

REPORT OF
COMMUNITY FOUNDATION OF CENTRAL MISSOURI
DECEMBER 31, 2019 AND 2018

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, 2019 and 2018, 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

June 26, 2020

COMMUNITY FOUNDATION OF CENTRAL MISSOURI

STATEMENTS OF FINANCIAL POSITION

December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
ASSETS		
Cash	\$ 960,258	\$ 816,982
Prepaid expenses	45,700	16,000
Total current assets	<u>1,005,958</u>	<u>832,982</u>
Investments		
Funds held for others:		
Donor advised funds	2,936,080	2,422,872
Designated funds	931,100	385,188
Field of interest funds	1,574,495	1,512,632
Organization and agency funds	2,205,863	2,341,409
Scholarship funds	791,191	577,368
Total funds held for others	<u>8,438,729</u>	<u>7,239,469</u>
Foundation investments	639,362	350,634
Total investments	<u>9,078,091</u>	<u>7,590,103</u>
Real estate held for resale	-	250,000
Total assets	<u>\$ 10,084,049</u>	<u>\$ 8,673,085</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	\$ 16,995	\$ 16,624
Security deposits payable	-	2,000
Funds held for others	8,438,729	7,239,469
CoMoGives funds payable	927,330	783,295
Total liabilities	<u>9,383,054</u>	<u>8,041,388</u>
NET ASSETS		
Without donor restrictions:		
Designated for:		
Real estate expenses	-	32,853
Undesignated	695,634	593,331
Total without donor restrictions	<u>695,634</u>	<u>626,184</u>
With donor restrictions	5,361	5,513
Total net assets	<u>700,995</u>	<u>631,697</u>
Total liabilities and net assets	<u>\$ 10,084,049</u>	<u>\$ 8,673,085</u>

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

COMMUNITY FOUNDATION OF CENTRAL MISSOURI

STATEMENTS OF ACTIVITIES
Years Ended December 31, 2019 and 2018

	2019	2018
NET ASSETS WITHOUT DONOR RESTRICTIONS		
REVENUES AND OTHER SUPPORT		
CoMoGives income	\$ 57,073	\$ 44,985
Consultation income	20,000	20,000
Contributions	14,873	12,715
Fee income	77,032	67,872
In-kind support - City of Columbia	88,000	78,000
Investment return	70,453	(13,697)
Rental income	15,806	24,000
Net assets released from donor restrictions	2,508	2,655
Total revenues and other support	345,745	236,530
EXPENSES		
Administrative fees	11,242	9,798
Advertising and marketing	1,875	784
CoMoGives expenses	15,504	18,165
CoMoGives grants	17,000	15,500
City of Columbia expense	-	4,000
Grants	15,500	6,020
In-kind expense - City of Columbia	88,000	78,000
Insurance	1,905	4,258
Loss on sale of property	81,450	-
Miscellaneous	3,139	1,983
Professional fees	14,730	12,326
Property taxes	2,277	3,463
Salaries	21,399	26,851
Travel	2,274	1,859
Total expenses	276,295	183,007
Change in net assets without donor restrictions	69,450	53,523
NET ASSETS WITH DONOR RESTRICTIONS		
Revenues and other support	2,356	2,427
Net assets released from donor restrictions	(2,508)	(2,655)
Change in net assets with donor restrictions	(152)	(228)
Change in net assets	69,298	53,295
Net assets, beginning of year	631,697	578,402
Net assets, end of year	\$ 700,995	\$ 631,697

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

COMMUNITY FOUNDATION OF CENTRAL MISSOURI

STATEMENTS OF CASH FLOWS Years Ended December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 69,298	\$ 53,295
Reconciliation of change in net assets to net cash provided by operating activities:		
Net unrealized (gain) loss on investments	(50,971)	26,922
Realized gain on sales of investments	(7,412)	(4,962)
Loss on sale of real estate	81,450	-
Adjustments for (increases) decreases in assets and increases (decreases) in liabilities:		
Prepaid expenses	(29,700)	4,000
Accounts payable	371	(3,504)
Security deposits payable	(2,000)	-
CoMoGives funds payable	144,035	84,764
Net cash provided by operating activities	<u>205,071</u>	<u>160,515</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	54,752	49,634
Proceeds from sale of real estate	168,550	-
Purchases of investments	<u>(285,097)</u>	<u>(110,056)</u>
Net cash used by investing activities	<u>(61,795)</u>	<u>(60,422)</u>
Net change in cash	143,276	100,093
Cash, beginning of year	<u>816,982</u>	<u>716,889</u>
Cash, end of year	<u>\$ 960,258</u>	<u>\$ 816,982</u>

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.

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 \$5,361 and \$5,513 of net assets with donor restrictions for unspent contributions received for the Boonville Community Fund and CoMoGives Community Granting Fund as of December 31, 2019 and 2018, respectively. As of December 31, 2019 and 2018, 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.

The Foundation intended to sell the property as soon as reasonably possible and did not to intend to keep it long-term. As a result, no depreciation was recorded. The property was rented, and the Foundation received rent payments totaling \$15,806 and \$24,000 during 2019 and 2018, respectively.

During 2019, the Foundation sold the property for \$175,000. After fees and other miscellaneous expenses, the net loss on the sale was \$81,450 as reported in the Statements of Activities.

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 funds payable.

The Foundation also receives contributions revenue through the CoMoGives campaign and CoMoGives income from fees nonprofit organizations pay to participate in the campaign. The Foundation sends invitation letters to participate in the campaign to nonprofit organizations in the first half of the year and payment is due in June before the campaign begins in December. CoMoGives income is reported at the amount that reflects the consideration in which the Foundation expects to be entitled in exchange for providing participation in the campaign. Revenue is recognized as the performance obligation is satisfied, which is ratably over the CoMoGives campaign in December.

Consultation income: The Foundation provides consultation services to the City of Boonville. The set fee is due quarterly, and revenue is recognized as the performance obligation is satisfied, which is ratably over the duration of the year, which begins annually on January 1.

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.

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. Revenue is recognized as the performance obligation is satisfied, which is ratably over the duration of the year, which begins annually on January 1.

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, 2019 and 2018, 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.

Reclassifications: Certain amounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation of the current year financial statements.

Subsequent events: Events that have occurred subsequent to December 31, 2019, have been evaluated through June 26, 2020, 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	\$ 27,567
Foundation investments	<u>639,362</u>
	<u>\$ 666,929</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:

2019	Funds held for others	Foundation	Total
<i>By Type</i>			
Equity mutual funds	\$ 4,021,432	\$ 308,212	\$ 4,329,644
Fixed income mutual funds	2,899,482	266,365	3,165,847
Money market funds	1,489,166	64,785	1,553,951
Alternative mutual funds	13,633	-	13,633
Common stock	15,016	-	15,016
Total investments	<u>\$ 8,438,729</u>	<u>\$ 639,362</u>	<u>\$ 9,078,091</u>
<i>By Investment Pool</i>			
Equity pool	\$ 3,693,129	\$ 308,212	\$ 4,001,341
Fixed income pool	2,684,327	266,365	2,950,692
Money market pool	1,471,633	64,785	1,536,418
Other	589,640	-	589,640
Total investments	<u>\$ 8,438,729</u>	<u>\$ 639,362</u>	<u>\$ 9,078,091</u>
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
Money market pool	1,674,997	7,920	1,682,917
Other	472,499	-	472,499
Total investments	<u>\$ 7,239,469</u>	<u>\$ 350,634</u>	<u>\$ 7,590,103</u>

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

	2019		
	Funds held for others	Foundation	Total
Net realized gain on sales of investments	\$ 108,239	\$ 7,412	\$ 115,651
Net unrealized gain resulting from change in fair value of investments	777,826	50,971	828,797
Dividends and interest	199,114	12,070	211,184
Less amount for funds held for others	(1,085,179)	-	(1,085,179)
Total investment return	<u>\$ -</u>	<u>\$ 70,453</u>	<u>\$ 70,453</u>
	2018		
	Funds held for others	Foundation	Total
Net realized gain on sales of investments	\$ 97,369	\$ 4,962	\$ 102,331
Net unrealized loss resulting from change in fair value of investments	(477,454)	(26,922)	(504,376)
Dividends and interest	155,565	8,263	163,828
Less amount for funds held for others	224,520	-	224,520
Total investment return	<u>\$ -</u>	<u>\$ (13,697)</u>	<u>\$ (13,697)</u>

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:

2019				
Description	Total	Level 1	Level 2	Level 3
Measured at fair value:				
Equity mutual funds	\$ 4,329,644	\$ 4,329,644	\$ -	\$ -
Fixed income mutual funds	3,165,847	3,165,847	-	-
Money market funds	1,553,951	1,553,951	-	-
Common stock	15,016	15,016	-	-
Alternative mutual funds	13,633	13,633	-	-
Total investments	<u>\$ 9,078,091</u>	<u>\$ 9,078,091</u>	<u>\$ -</u>	<u>\$ -</u>
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>

Level 1 classifications above consist of equity mutual funds, fixed income mutual funds, money market funds, common stock, 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>2019</u>	<u>2018</u>
Additions		
Contributions	\$ 1,761,927	\$ 1,974,793
Interest and dividends	199,114	155,565
Net unrealized and realized gains (losses)	886,065	(380,085)
Total additions	<u>2,847,106</u>	<u>1,750,273</u>
Deductions		
Administrative fees	79,586	70,430
Distributions - grants	1,568,260	1,053,981
Total deductions	<u>1,647,846</u>	<u>1,124,411</u>
Change in balance	1,199,260	625,862
Balance in funds held for others, beginning of year	<u>7,239,469</u>	<u>6,613,607</u>
Balance in funds held for others, end of year	<u><u>\$ 8,438,729</u></u>	<u><u>\$ 7,239,469</u></u>

6. ADOPTION OF NEW ACCOUNTING STANDARD

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers* (Topic 606). The ASU and all subsequently issued clarifying ASU's replaced most existing revenue recognition guidance in U.S. GAAP. The ASU also required expanded disclosures relating to the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The Foundation adopted the new standard effective January 1, 2019 using the full retrospective method.

The adoption of this ASU did not have a significant impact on the Foundation's financial statements. Based on the Foundation's evaluation process and review of its contracts with customers, the timing and amount of revenue recognized previously is consistent with how revenue is recognized under the new standard. No changes were required to previously reported revenues as a result of the adoption.