typically based on the entity's own assumptions, because there is little, if any, related market activity.

In instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety. The Foundation's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the asset or liability.

The Foundation's assets and liabilities measured at fair value on a recurring basis as of December 31, aggregated by the level in the fair value hierarchy within which those measurements fall, are as follows:

2018				
Description	Total	Level 1	Level 2	Level 3
Measured at fair value:				
Equity mutual funds	\$ 3,109,638	\$ 3,109,638	\$ -	\$ -
Fixed income mutual funds	2,757,258	2,757,258	-	-
Money market funds	1,710,783	1,710,783	-	-
Alternative mutual funds	12,424	12,424	-	-
Total investments	<u>\$ 7,590,103</u>	<u>\$ 7,590,103</u>	<u>\$ -</u>	<u>\$ -</u>
2017				
Description	Total	Level 1	Level 2	Level 3
Measured at fair value:				
Equity mutual funds	\$ 3,116,177	\$ 3,116,177	\$ -	\$ -
Fixed income mutual funds	2,524,772	2,524,772	-	-
Money market funds	1,284,830	1,284,830	-	-
Total investments	<u>\$ 6,925,779</u>	<u>\$ 6,925,779</u>	<u>\$ -</u>	<u>\$ -</u>

Level 1 classifications above consist of equity mutual funds, fixed income mutual funds, money market funds, and alternative mutual funds that are valued at the daily closing price as reported by the fund. Mutual funds held by the Foundation are open-end mutual funds that are registered with the U.S. Securities and Exchange Commission. These funds are required to publish their daily net asset value and to transact at that price. The mutual funds held by the Foundation are deemed to be actively traded.

No investments are classified as Level 2 or Level 3 above.

5. TRANSACTIONS IN FUNDS HELD FOR OTHERS

Transactions in funds held for others as of December 31, are summarized as follows:

	<u>2018</u>	<u>2017</u>
Additions		
Contributions	\$ 1,974,793	\$ 1,981,213
Interest and dividends	155,565	102,054
Net unrealized and realized gains (losses)	<u>(380,085)</u>	<u>426,305</u>
Total additions	<u>1,750,273</u>	<u>2,509,572</u>
Deductions		
Administrative fees	70,430	56,354
Distributions - grants	<u>1,053,981</u>	<u>611,920</u>
Total deductions	<u>1,124,411</u>	<u>668,274</u>
Change in balance	625,862	1,841,298
Balance in funds held for others, beginning of year	<u>6,613,607</u>	<u>4,772,309</u>
Balance in funds held for others, end of year	<u><u>\$ 7,239,469</u></u>	<u><u>\$ 6,613,607</u></u>