

**THE GREATER PINEBELT COMMUNITY FOUNDATION**  
**FINANCIAL STATEMENTS**  
**DECEMBER 31, 2014 AND 2013**

**THE GREATER PINEBELT COMMUNITY FOUNDATION**  
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**DECEMBER 31, 2014 AND 2013**

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**HOLT & ASSOCIATES, PLLC**  
CERTIFIED PUBLIC ACCOUNTANTS

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H. I. Holt, CPA  
Founder (1915-1997)

### **INDEPENDENT AUDITOR'S REPORT**

To the Officers and Board of Directors of  
The Greater PineBelt Community Foundation

We have audited the accompanying financial statements of The Greater PineBelt Community Foundation (a nonprofit organization) which comprise the statement of financial position as of December 31, 2014 and 2013, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

#### **Management's Responsibility for the Financial Statements**

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

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Greater PineBelt Community Foundation as of December 31, 2014, and 2013, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matter**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of cash, cash equivalents, and investments on page 13, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Holt & Associates, PLLC*

Laurel, MS

April 3, 2015

**THE GREATER PINEBELT COMMUNITY FOUNDATION**  
**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2014 AND 2013**

**EXHIBIT A**

	<u>Assets</u>	
	<u>2014</u>	<u>2013</u>
Current Assets:		
Cash and cash equivalents	\$ 1,097,682	\$ 916,609
Investments	<u>2,697,555</u>	<u>2,034,932</u>
Total Current Assets	<u>3,795,237</u>	<u>2,951,541</u>
Fixed Assets:		
Furniture and equipment	81,681	84,214
Less accumulated depreciation	<u>(45,826)</u>	<u>(23,471)</u>
Total Fixed Assets	<u>35,855</u>	<u>60,743</u>
<b>Total Assets</b>	<b><u>\$ 3,831,092</u></b>	<b><u>\$ 3,012,284</u></b>
 <b><u>Liabilities &amp; Net Assets</u></b>  		
Current Liabilities:		
Payroll liabilities	\$ 1,334	\$ 2,719
Funds held as agency endowment obligations	<u>499,190</u>	<u>275,480</u>
Total Liabilities	<u>500,524</u>	<u>278,199</u>
Net Assets:		
Unrestricted	240,220	268,906
Restricted	<u>3,090,348</u>	<u>2,465,179</u>
Total Net Assets	<u>3,330,568</u>	<u>2,734,085</u>
<b>Total Liabilities and Net Assets</b>	<b><u>\$ 3,831,092</u></b>	<b><u>\$ 3,012,284</u></b>

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

**THE GREATER PINEBELT COMMUNITY FOUNDATION  
STATEMENTS OF ACTIVITIES  
DECEMBER 31, 2014 AND 2013**

	2014			2013		
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b><u>REVENUES, GAINS AND OTHER SUPPORT</u></b>						
Contributions	\$ 100,802	\$ 1,593,842	\$ 1,694,644	\$ 102,242	\$ 2,166,380	\$ 2,268,622
Investment income (loss)	(465)	123,340	122,875	-	185,767	185,767
Other Income	15,415	-	15,415	30,227	-	30,227
Gain (loss) on disposal of assets	(771)	-	(771)	-	-	-
Net assets released from restrictions						
Satisfaction of Purpose	1,047,228	(1,047,228)	-	1,919,185	(1,919,185)	-
Management Fees	<u>48,810</u>	<u>(44,785)</u>	<u>4,025</u>	<u>47,500</u>	<u>(47,500)</u>	<u>-</u>
Total net assets released from restrictions	<u>1,096,038</u>	<u>(1,092,013)</u>	<u>4,025</u>	<u>1,966,685</u>	<u>(1,966,685)</u>	<u>-</u>
<b>Total revenues, gains and other support</b>	<u>1,211,019</u>	<u>625,169</u>	<u>1,836,188</u>	<u>2,099,154</u>	<u>385,462</u>	<u>2,484,616</u>
<b><u>EXPENSES</u></b>						
Program Services	1,022,480	-	1,022,480	1,832,799	-	1,832,799
Fundraising	74,398	-	74,398	62,375	-	62,375
General and administrative	<u>142,827</u>	<u>-</u>	<u>142,827</u>	<u>127,459</u>	<u>-</u>	<u>127,459</u>
<b>Total expenses</b>	<u>1,239,705</u>	<u>-</u>	<u>1,239,705</u>	<u>2,022,633</u>	<u>-</u>	<u>2,022,633</u>
<b>Change in net assets</b>	(28,686)	625,169	596,483	76,521	385,462	461,983
<b>Begin of year, January 1</b>	<u>268,906</u>	<u>2,465,179</u>	<u>2,734,085</u>	<u>192,385</u>	<u>2,079,717</u>	<u>2,272,102</u>
<b>End of year, December 31</b>	<u>\$ 240,220</u>	<u>\$ 3,090,348</u>	<u>\$ 3,330,568</u>	<u>\$ 268,906</u>	<u>\$ 2,465,179</u>	<u>\$ 2,734,085</u>

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

**THE GREATER PINEBELT COMMUNITY FOUNDATION**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013**      **EXHIBIT C**

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	<u>2014</u>	<u>2013</u>
Cash flows from operating activities		
Increase (Decrease) in net assets	\$ 596,483	\$ 461,983
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	26,540	15,662
(Gain) loss on sale of assets	771	-
Increase (Decrease) in payroll liabilities	(1,385)	431
Increase (Decrease) in agency endowment obligations	223,710	128,256
Net realized (gains) losses on investments	(259)	(14,296)
Net unrealized (gains) losses on investments	<u>(67,165)</u>	<u>(141,917)</u>
Net cash provided by operating activities	<u>778,695</u>	<u>450,119</u>
 Cash flows from investing activities:		
Purchase of fixed assets	(2,421)	(72,131)
Purchase of investments	(776,087)	(1,173,295)
Proceeds from sale of investments	<u>180,886</u>	<u>749,808</u>
Net cash used by investing activities	<u>(597,622)</u>	<u>(495,618)</u>
 Net increase (decrease) in cash & cash equivalents	181,073	(45,499)
 Beginning cash & cash equivalents	<u>916,609</u>	<u>962,108</u>
 Ending cash & cash equivalents	<u>\$ 1,097,682</u>	<u>\$ 916,609</u>

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

**THE GREATER PINEBELT COMMUNITY FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**

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

The Greater PineBelt Community Foundation (the Foundation) is a not-for-profit corporation organized in 1997 under the laws of the State of Mississippi. The Foundation is a publicly supported philanthropic organization designed to support charitable activities. The purpose of the organization is exclusively charitable, scientific, literary, educational, cultural, religious, and civic. The Foundation accepts assets to be administered for charitable purposes in or for the benefit of residents of the Pine Belt region of South Mississippi.

**Financial Statement Presentation**

The Greater PineBelt Community Foundation adopted FASB Accounting Standards Codification 958, *Not-for-Profit Organizations*. Under FASB ASC 958, the Greater PineBelt Community Foundation is required to report information regarding its financial position and activities according to three classes of net assets (unrestricted net assets, temporarily restricted net assets and permanently restricted net assets) based upon the existence or absence of donor-imposed restrictions.

**Basis of Accounting**

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

**Functional Allocation of Expenses**

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Cash and cash equivalents**

For purposes of the statements of cash flows, the Foundation considers all unrestricted highly liquid investments, including money market funds, available for current use with an initial maturity of three months or less to be cash equivalents.

**Investments**

Investments are carried at fair market value, realized and unrealized gains and losses are reported in the statements of activities. Fair value is determined using market prices or dealer quotes in active markets (all Level 1 measurements) at year-end.

**THE GREATER PINEBELT COMMUNITY FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**

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

**Property and Equipment**

Buildings, furniture and equipment are stated at purchase cost or fair market value at the date of donation. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets. The Foundation capitalizes all expenditures for equipment and improvements. Estimated depreciable lives are as follows:

Buildings and improvements	40 years
Furnishings and equipment	5-10 years

**Contributed Revenue**

Donor restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets. Contributions with no donor restrictions are classified as unrestricted contributions.

**Contributed Facilities**

The Foundation's administrative office operates out of a commercial office suite at no cost to the Foundation. The fair rental value of this facility is included in contributions in the Foundation's statement of activities.

**Income Taxes**

The Greater PineBelt Community Foundation is exempt from Federal and State income taxes under Section 501(c)(3) of the Internal Revenue Code and therefore has made no provision for Federal income taxes in the accompanying financial statements. This code section enables the Organization to accept donations that qualify as charitable contributions to the donor.

The Organization follows the provision of uncertain tax positions as addressed in FASB ASC 740, Income Taxes. The Organization files an income tax return in the U.S. federal jurisdiction. The Organization is no longer subject to U.S. federal income tax examinations by the tax authority for the years before 2011. The Organization recognizes interest accrued related to unrecognized tax benefits in interest and penalties in operating expenses. No such interest or penalties were recognized during the periods presented. The Organization had no accruals for interest and penalties at December 31, 2014 and 2013.

**Funds Held as Agency Endowments**

*Transfers of Assets to a Not-for-Profit Organization or Charitable Trust that Raises or Holds Contributions for Others* established accounting and reporting standards for transaction in which a donor transfers assets to a not-for-profit organization that accepts the assets from the donor and agrees to transfer those assets, the return on investment, or both, to the donor or another entity specified by the donor. Pursuant to this pronouncement, certain agency endowment funds received by the Foundation are considered liabilities, rather than net assets of the Foundation.

**THE GREATER PINEBELT COMMUNITY FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**

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**NOTE 2 – INVESTMENTS**

The Foundation's investments at December 31, 2014 and 2013 consist of marketable debt and equity securities recorded at fair value as follows:

	<b>Fair Value Measurement at Reporting Date Using</b>	
	<b>Fair Value</b>	<b>Quoted Prices in Active Markets (Level 1)</b>
December 31, 2014		
Marketable debt securities	\$ 977,478	\$ 977,478
Marketable equity securities	1,720,077	1,720,077
Total	\$ 2,697,555	\$ 2,697,555

	<b>Fair Value Measurement at Reporting Date Using</b>	
	<b>Fair Value</b>	<b>Quoted Prices in Active Markets (Level 1)</b>
December 31, 2013		
Marketable debt securities	\$ 805,622	\$ 805,622
Marketable equity securities	1,229,310	1,229,310
Total	\$ 2,034,932	\$ 2,034,932

The following schedule summarized the investment returns for the years ended December 31, 2014 and 2013:

	<b>2014</b>	<b>2013</b>
Interest and dividend income	\$ 82,918	\$ 39,056
Realized gains (losses)	259	32,130
Unrealized gains (losses)	67,165	141,917
Investment fees	(6,912)	(9,072)
Total investment returns	\$ 143,430	\$ 204,031

Of the investment returns above, \$20,566 is included in the liability for funds held as agency endowment obligations.

**THE GREATER PINEBELT COMMUNITY FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**

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**NOTE 3 – INVESTMENTS – BOARD-DESIGNATED AND DONOR-DESIGNATED ENDOWMENTS**

The Organization's endowment consists of approximately 70 individual funds established for a variety of purposes. Its endowment includes both donor-restricted funds and funds designated by the Board of Directors to function as endowments. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

As of December 31, 2014, the Board of Directors had designated \$90,026 of unrestricted net assets as a general endowment fund to support the mission of the Organization. Since that amount resulted from an internal designation and is not donor-restricted, it is classified and reported as unrestricted net assets.

The Board of Directors of the Organization has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by SPMIFA. In accordance with SPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (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 Organization, and (7) the Organization's investment policies.

Investment Return Objectives, Risk Parameters and Strategies. The Organization has adopted investment and spending policies, approved by the Board of Directors, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk. Endowment assets are invested in a well diversified asset mix, which includes equity and debt securities, that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make an annual distribution of 5%, while growing the funds if possible. Therefore, the Organization expects its endowment assets, over time, to produce an average rate of return to meet or exceed this amount on an average basis. Actual returns in any given year may vary from this amount. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

**THE GREATER PINEBELT COMMUNITY FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 3 – INVESTMENTS – BOARD-DESIGNATED AND DONOR-DESIGNATED ENDOWMENTS (CONTINUED)**

Spending Policy. The Organization has a policy of appropriating for distribution each year 5% of its endowment fund's average fair value of the prior 12 quarters through the calendar year-end preceding the fiscal year in which the distribution is planned. In establishing this policy, the Organization considered the long-term expected return on its investment assets, the nature and duration of the individual endowment funds, many of which must be maintained in perpetuity because of donor-restrictions, and the possible effects of inflation. The Organization expects the current spending policy to allow its endowment funds to meet or exceed this amount on an average basis, which is consistent with the Organization's objective to maintain the purchasing power of the endowment assets as well as to provide additional real growth through investment return.

Endowment net asset composition by type of fund as of December 31, 2014 is as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Endowment Assets</u>
Board-designated endowment funds	\$ 90,026	\$ -	\$ 90,026
Donor-restricted endowment funds	-	2,175,607	2,175,607
	<u>\$ 90,026</u>	<u>\$ 2,175,607</u>	<u>\$ 2,265,633</u>

Changes in endowment net assets as of December 31, 2014 are as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total Net Endowment Assets</u>
Endowment net assets, beginning of year	\$ 70,923	\$ 1,868,941	\$ 1,939,864
Contributions	17,000	525,604	542,604
Investment income	3,082	40,656	43,738
Net appreciation (depreciation)	2,896	(187,547)	(184,651)
Amounts appropriated for expenditure	(3,875)	(72,047)	(75,922)
	<u>\$ 90,026</u>	<u>\$ 2,175,607</u>	<u>\$ 2,265,633</u>

**THE GREATER PINEBELT COMMUNITY FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**

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**NOTE 4 – PROPERTY AND EQUIPMENT**

The following is a summary of property and equipment as of December 31, 2014 and 2013:

	<u>2014</u>	<u>2013</u>
Office furniture and equipment	\$ 81,681	\$ 84,214
Less: accumulated depreciation	<u>(45,826)</u>	<u>(23,471)</u>
Total	<u>\$ 35,855</u>	<u>\$ 60,743</u>

**NOTE 5 – CONCENTRATION OF CREDIT RISK**

**Cash and Cash Equivalents-** As of December 31, 2014 and 2013, the Foundation maintained \$105,822 and \$88,140, respectively, in money market funds. An investment in money market funds is neither insured by the Federal Deposit Insurance Corporation (FDIC) nor any other governmental agency.

**Marketable debt and equity securities-** As of December 31, 2014 and 2013, the Foundation maintained investments in marketable debt and equity fund accounts. At December 31, 2014, the carrying and account value was \$2,697,555. At December 31, 2013, the account value was \$2,034,932. Although these funds reduce risk through a diversification of investment holdings, they are exposed to market risk. The accounts in which the money market funds and debt and equity securities funds are held are protected under the Securities Investor Protection Corporation (SIPC) up to \$500,000. In addition, the custodian of these funds provides additional coverage for the remainder of the account balances through a private insurer.

**NOTE 6 – RESTATEMENT OF FINANCIAL STATEMENTS**

The December 31, 2013 financial statements have been adjusted to correct an error in the money market account. The correction resulted in an increase of \$13,069 to the net assets at December 31, 2013.

	<u>Before</u>		<u>Restated</u>
	<u>Restatement</u>	<u>Adjustment</u>	
Total Assets	\$ 2,999,215	\$ 13,069	\$ 3,012,284
Contributions	106,157	3,915	110,072
Other Income	12,722	(17,505)	(4,783)
General and Administrative Expense	126,938	(521)	126,417

**NOTE 7 – SUBSEQUENT EVENTS**

The Organization has evaluated subsequent events through April 3, 2015, the date which the financial statements were available to be issued.

**SUPPLEMENTARY SCHEDULES**

**THE GREATER PINEBELT COMMUNITY FOUNDATION**  
**SCHEDULE OF CASH, CASH EQUIVALENT, AND INVESTMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013**

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	<u>2014</u>	<u>2013</u>
<b>CASH AND CASH EQUIVALENTS</b>		
Trustmark National Bank	\$ 991,860	\$ 810,964
Vanguard Asset Management Services	<u>105,822</u>	<u>105,645</u>
<b>TOTAL CASH AND CASH EQUIVALENTS</b>	<u><u>\$ 1,097,682</u></u>	<u><u>\$ 916,609</u></u>
<b>INVESTMENTS</b>		
Bond mutual funds-held by Vanguard	\$ 977,478	\$ 805,622
Equity mutual funds-held by Vanguard	<u>1,720,077</u>	<u>1,229,310</u>
<b>TOTAL INVESMENTS</b>	<u><u>\$ 2,697,555</u></u>	<u><u>\$ 2,034,932</u></u>

See accountant's report.