

Community Foundation for Northeast Georgia, Inc.

Financial Reports

December 31, 2024 and 2023



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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Community Foundation for Northeast Georgia, Inc.
Duluth, Georgia

Qualified Opinion

We have audited the accompanying financial statements of Community Foundation for Northeast Georgia, Inc. (the "Foundation"), which comprise the statements of financial position as of December 31, 2024 and 2023, and the related statements of activities and changes in net assets and statements of cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of December 31, 2024 and 2023, and the results of its activities and changes in net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Qualified Opinion

As more fully described in Note 1 to the financial statements, the Foundation reports its investment in a limited partnership under the equity method of accounting. The financial statements of this limited partnership were prepared on the basis of accounting the limited partnership uses for income tax purposes, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The Foundation adjusts based on the entity's tax return and is unable to quantify the additional adjustments necessary, if any, for the underlying limited partnership financial statements to conform to accounting principles generally accepted in the United States of America. Therefore, we were unable to otherwise obtain sufficient audit evidence to support the equity in its earnings by other auditing procedures.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Management's Responsibility for the Financial Statements

The Foundation's 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.

In preparing the financial statements, the Foundation's management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audits.

A handwritten signature in black ink that reads "MS Jiller LLC". The signature is written in a cursive, flowing style.

Duluth, Georgia
November 3, 2025

Community Foundation for Northeast Georgia, Inc.

Statements of Financial Position

December 31, 2024 and 2023

	2024	2023
Assets		
Cash and cash equivalents	\$ 2,126,204	\$ 1,643,297
Receivables	2,575	23,972
Prepaid unrelated business income tax	2,927	78,261
Investments, at fair value	76,571,185	64,787,604
Investments, equity method		
Limited partnership	12,394,560	11,990,007
Total investments	88,965,745	76,777,611
Program-related notes receivable	294,801	-
Right of use asset-operating	152,422	-
Right of use asset-finance	29,053	-
Real estate - land	156,000	481,537
Total Assets	<u>\$ 91,729,727</u>	<u>\$ 79,004,678</u>
Liabilities and Net Assets		
Liabilities		
Payables and accruals	\$ 162,074	\$ 68,625
Agency endowment fund liability	18,630,599	14,828,676
Operating lease liability	155,606	-
Finance lease liability	29,611	-
Total liabilities	18,977,890	14,897,301
Net Assets		
Without donor restrictions, undesignated	49,514,966	43,286,269
Without donor restrictions, board-designated	6,981,161	6,457,182
With donor restrictions	16,255,710	14,363,926
Total net assets	72,751,837	64,107,377
Total Liabilities and Net Assets	<u>\$ 91,729,727</u>	<u>\$ 79,004,678</u>

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

Community Foundation for Northeast Georgia, Inc.
Statement of Activities and Changes in Net Assets
Year Ended December 31, 2024

	NET ASSETS WITHOUT DONOR RESTRICTIONS			NET ASSETS	
	OPERATING	GENERAL	DONOR ADVISED	WITH DONOR RESTRICTIONS	TOTAL
SUPPORT AND REVENUE					
Gifts	\$ 388,718	\$ 1,573,516	\$ 11,786,798	\$ 1,422,532	\$ 15,171,564
Bequests	-	-	1,516,130	-	1,516,130
Investment income on fair value method investments, net of management fees	132,497	123,058	528,821	269,559	1,053,935
Gain on fair value method investments	308,575	283,709	2,839,725	1,534,361	4,966,370
Net return on equity method investments	-	-	970,657	-	970,657
Administrative income allocation	842,040	(49,388)	(396,166)	(233,472)	163,014
Contributed nonfinancial assets	36,965	-	-	-	36,965
Net assets released from restrictions	-	1,033,303	-	(1,033,303)	-
Total support and revenue	1,708,795	2,964,198	17,245,965	1,959,677	23,878,635
GRANTS					
Arts and culture	-	40,921	349,000	-	389,921
Community service	-	430,243	4,188,994	-	4,619,237
Education	-	408,577	2,450,324	-	2,858,901
Health	-	87,125	1,317,397	-	1,404,522
Human services	-	352,325	1,898,532	-	2,250,857
Religion	-	75,558	1,874,517	-	1,950,075
Total grants	-	1,394,749	12,078,764	-	13,473,513
EXPENSE					
Salaries, taxes and benefits	661,256	-	-	-	661,256
Professional fees and services	288,626	-	-	-	288,626
Rent	53,485	-	-	-	53,485
Communication and promotion	135,792	-	-	-	135,792
Computer support and supplies	34,509	-	-	-	34,509
Donor development, net	13,514	-	2,577	-	16,091
Dues and subscriptions	25,367	-	-	-	25,367
Office expense	20,088	-	-	-	20,088
Telephone and utilities	4,144	-	-	-	4,144
Taxes, fees and licenses	8,213	245	57,559	-	66,017
Conference and travel	5,524	-	-	-	5,524
Fundraising	119,937	-	-	-	119,937
Insurance	8,234	-	-	-	8,234
Investment taxes	-	-	75,334	-	75,334
Other expense	8,570	-	-	-	8,570
Loss on sale of property	-	-	237,688	-	237,688
Total expenses	1,387,259	245	373,158	-	1,760,662
CHANGE IN NET ASSETS	321,536	1,569,204	4,794,043	1,959,677	8,644,460
INTERFUND GIFTS AND GRANTS	160,049	291,811	(383,967)	(67,893)	-
CHANGE IN NET ASSETS, AFTER INTERFUND GIFTS AND GRANTS	481,585	1,861,015	4,410,076	1,891,784	8,644,460
NET ASSETS, December 31, 2023	4,550,869	3,252,968	41,939,614	14,363,926	64,107,377
NET ASSETS, December 31, 2024	\$ 5,032,454	\$ 5,113,983	\$ 46,349,690	\$ 16,255,710	\$ 72,751,837

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

Community Foundation for Northeast Georgia, Inc.

Statement of Activities and Changes in Net Assets

Year Ended December 31, 2023

	NET ASSETS WITHOUT DONOR RESTRICTIONS			NET ASSETS WITH DONOR RESTRICTIONS	TOTAL
	OPERATING	GENERAL	DONOR ADVISED		
SUPPORT AND REVENUE					
Gifts	\$ 398,981	\$ 96,371	\$ 13,607,785	\$ 770,215	\$ 14,873,352
Bequests	-	-	261,669	-	261,669
Investments income on fair value method investments, net of management fees	78,273	59,085	443,575	240,505	821,438
Loss on fair value method investments	384,169	347,725	2,796,308	1,406,364	4,934,566
Net return on equity method investments	-	-	418,859	-	418,859
Administrative income allocation	707,278	(41,146)	(316,324)	(210,255)	139,553
Contributed nonfinancial assets	6,447	-	-	-	6,447
Net assets released from restrictions	-	1,318,517	-	(1,318,517)	-
Total support and revenue	<u>1,575,148</u>	<u>1,780,552</u>	<u>17,211,872</u>	<u>888,312</u>	<u>21,455,884</u>
GRANTS					
Arts and culture	-	25,000	775,000	-	800,000
Community service	-	912,298	4,792,927	-	5,705,225
Education	-	145,906	1,516,549	-	1,662,455
Health	-	64,600	1,785,328	-	1,849,928
Human services	-	90,000	44,355	-	134,355
Environmental	-	-	150	-	150
Scholarship	-	2,000	-	-	2,000
Religion	-	657,013	1,495,988	-	2,153,001
Total grants	<u>-</u>	<u>1,896,817</u>	<u>10,410,297</u>	<u>-</u>	<u>12,307,114</u>
EXPENSE					
Salaries, taxes and benefits	658,969	-	-	-	658,969
Professional fees and services	225,703	-	-	-	225,703
Rent	16,372	-	-	-	16,372
Communication and promotion	143,227	-	-	-	143,227
Computer support and supplies	36,440	-	-	-	36,440
Donor development, net	11,998	-	3,263	-	15,261
Dues and subscriptions	24,187	-	-	-	24,187
Office expense	23,698	-	-	-	23,698
Telephone and utilities	4,087	-	-	-	4,087
Taxes, fees and licenses	8,686	187	13,371	-	22,244
Conference and travel	14,964	-	-	-	14,964
Fundraising	109,875	-	-	-	109,875
Insurance	7,263	-	-	-	7,263
Investment taxes	-	-	5,477	-	5,477
Other	2,000	-	-	-	2,000
Total expenses	<u>1,287,469</u>	<u>187</u>	<u>22,111</u>	<u>-</u>	<u>1,309,767</u>
CHANGE IN NET ASSETS	287,679	(116,452)	6,779,464	888,312	7,839,003
INTERFUND GIFTS AND GRANTS	<u>1,075,509</u>	<u>943,249</u>	<u>(1,936,719)</u>	<u>(116,672)</u>	<u>(34,633)</u>
CHANGE IN NET ASSETS, AFTER INTERFUND GIFTS AND GRANTS	1,363,188	826,797	4,842,745	771,640	7,804,370
NET ASSETS, December 31, 2022	<u>3,187,681</u>	<u>2,426,171</u>	<u>37,096,869</u>	<u>13,592,286</u>	<u>56,303,007</u>
NET ASSETS, December 31, 2023	<u>\$ 4,550,869</u>	<u>\$ 3,252,968</u>	<u>\$ 41,939,614</u>	<u>\$ 14,363,926</u>	<u>\$ 64,107,377</u>

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

Community Foundation for Northeast Georgia, Inc.

Statements of Cash Flows

Years Ended December 31, 2024 and 2023

	2024	2023
Change in net assets	\$ 8,644,460	\$ 7,804,370
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Gain on fair value method investments	(4,966,370)	(4,934,566)
Gain on equity method investments	(970,657)	(418,859)
Contribution of real estate - land	(230,000)	-
Loss on sale of real estate - land	237,688	-
Amortization of right of use asset-finance	7,263	-
Changes in assets and liabilities:		
Receivables	21,397	(16,655)
Prepaid Taxes	75,334	(44,523)
Right of use asset-operating	34,582	-
Payables and accruals	93,449	54,110
Operating lease liability	(31,398)	-
<i>Net Cash Provided by Operating Activities</i>	<u>2,915,748</u>	<u>2,443,877</u>
Cash Flows From Investing Activities		
Net inflow (outflow) for agency endowment funds	3,801,923	1,588,693
Disbursements of program-related notes receivable, net	(294,801)	-
Proceeds on sale of real estate	317,849	-
Purchases of investments	(22,463,390)	(25,868,992)
Proceeds on sale of investments	16,212,283	23,069,663
<i>Net Cash Required by Investing Activities</i>	<u>(2,426,136)</u>	<u>(1,210,636)</u>
Cash Flows From Financing Activities		
Payments on right of use asset-finance	(6,705)	-
<i>Net Cash Provided (Required) by Financing Activities</i>	<u>(6,705)</u>	<u>-</u>
Change in Cash	482,907	1,233,241
Cash and Cash Equivalents, Beginning	<u>1,643,297</u>	<u>410,056</u>
Cash and Cash Equivalents, Ending	<u><u>\$ 2,126,204</u></u>	<u><u>\$ 1,643,297</u></u>
Supplemental Disclosure of Non-Cash Operating and Financing Activities:		
Recognition of right-of-use asset-operating	\$ 187,004	\$ -
Recongition of right-of-use asset-financing	\$ 36,316	\$ -

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

Community Foundation for Northeast Georgia, Inc.

Notes to Financial Statements

December 31, 2024 and 2023

NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Business: Community Foundation for Northeast Georgia, Inc. (the “Foundation”) was founded in 1985 to improve the quality of community life through increased philanthropy. The Foundation builds and administers charitable endowment funds to benefit the nonprofit agencies that serve the community in the areas of education, health and human services, community service and the arts.

The Foundation has three principal goals: 1) To build a permanent base of charitable funds that will benefit nonprofit agencies serving the Northeast Georgia region; 2) To identify essential human needs and promising opportunities in the community especially as they impact the less fortunate and to develop resources to address them; and 3) To acquaint donors with the importance of private philanthropy as it relates to improving the quality of life of the community.

Recent Accounting Pronouncement: On January 1, 2023, the Foundation adopted FASB’s Accounting Standards Codification Topic 326, *Allowance for Credit Losses*, (“ASC 326”) using the modified retrospective approach. ASC 326 requires certain financial assets to be measured at amortized cost net of an allowance for estimated credit losses, such that the net receivable represents the present value of expected cash collections. The adoption of ASC 326 did not have a significant impact on the Foundation’s net assets or cash flows for the current period.

Basis of Presentation: The Foundation follows the provisions of generally accepted accounting principles in the United States of America (“GAAP”) for not-for-profit organizations which require the reporting of total assets, liabilities and net assets in a statement of financial position; reporting the change in net assets in a statement of activities; and reporting the sources and uses of cash and cash equivalents in a statement of cash flows. To ensure observance of limitations and restrictions placed on the use of resources available to the Foundation, the resources are classified for accounting and reporting purposes into categories established according to their nature and purpose. Net assets and revenues, gains, expenses and losses are classified as “net assets without donor restrictions” or “net assets with donor restrictions” as follows:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Foundation.

Operating: Operating assets represent the portion of expendable funds that are available for the support of the Foundation’s operation.

General: General funds are used to support a variety of charitable needs and opportunities that benefit the counties as directed by the Board of Directors. All activities of the Foundation not properly accounted for by another fund are accounted for in the general fund.

Community Foundation for Northeast Georgia, Inc.

Notes to Financial Statements

December 31, 2024 and 2023

Donor Advised: Generally, these funds are utilized to support specific projects whose current funding is dependent on the assets and the earnings of these funds and for which the Board of Directors may rely upon the input and specific guidance of the donors in whose name the fund was established. The Board of Directors reserves the right to make all final decisions.

Net assets with donor restrictions: Net assets subject to donor-imposed stipulations that can be fulfilled by actions of the Foundation pursuant to those stipulations or that expire by the passage of time; or are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor Designated: These funds are subject to donor-imposed restrictions at the time of the gift by the donor for the benefit of one or more charitable organizations.

Field of Interest: Field of interest funds are subject to donor-imposed restrictions for charitable purposes and general areas of interest specified by the donor. Examples of field of interest funds are programs to benefit the poor or the homeless and programs that support arts and cultural groups.

Endowment: Endowment funds are specified as endowments by the donor or may be internally designated as endowment from funds without donor restrictions by the Board of Directors. The endowment funds account for donations that require, in perpetuity, that the principal be invested, and the income only be used. The income without donor restrictions from endowed funds supports a wide range of charitable purposes.

Agency Endowment Funds: These funds are for the benefit of the donor organization and are not included in the net assets of the Foundation. Accordingly, all activity related to changes in these funds are accounted for through the corresponding liability account and are not reflected on the Foundation's statements of activities and changes in net assets.

Leases: The Foundation assesses whether an arrangement qualifies as a lease (i.e., conveys the right to control the use of an identified asset for a period of time in exchange for consideration) at inception and only re-assesses its determination if the terms and conditions of the arrangement are changed. ASC Topic 842 requires disclosures about the amount, timing, and uncertainty of cash flows arising from leases. Leases are classified as finance or operating, with classification affecting both the pattern and classification of expense recognition in the statements of activities and changes in net assets. The Foundation determined that it has one operating and one finance lease at December 31, 2024. The Foundation elected the short-term lease practical expedient to exclude leases with terms of 12 months or less from right-of-use assets and lease liabilities.

Revenues: The Foundation prepares its financial statements in accordance with the accrual method of accounting. Support, revenue, grants and expenses are recognized and reported in the accounting period when they are earned and incurred rather than when cash is received or paid.

Community Foundation for Northeast Georgia, Inc.

Notes to Financial Statements

December 31, 2024 and 2023

Cash and Cash Equivalents: For purposes of the statements of cash flows, the Foundation considers all cash held in checking accounts for operational purposes to be cash and cash equivalents. Money market funds managed by investment managers are classified as investments. On occasion, the Foundation maintains cash balances on deposit with financial institutions in excess of the \$250,000 federally insured limits. At December 31, 2024 and 2023, the Foundation had a cash balance on deposit with banks in excess of federally insured limits totaling approximately \$2,932,000 and \$1,930,000, respectively. The Foundation continually monitors the financial strength of these financial institutions and believes the exposure to loss to be minimal.

Program-Related Notes Receivable: During 2024, the Foundation issued two program-related investment loans ("PRI loans") to nonprofit organizations totaling \$294,801. One PRI loan was structured as a line of credit, which is unsecured, accrues interest at 2% per annum, and matures in January 2029. The second PRI loan is secured by the borrower's assets, bears interest at 5% per annum with principal and interest payments of \$2,125 per month and matures in July 2027. Discounts on PRI loans were insignificant at December 31, 2024.

Investments: Investments consist of money market funds and common trust funds. Investments in common trust funds consist primarily of mutual funds with equity and fixed income holdings, exchange traded funds, and common stocks. Investments in mutual funds, exchange traded funds, and common stocks are carried at fair value based on quoted market prices. For all other investments stated at fair value, the Foundation uses the practical expedient method for measuring fair value. Practical expedient permits an entity holding investments in certain entities that calculate net asset per value (or equivalent) for which the fair value is not readily determined to measure the fair value of such investments on the basis of the most recent net asset value per share (or equivalent) provided without adjustment. Alternative asset investment partnerships, for which there is no ready market, are valued at fair value as estimated by the partnerships' general partner. Because investment partnerships are not readily marketable, the estimated value is subject to uncertainty and, therefore, may differ from the value that would have been used had a ready market for the investment existed. Such differences could be material.

The alternative investment partnerships may have exposure to transactions with counterparties including futures, swaps, options and other derivatives. These investments may be subject to various risks of loss if the counterparty becomes insolvent or is otherwise unable to meet its obligations. Investment income and gains and losses on investments carried at fair value are recorded as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law.

In 2007, the Foundation received a contribution of a minority interest in a closely held limited partnership (see Note 2). The Foundation recognized this contribution at its fair market value on the date of donation, and it is accounted for under the equity method due to the Foundation's ability to influence the operations of the limited partnership. Under the equity method, the carrying value of the investment is increased for the Foundation's share of partnership income and is decreased for the Foundation's share of partnership losses and partnership distributions. Starting in 2012, the limited partnership uses the income tax basis of accounting, which is a basis of accounting other than GAAP. The limited partnership also carries its equity method

Community Foundation for Northeast Georgia, Inc.

Notes to Financial Statements

December 31, 2024 and 2023

investments at their capital account balance plus or minus any current year contributions or distributions.

Investment transactions are recorded on a trade-date basis. Realized gains and losses on sales of investments are determined on the specific identification basis.

Investment securities are exposed to various risks, such as interest rate risk, market risk, credit risk, and liquidity risk. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in risks in the near term would materially affect the amounts reported in the accompanying financial statements.

The Foundation maintains custody accounts with major custodian banks. Although the Foundation monitors and believes that these are appropriate custodians, there is no guarantee that the custodians, or any other custodian that the Foundation may use from time to time, will not become insolvent.

Gifts and Bequests: Contributions are recognized when the donor makes a promise to give to the Foundation that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

On occasion, the Foundation is named as a residuary beneficiary in a donor's last will and testament. A contribution of this kind is recognized upon receipt of funds, if any, as the terms of a donor's will and testament are not irrevocable, and the Foundation cannot reasonably estimate the residual value of a donor's estate. As of December 31, 2024, the Foundation was aware that it had been named as the residuary beneficiary in seven donors' last wills and testaments.

Real Estate: The Foundation records real estate at assessed value on the date of contribution.

Grants Payable: Grants payable represents all unconditional grants that have been authorized prior to year-end but remain unpaid as of the statement of financial position date. Grants that are expected to be paid in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the grants are approved by the Board of Trustees. Amortization of the discounts is included in grants expense in the accompanying statements of activities.

Income Taxes: The Foundation is recognized as exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code (the "Code") and is classified as a private foundation as defined under the Code.

Community Foundation for Northeast Georgia, Inc.

Notes to Financial Statements

December 31, 2024 and 2023

GAAP provides guidance for how uncertain tax positions should be recognized, measured, presented, and disclosed in the Foundation's financial statements. The Foundation's management has evaluated the implications of these standards and has not identified any uncertain tax positions for the Foundation; therefore, no tax expense or accruals for uncertain tax positions are included in the accompanying financial statements. Interest and penalties are expensed as incurred. There were no interest and penalties charged to expense for the years ended December 31, 2024 and 2023.

Estimates: The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the 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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 – INVESTMENTS

Investments were comprised of the following at December 31:

	2024	2023
Without Donor Restrictions:		
Operating	\$ 13,229	\$ 8,593
General	3,917,833	2,157,386
Donor Advised	43,465,716	39,154,764
Endowment	6,686,359	6,457,182
With Donor Restrictions:		
Donor Designated	4,908,673	3,816,861
Field of Interest	520,897	447,000
Endowment	10,897,932	10,049,208
Agency Endowment Funds	18,555,106	14,686,617
	<u>\$ 88,965,745</u>	<u>\$ 76,777,611</u>

Net investment return for the fair value investments consisted of the following for the years ended December 31:

	2024	2023
Realized and unrealized gains	\$ 4,966,370	\$ 4,934,566
Interest and dividend income	1,373,383	1,094,194
	6,339,753	6,028,760
Less investment management fees	(319,448)	(272,756)
Net investment return, fair value investments	<u>\$ 6,020,305</u>	<u>\$ 5,756,004</u>

Community Foundation for Northeast Georgia, Inc.

Notes to Financial Statements

December 31, 2024 and 2023

At December 31, 2024, the Foundation held a 10.9% interest in Gwinnett Prado, L.P., a limited partnership which primarily owns and operates commercial real estate. The Foundation can only sell its interest in the limited partnership to Hudgens family members; the Foundation does not have any additional restrictions on selling its interest. For the years ended December 31, 2024 and 2023, the Foundation recognized \$970,657 and \$418,859 of investment gain under the equity method and received \$566,103 and \$495,253 of distributions from this partnership in 2024 and 2023, respectively.

NOTE 3 – SERVICES PROVIDED

Donations of professional services are recognized as both revenue and expense in the operating fund to the extent that the fair value of these services can be determined, generally the current market rate for those professional services. The estimated value of these services for the years ended December 31, 2024 and 2023 was \$36,965 and \$6,447, respectively, which represent the only contributed nonfinancial assets shown in the statements of activities.

Donated materials, supplies, equipment and outside services are reflected as contributions at their estimated fair market value at the date of receipt. No amounts have been reflected in the statements for donated volunteer services, as no objective basis is available to measure the value of such services; however, a substantial number of volunteers have donated significant amounts of their time to the Foundation.

NOTE 4 – ALLOCATION BETWEEN FUNDS

All gains and losses arising from the sale, collection or other disposition of investments and other non-cash assets are accounted for in the net asset category to which the assets are attributed. Ordinary income from investments, receivables, and related items is originally credited in the net asset category to which the assets are attributed. This income is then reallocated to the individual funds in accordance with the Foundation's policies.

The Foundation's policies also provide for administrative fees to be charged to certain funds as a source for operating expenses.

NOTE 5 – DEFINED CONTRIBUTION PLAN

The Foundation has a defined contribution retirement plan, specifically a 401k, which allows eligible employees to contribute to the plan in the form of voluntary salary reductions. Eligible employees include full-time employees with at least six months of employment with the Foundation. The Foundation may contribute to the plan up to 6% of the eligible employees' salary and bonus. The Foundation's contributions to the plan totaled \$31,914 and \$32,316 for the years ended December 31, 2024 and 2023, respectively.

Community Foundation for Northeast Georgia, Inc.

Notes to Financial Statements

December 31, 2024 and 2023

NOTE 6 – OTHER POSTRETIREMENT BENEFITS

The Foundation has a defined compensation arrangement with one employee. Deferred compensation related to this arrangement is included in payables and accruals in accompanying statements of financial position. Expense recognized by the Foundation related to the arrangement totaled \$16,667 and \$16,668 for the years ended December 31, 2024 and 2023, respectively.

NOTE 7 – SCHEDULE OF FUNCTIONAL EXPENSES

Certain categories of operating expenses are attributed to multiple functions. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Costs are directly applied to the related program, support, or fundraising category when identifiable and possible. General operating costs across natural categories are allocated based on estimates of time and effort.

Functional expenses for the year ended December 31, 2024 were comprised of the following:

	Program	Support	Fundraising	Total
Grants awarded	\$ 13,473,513	\$ -	\$ -	\$13,473,513
Salaries, taxes and benefits	-	562,069	99,187	661,256
Professional fees and services	-	282,326	6,300	288,626
Communication and promotion	-	-	135,792	135,792
Donor development, net	-	-	16,091	16,091
Fundraising	-	-	119,937	119,937
Other	-	520,654	18,306	538,960
Total	<u>\$13,473,513</u>	<u>\$1,365,049</u>	<u>\$ 395,613</u>	<u>\$15,234,175</u>

Functional expenses for the year ended December 31, 2023 were comprised of the following:

	Program	Support	Fundraising	Total
Grants awarded	\$ 12,307,114	\$ -	\$ -	\$12,307,114
Salaries, taxes and benefits	-	560,125	98,844	658,969
Professional fees and services	-	225,703	-	225,703
Communication and promotion	-	-	143,227	143,227
Donor development, net	-	-	15,261	15,261
Fundraising	-	-	109,875	109,875
Other	-	144,111	12,621	156,732
Total	<u>\$12,307,114</u>	<u>\$ 929,939</u>	<u>\$ 379,828</u>	<u>\$13,616,881</u>

Community Foundation for Northeast Georgia, Inc.

Notes to Financial Statements

December 31, 2024 and 2023

NOTE 8 – FAIR VALUE MEASUREMENTS

In accordance with the authoritative guidance on fair value measurements and disclosures under GAAP, the Foundation discloses and recognizes the fair value of its assets and liabilities using a 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 guidance establishes three levels of fair value as follows:

Level 1 — Valuation is based on unadjusted quoted prices in active markets that are accessible at the measurement date for identical investments.

Level 2 — Valuation is based on inputs other than quoted prices that are observable for the asset either directly or indirectly, including inputs in markets that are not considered to be active.

Level 3 — Valuation is based on unobservable inputs as they trade infrequently or not at all.

The inputs or methodology used for valuing investments are not necessarily an indication of the risk associated with investing in those investments.

Investments are required to be recorded at fair value on a recurring basis. When available, the Foundation uses unadjusted quoted market prices to determine the fair value of investment securities, and they are included in Level 1. The Foundation's cash equivalents and money market instruments are reported at fair value based upon the daily market price for identical assets in active markets; therefore, they are classified as Level 1 investments.

Assets as of December 31, 2024 measured at fair value are summarized below:

	Level 1	Level 2	Level 3	Total
Money market funds	\$ 10,836,959	\$ -	\$ -	\$ 10,836,959
Common trust funds	65,734,226	-	-	65,734,226
Total investments	<u>\$ 76,571,185</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 76,571,185</u>

Assets as of December 31, 2023 measured at fair value are summarized below:

	Level 1	Level 2	Level 3	Total
Money market funds	\$ 6,292,391	\$ -	\$ -	\$ 6,292,391
Common trust funds	58,495,213	-	-	58,495,213
Total investments	<u>\$ 64,787,604</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 64,787,604</u>

Community Foundation for Northeast Georgia, Inc.

Notes to Financial Statements

December 31, 2024 and 2023

NOTE 9 – ENDOWMENT FUND

The Foundation's endowment consists of approximately 18 individual funds established for a variety of purposes. The Foundation's endowment includes 4 board-restricted and 14 donor-restricted endowment funds. The net assets associated with donor-restricted funds are classified and reported based on the existence or absence of donor-imposed restrictions. The net assets associated with board-designated funds are classified and reported as net assets without restriction.

Interpretation of Relevant Law: The Board of Directors of the Foundation have interpreted the State Prudent Management of Institutional Funds Act ("SPMIFA") as not requiring the maintenance of purchasing power of the original gift amount contributed to an endowment fund, absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation considers a fund to be underwater if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. The Foundation has interpreted SPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law.

Endowment Spending Policy: In accordance with SPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the Foundation and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the Foundation
- (7) The investment policies of the Foundation

Endowment Investment Policy: The Foundation has incorporated investment and spending policies for endowment assets that intend to preserve the principal of the endowed funds, as well as, provide funding to programs supported by the endowment. Approved by the Board of Directors, this policy is intended to produce a real total return that performs in excess of spending over the long term and to minimize the risk of volatility through broad diversification. The Foundation expects the endowed funds to maintain a rate of return in the long-term that is 2% greater than the rate of inflation as measured by the Consumer Price Index. It is policy of the Foundation to spend 5% of the endowed funds annually to support and enhance the community. The Foundation does permit spending from funds that are considered underwater dependent on the facts and circumstances pertaining to the fund, the degree to which the fund is below its original gift value subject to the relevant laws and regulations and the stated intentions of the donor.

Community Foundation for Northeast Georgia, Inc.

Notes to Financial Statements

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The endowment net asset composition by type of fund for the year ended December 31, 2024 is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor restricted endowment funds	\$ -	\$ 10,897,932	\$ 10,897,932
Board-designated endowment funds	6,981,161	-	6,981,161
Total funds	<u>\$ 6,981,161</u>	<u>\$ 10,897,932</u>	<u>\$ 17,879,093</u>

Changes in endowment net assets for the year ended December 31, 2024 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning	\$ 6,457,182	\$ 10,049,208	\$16,506,390
Gifts and bequests	50,023	8,744	58,767
Investment income	270,905	409,173	680,078
Net investment appreciation	353,991	846,009	1,200,000
Amounts appropriated for expenditure	(150,940)	(415,202)	(566,142)
Endowment net assets, ending	<u>\$ 6,981,161</u>	<u>\$ 10,897,932</u>	<u>\$17,879,093</u>

The endowment net asset composition by type of fund for the year ended December 31, 2023 is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor restricted endowment funds	\$ -	\$ 10,049,208	\$ 10,049,208
Board-designated endowment funds	6,457,182	-	6,457,182
Total funds	<u>\$ 6,457,182</u>	<u>\$ 10,049,208</u>	<u>\$ 16,506,390</u>

Community Foundation for Northeast Georgia, Inc.

Notes to Financial Statements

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Changes in endowment net assets for the year ended December 31, 2023 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning	\$ 5,787,624	\$ 9,180,263	\$14,967,887
Gifts and bequests	867,463	2,500	869,963
Investment income	58,822	255,335	314,157
Net investment appreciation	775,919	942,903	1,718,822
Amounts appropriated for expenditure	(1,032,646)	(331,793)	(1,364,439)
Endowment net assets, ending	<u>\$ 6,457,182</u>	<u>\$ 10,049,208</u>	<u>\$16,506,390</u>

Funds with Deficiencies: Occasionally, the fair value of assets associated with individual endowment funds may fall below the level that the donor or SPMIFA requires the Foundation to retain as a fund of perpetual duration. In accordance with GAAP, a deficiency existed in one donor-restricted endowment fund, which had an original gift value of \$4,130, a fair value of \$2,789, and a deficiency of \$1,341 as of December 31, 2024. In accordance with GAAP, a deficiency existed in one donor-restricted endowment fund, which had an original gift value of \$4,130, a fair value of \$2,980, and a deficiency of \$1,150 as of December 31, 2023. This deficiency resulted from unfavorable market fluctuations.

NOTE 10 – LEASES

The Foundation leases office space under a non-cancellable operating lease agreement that expires in December 2028. The operating lease includes an option to renew at the end of the term for an additional 5 years. The exercise of any lease renewal options is at the Foundation's sole discretion, and only lease options that the Foundation believes it is reasonably certain to exercise are included in the measurement of the lease assets and liabilities. The lease agreement requires the Foundation to pay additional operating expenses which were identified as taxes, repairs and maintenance, and insurance.

An operating lease right-of-use asset and lease liability were recognized at the lease commencement date based on the present value of the lease payments over the lease term. The Foundation's leases typically include a combination of fixed and variable payments. Variable lease payments not based on an index or rate are not included in the operating lease liability as they cannot be reasonably estimated and are recognized in the period in which the obligation for those payments is incurred. The operating lease agreement did not provide an implicit rate; the lease asset and liability were calculated utilizing the risk-free discount rate according to the Foundation's elected policy, which was 3.95% as of January 1, 2024. Lease expense was recognized for this lease on a straight-line basis over the remaining lease term of 4 years.

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Notes to Financial Statements

December 31, 2024 and 2023

The Foundation leases furniture purchased for the premises by the Lessor under a non-cancellable finance lease agreement that expires in December 2029. A finance lease right-of-use asset and lease liability were recognized at the lease commencement date based on the present value of the lease payments over the lease term. The finance lease agreement did not provide an implicit rate; the lease asset and liability were calculated utilizing the risk-free discount rate according to the Foundation's elected policy, which was 3.93% as of January 1, 2024. Interest and amortization expense were recognized for this lease using the effective interest method over the remaining lease term of 4 years.

The Foundation's leases typically include a combination of fixed and variable payments. Variable lease payments not based on index or rate are not included in lease liability as they cannot be reasonably estimated and are recognized in the period in which the obligation for those payments is incurred.

Aggregate future minimum lease payments under the noncancellable lease agreements at December 31, 2024 are summarized as follows:

	Operating	Finance
2025	\$ 39,754	\$ 8,012
2026	41,346	8,012
2027	42,997	8,012
2028	44,706	8,012
	168,803	32,048
Imputed Interest	(13,197)	(2,437)
	<u>\$ 155,606</u>	<u>\$ 29,611</u>

Total cash paid for the operating lease and finance lease for the year ended December 31, 2024 was \$38,221 and \$8,012, respectively. Total rent expense for the operating lease was \$41,405 for the year ended December 31, 2024. Total interest expense and amortization expense for the finance lease was \$1,307 and \$7,263, respectively, for the year ended December 31, 2024.

In 2023, the Foundation leased administrative office space under a cancellable lease agreement which expired in September 2023. The lease required the Foundation to pay taxes. Rent expense incurred by the Foundation under the lease for the year ended December 31, 2023 was \$16,372.

Community Foundation for Northeast Georgia, Inc.

Notes to Financial Statements

December 31, 2024 and 2023

NOTE 11 – AVAILABILITY AND LIQUIDITY OF FINANCIAL ASSETS

Financial assets available for general expenditure, that is, without donor or other restrictions limiting use, comprise the following:

	2024	2023
Financial assets at year end:		
Cash and cash equivalents	\$ 2,126,204	\$ 1,643,297
Receivables	2,575	23,972
Investments, at fair value	76,571,185	64,787,604
Investments, equity method	12,394,560	11,990,007
Total financial assets at year end	91,094,524	78,444,880
Less amounts not available to be used within one year:		
Agency endowment fund liability	18,630,599	14,828,676
Investments with donor restrictions	16,327,502	14,313,069
Investments held for board-designated (unrestricted)	6,686,359	6,457,182
Investments held for donor advised funds (unrestricted)	43,465,716	39,154,764
Total amounts not available to be used within one year	85,110,176	74,753,691
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 5,984,348</u>	<u>\$ 3,691,189</u>

The Foundation's investment policy incorporates the need to support grant making and operating expenses. As part of this policy, the Foundation maintains a significant amount of cash to cover its expenses. Income from donor restricted endowments is restricted for specific purposes, except for the amounts available for general use under the Foundation's spending policy. No spending policy amounts from these endowments for the upcoming year are included in the table above but could be available if necessary. The Foundation does not intend to spend the board-designated donor advised funds included in the table above (other than the administrative fees as a source for general expenditures as described in Note 4), but these amounts could also be made available if necessary.

Community Foundation for Northeast Georgia, Inc.

Notes to Financial Statements

December 31, 2024 and 2023

NOTE 12 – SUBSEQUENT EVENTS

The Foundation has evaluated events occurring after December 31, 2024 through November 3, 2025, which is the date on which the financial statements were available to be issued. In July 2025, the Foundation amended the operating and finance lease, which reduced the rentable square footage and related lease payments effective August 2025. Minimum monthly lease payments under the amended agreement range from \$2,600 to \$2,924 for the office space and are \$580 per month for the furniture.

No additional significant events occurred subsequent to the statement of financial position date but prior to issuance that would have a material impact on the financial statements or disclosures.