THE WHITLOCK CO.

CPAs and Consultants

COMMUNITY FOUNDATION OF THE OZARKS, INC.

FINANCIAL STATEMENTS
and
INDEPENDENT AUDITOR'S REPORT

YEARS ENDED JUNE 30, 2018 AND 2017

THE WHITLOCK CO.

CPAs and Consultants

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Community Foundation of the Ozarks, Inc.
Springfield, Missouri

Report on the Financial Statements

We have audited the accompanying financial statements of **Community Foundation of the Ozarks, Inc.** (the Foundation), which comprise the statements of financial position as of June 30, 2018 and 2017, 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 audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **Community Foundation of the Ozarks, Inc.,** as of June 30, 2018 and 2017, 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 audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Combined Foundation and Agency Funds Activity 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.

The Whitlock Co., LLP

Springfield, Missouri
October 11, 2018

STATEMENTS OF FINANCIAL POSITION

COMMUNITY FOUNDATION OF THE OZARKS, INC.

STATEMENTS OF FINANCIAL POSITION

ASSETS

	June 30, 2018	June 30, 2017
Current assets		
Cash and cash equivalents	$ 51,468,493	$ 41,694,233
Current portion of notes receivable	281,149	697,034
Total current assets	51,749,642	42,391,267
Investments		
Diversified investment pool	195,373,075	184,484,993
Other investments	23,120,366	24,020,013
Supporting organization	9,110,339	9,068,255
Total investments	227,603,780	217,573,261
Other assets		
Contributions receivable	676,397	774,265
Notes receivable	852,069	950,358
Property and equipment, net of accumulated depreciation of $643,106 at 2018 and $592,820 at 2017	1,089,150	1,126,249
Cash surrender value of life insurance policies	1,368,903	1,700,936
Other	1,100	1,100
Total other assets	3,987,619	4,552,908
Total assets	$ 283,341,041	$ 264,517,436

LIABILITIES AND NET ASSETS

	June 30, 2018	June 30, 2017
Current liabilities		
Current portion of annuities payable	$ 25,062	$ 24,077
Current portion of notes payable	153,686	154,354
Total current liabilities	178,748	178,431
Other liabilities		
Annuities payable	300,591	296,264
Notes payable	409,896	562,057
Agency funds	83,361,280	84,336,508
Total other liabilities	84,071,767	85,194,829
Net assets		
Unrestricted	6,204,202	6,937,241
Temporarily restricted	113,533,831	96,070,890
Permanently restricted	79,352,493	76,136,045
Total net assets	199,090,526	179,144,176
Total liabilities and net assets	$ 283,341,041	$ 264,517,436

The accompanying notes are an integral part of the financial statements

STATEMENTS OF ACTIVITIES

COMMUNITY FOUNDATION OF THE OZARKS, INC.

STATEMENTS OF ACTIVITIES

	Year Ended June 30, 2018			
	Unrestricted	Temporarily restricted	Permanently restricted	Total
Support and revenue				
Contributions	$ 1,300,313	$ 26,196,412	$ 3,158,222	$ 30,654,947
Investment income	693,927	2,228,093	-	2,922,020
Management fee revenue	2,504,724	-	-	2,504,724
Net realized gain on investment transactions	536,044	1,393,454	-	1,929,498
Net unrealized gain on investments	1,284,017	4,517,117	-	5,801,134
Annuity actuarial adjustments	-	(44,498)	-	(44,498)
Other revenues	17,155	-	-	17,155
Net assets released from restrictions	15,304,198	(15,304,198)	-	-
Total support and revenue	21,640,378	18,986,380	3,158,222	43,784,980
Expenses				
Grants	16,417,199	-	-	16,417,199
Fund administrative fees	2,009,855	-	-	2,009,855
Cash value life insurance premium expense	279,295	-	-	279,295
Interest expense	23,854	-	-	23,854
Other fund expenses	463,657	-	-	463,657
Management and general	3,229,742	-	-	3,229,742
Total expenses	22,423,602	-	-	22,423,602
Increase (decrease) in net assets	(783,224)	18,986,380	3,158,222	21,361,378
Reclassifications	50,185	(1,523,439)	58,226	(1,415,028)
Net assets at beginning of year	6,937,241	96,070,890	76,136,045	179,144,176
Net assets at end of year	$ 6,204,202	$ 113,533,831	$ 79,352,493	$ 199,090,526

	Year Ended June 30, 2017			
	Unrestricted	Temporarily restricted	Permanently restricted	Total
Support and revenue				
Contributions	$ 747,854	$ 13,072,893	$ 3,014,909	$ 16,835,656
Investment income	597,001	2,300,164	-	2,897,165
Management fee revenue	2,274,295	4,868	-	2,279,163
Net realized gain on investment transactions	186,044	733,590	-	919,634
Net unrealized loss on investments	2,604,090	7,926,561	-	10,530,651
Annuity actuarial adjustments	-	(17,974)	-	(17,974)
Other revenues	4,740	-	-	4,740
Net assets released from restrictions	14,046,673	(14,046,673)	-	-
Total support and revenue	20,460,697	9,973,429	3,014,909	33,449,035
Expenses				
Grants	15,279,743	-	-	15,279,743
Fund administrative fees	1,798,106	-	-	1,798,106
Cash value life insurance premium expense	183,920	-	-	183,920
Interest expense	16,490	-	-	16,490
Other fund expenses	452,626	-	-	452,626
Management and general	2,021,900	-	-	2,021,900
Total expenses	19,752,785	-	-	19,752,785
Increase in net assets	707,912	9,973,429	3,014,909	13,696,250
Reclassifications	92,232	178,211	(247,318)	23,125
Net assets at beginning of year	6,137,097	85,919,250	73,368,454	165,424,801
Net assets at end of year	$ 6,937,241	$ 96,070,890	$ 76,136,045	$ 179,144,176

The accompanying notes are an integral part of the financial statements

COMMUNITY FOUNDATION OF THE OZARKS, INC.

STATEMENTS OF CASH FLOWS

	Years Ended June 30, 2018	2017
Cash flows from operating activities		
Cash received from contributors	$ 28,683,437	$ 16,227,937
Interest and dividends received	2,922,020	2,897,165
Cash paid to grant recipients	(16,417,199)	(15,279,743)
Cash paid to employees and suppliers	(6,944,193)	(4,816,958)
Interest paid	(23,854)	(16,490)
Net cash provided by (used in) operating activities	8,220,211	(988,089)
Cash flows from investing activities		
Purchase of property and equipment	(15,671)	(42,676)
Issuance of notes receivable	(400,805)	(417,437)
Proceeds from notes receivable	914,979	1,162,981
Purchases of investments in diversified pool	(27,341,426)	(19,412,328)
Proceeds (purchases) of other investments	2,414,602	2,196,605
Proceeds from sales of investments in diversified pool	23,001,054	9,706,289
Net cash used in investing activities	(1,427,267)	(6,806,566)
Cash flows from financing activities		
Payments on annuity obligations	(24,077)	(51,542)
Net change in short term loans payable	(668)	-
Payments of loans payable	(152,161)	(163,015)
Proceeds from contributions restricted for investment in permanent endowment	3,158,222	3,014,909
Net cash provided by financing activities	2,981,316	2,800,352
Net increase (decrease) in cash and temporary cash investments	9,774,260	(4,994,303)
Cash and temporary cash investments at beginning of year	41,694,233	46,688,536
Cash and temporary cash investments at end of year	$ 51,468,493	$ 41,694,233

(Continued)

COMMUNITY FOUNDATION OF THE OZARKS, INC.

STATEMENTS OF CASH FLOWS

(Continued)

	Years Ended June 30, 2018	2017
Reconciliation of increase in net assets to net cash provided by (used in) operating activities		
Increase in net assets (including reclassifications)	$ 19,946,350	$ 13,719,375
Adjustments to reconcile increase in net assets to net cash provided by (used in) operating activities:		
Depreciation	55,041	60,014
Increase (decrease) in actuarial liabilities	5,312	(20,760)
Contributions permanently restricted for long-term investments	(3,158,222)	(3,014,909)
Net realized and unrealized gains on investments	(7,730,632)	(11,450,285)
Net change in investment in supporting organization	(42,084)	52,744
(Gain) loss on sale of fixed assets	(2,271)	11,830
Increase in:		
Contributions receivable	97,868	(4,124)
Increase (decrease) in:		
Annuity obligations	24,077	51,542
Agency funds	(975,228)	(393,516)
Net cash provided by (used in) operating activities	$ 8,220,211	$ (988,089)

The accompanying notes are an integral part of the financial statements

1. Summary of significant accounting policies

This summary of significant accounting policies is presented to assist in understanding the Foundation's financial statements. The financial statements and notes are representations of the Foundation's management, which is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America. In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management makes estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

History and purpose

The Foundation was incorporated in 1973 by a group of Greene County, Missouri citizens who were interested in providing a way for the charitable desires of people to be given permanent, useful expression in furthering the welfare of the community. The Foundation receives, distributes and administers funds for charitable and public purposes for the Springfield Metropolitan area, and 49 regional community foundations serving the southern tier of Missouri.

Basis of presentation

The Foundation prepares its financial statements in accordance with the provisions of the Financial Accounting Standards Board (FASB) Accounting Standards Codification *(ASC) 958, "Not-for-Profit Entities."* Under *ASC 958*, the 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.

Investments

Investments are carried at market value. Most funds participate in either a diversified investment pool or a cash pool using the market value unit method to determine the number of shares to be issued. Realized gains and losses from the diversified investment pool are allocated based on each participating fund's pro-rata share. Funds that don't participate in the Foundation's investment pools are invested individually at other financial institutions and reviewed monthly by CFO staff.

In 2009, the CFO Board of Directors approved committing up to 2% of assets to community investment through low-interest loans when conventional financing sources are not available. This Mission-Related Investment Program and Cultural Investment Fund represents the CFO's commitment to the "double-bottom line" of investing in enterprises that produce both financial and social returns for Ozarks communities rather than investing assets solely in financial markets.

Restricted and unrestricted support and revenue

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

Promises to give

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

Income taxes

The Foundation is exempt from income taxes under the provisions of the Internal Revenue Code Section 501(a). For the year ended June 30, 2018, the Foundation had no taxable income as a result of unrelated business activities. Accordingly, the financial statements contain no provision for income tax.

Generally Accepted Accounting Principles (GAAP) prescribes a recognition threshold and measurement attribute for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return and also provides guidance on various related matters such as the position the Foundation has taken that the organization is exempt from income taxes.

The Foundation's information return filings are subject to audit by various taxing authorities. The Foundation's open tax audit periods are 2015 through 2018. In evaluating the Foundation's tax positions, interpretations and tax planning strategies are considered. The Foundation believes their estimates are appropriate based on current facts and circumstances.

Cash equivalents

Cash equivalents represent short-term investments with original maturities of three months or less.

Recent accounting pronouncements

The FASB issued ASU 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*, in August 2016. ASU 2016-14 improves the current net asset classification requirements and the information presented in the financial statements and notes about the Foundation’s liquidity, financial performance, and cash flows. The new standard is effective for fiscal years beginning after December 15, 2017. The Foundation is currently evaluating the effect that implementation of the new standard will have on their financial statements.

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers*, which requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. This guidance will replace most existing revenue recognition guidance in U.S. GAAP when it becomes effective. The new standard is effective for fiscal years beginning after on December 15, 2018. The standard permits the use of either the retrospective or modified-retrospective transition method. The Foundation is evaluating the effect that ASU 2014-09 will have on their financial statements.

In February 2016, the FASB issued ASU 2016-02 *Leases*. ASU 2016-02 requires recognition of the assets and liabilities that arise from leases. The new standard is effective for fiscal years beginning after December 15, 2019. The Foundation is currently evaluating the effect that implementation of the new standard will have on its financial statements.

2. Investments

The Foundation holds most of its investments in a diversified investment pool which consists of various mutual fund companies. The remainder of its investments are held in separate accounts at various financial institutions.

Investments are composed of the following classes of securities at June 30:

	2018			
	Diversified investment pool	Other investments	Supporting Organization	Total
Mutual funds and similar investments	$ 140,758,198	$ 10,870,727	$ -	$ 151,628,925
Bonds and bond funds	19,030,351	4,812,108	-	23,842,459
Common stocks	-	3,712,400	-	3,712,400
Real estate & other	35,584,526	3,725,131	9,110,339	48,419,996
	$ 195,373,075	$ 23,120,366	$ 9,110,339	$ 227,603,780

	2017			
	Diversified investment pool	Other investments	Supporting Organization	Total
Mutual funds and similar investments	$ 134,450,051	$ 11,559,624	$ -	$ 146,009,675
Bonds and bond funds	17,262,632	4,336,526	-	21,599,158
Common stocks	-	3,613,958	-	3,613,958
Real estate & other	32,772,310	4,509,905	9,068,255	46,350,470
	$ 184,484,993	$ 24,020,013	$ 9,068,255	$ 217,573,261

3. Notes receivable

Notes receivable at June 30, consists of the following:

		2018		2017
Note receivable from Gainsville Biomass dated April 8, 2011 in the orginal amount of $1,064,894 to assist the school district with the purchase of a Biomass HVAC Unit. Note is paid in monthly installments of $9,682, including interest at 1%. Note is scheduled to mature on March 1, 2022.	$	391,697	$	512,836
Note receivable from Chadwick School District dated April 23, 2015 in the orginal amount of $65,250 to assist the school district with the purchase of ground source heat pumps. Note is paid in monthly installments of $862, including interest at 1%. Note is scheduled to mature on March 23, 2022.		37,972		47,931
Note receivable from Licking School District dated June 5, 2015 in the orginal amount of $205,672 to assist the school district with the purchase of ground source heat pumps. Note is paid in monthly installments of $1,802, including interest at 1%. Note is scheduled to mature on June 5, 2025.		146,114		166,166
Note receivable from Blansit Investment Group dated January 6, 2016 in the orginal amount of $72,000 to assist the group with the infill of some property. Note is paid in monthly installments of $702, including interest at 3.250%. Note is scheduled to mature on March 6, 2021.		56,630		63,022
Note receivable from Friends of the Zoo dated March 7 , 2018 in the orginal amount of $100,000 to assist Dickerson Park Zoo in mainting operations. Note is paid in monthly installments of accrued interest at 3.00%. Note is scheduled to mature on October 31, 2018.		100,000		100,000
Note Receivable from the City of Marshfield dated June 23, 2017 in the original amount of $317,437 to assist the city in purchasing a building. Note is paid in monthly installments $1,857, including interest at 3.50%. Note was paid off during the fiscal year ended June 30, 2018.		-		317,437

Note receivable from History Museum on the Square dated October 15, 2014 in the orginal amount of $440,000 to provide the museum with funds to help with construction costs. Note was to be paid on maturity date with one payment of $440,000, including interest at 0.85%. Note matured on April 1, 2017. The note was paid in full subsequent to June 30, 2018.	-	440,000
Note receivable from Springfield Little Theater dated June 5, 2018 in the orginal amount of $400,805 to provide the museum with funds to help with structural updating. Note is paid in monthly installments $3,818, including interest at 3.75%. Note is scheduled to mature on January 5, 2023.	400,805	-
	1,133,218	1,647,392
Less current portion	281,149	697,034
	$ 852,069	$ 950,358

4. Supporting organizations

The Foundation is the beneficiary of assets consisting primarily of real estate held by a supporting organization. Under the terms of the supporting organization, the Foundation has the irrevocable right to receive all of the income earned on the assets. The Foundation has recorded its interest in these assets based on the fair value of assets held by the supporting organization. Net gain (loss) on assets held by the supporting organization of 42,084 and $(52,744) were recognized in 2018 and 2017, respectively.

5. Notes payable

Notes payable at June 30, consist of the following:

	2018	2017
Note payable to White River Valley Electric Cooperative, Inc. dated August 18, 2011, in the orginal amount of $740,000 with funds used to assist the Gainsville School District with the purchase of a Biomass HVAC unit. Note is payable in monthly installments of $6,852, including no interest. Note is scheduled to mature on July 31, 2021.	$ 253,507	$ 335,732
Note payable to White River Valley Electric Cooperative, Inc. dated August 18, 2011, in the orginal amount of $360,000 with funds used to assist the Gainsville School District with the purchase of a Biomass HVAC unit. Note is payable in monthly installments of $3,334, including no interest. Note is scheduled to mature on July 31, 2021.	123,287	163,294

Note payable to Intercounty Electric Coop Assoc. dated October 1, 2015 in the orginal amount of $206,000 with funds used to assist the Licking School District with the purchase of ground source heat pumps. Note is payable in monthly installments of $1,717, including no interest. Note is scheduled to mature on October 1, 2025.	147,633	168,233
Note payable to White River Valley Electric Cooperative, Inc. dated March 23, 2015, in the orginal amount of $65,250 with funds used to assist the Chadwick School District with the purchase of ground source heat pumps. Note is payable in monthly installments of $833, including interest at 2.00%. Note is scheduled to mature on May 23, 2022.	39,155	49,152
	563,582	716,411
Less current portion	153,686	154,354
	$ 409,896	$ 562,057

The maturities of the notes payable during future fiscal years are as follows:

2019	$ 153,686
2020	152,350
2021	152,542
2022	39,771
2023	20,600
Thereafter	44,633
Total notes payable maturities	$ 563,582

6. Agency funds

Agency funds represent funds held by the Foundation on behalf of other entities that have retained the right to designate the recipients of the earnings and principal of funds. See the accompanying supplemental information for changes in agency funds for the years ended June 30, 2018 and 2017.

7. Net assets

At June 30, 2018, temporarily restricted net assets consisting of gifts and other unexpended revenue and gains totaling $113,533,831 are available for grants in the areas of human services, education, arts and culture, health, and community betterment. Permanently restricted net assets consist of $79,352,493 of endowment funds, the earnings from which are spendable for human services, education, arts and culture, health, and community betterment.

Due to investment performance, some of the individual donor restricted endowment funds have fair values that are cumulatively less than the amount of the corpus by approximately $520,132. Corpus includes the aggregate of gift additions to the funds and investment return required to be retained. Such endowments are commonly referred to as "underwater" endowments. The Foundation intends to continue to invest its endowment funds prudently so that these funds are restored to their historical corpus amounts and subsequently produce positive earnings that can be used consistent with the purpose of the funds.

8. Pension plans

The Foundation has a defined contribution plan covering the participating employees who make contributions to the Plan. The Foundation makes a contribution to the Plan each month equal to the amount of the participants' contributions, not to exceed an annual contribution of 5% of the participants' annual salaries. Total expense for the years ended June 30, 2018 and 2017, were approximately $56,519 and $51,001, respectively.

9. Disclosure about fair value of assets and liabilities

Financial Accounting Standards Board (FASB) Accounting Standards Codification *(ASC) 820, "Fair Value Measurements and Disclosures,"* establishes a framework for measuring fair value and expands disclosures about fair value measurements.

ASC 820 defines fair value as 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. *ASC 820* also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

Level 1 - Quoted prices in active markets for identical assets or liabilities.

Level 2 - Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices for identical or similar assets in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

Following is a description of the valuation methodologies used for instruments measured at fair value on a recurring basis and recognized in the accompanying statement of financial position, as well as the general classification of such instruments pursuant to the valuation hierarchy.

Available-for-sale securities

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. Level 1 securities include exchange traded equities. If quoted market prices are not available, then fair values are estimated by using pricing models, quoted prices of securities with similar characteristics or discounted cash flows. Level 2 securities include investments in hedge funds and real estate investment trusts. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy and include other less liquid securities.

The following tables presents the fair value measurements of assets and liabilities recognized in the accompanying balance sheet measured at fair value on a recurring basis and the level within the ASC 820 fair value hierarchy in which the fair value measurements fall at June 30, 2018 and 2017:

		Fair Value Measurements Using		
	06/30/18 Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Diversified Pool:				
Cash and cash equivalents	$ 438,140	$ 438,140	$ -	$ -
Mission related investments	104,480	-	-	104,480
Vanguard 500 Inst'l Index Fund	15,539,266	15,539,266	-	-
Vanguard Value Index Fund	7,877,366	7,877,366	-	-
Vanguard Total Bond Fund	14,891,003	14,891,003	-	-
Vanguard Inflation PS Fund	5,962,904	5,962,904	-	-
Vanguard Dividend Growth Fund	7,417,654	7,417,654	-	-
Vanguard Extended Index Fund	15,870,822	15,870,822	-	-
Victory Sycamore Mid Cap Fund	6,088,923	6,088,923	-	-
Westfield HSBC	7,239,338	7,239,338	-	-
Artisan International	14,942,265	14,942,265	-	-
Dodge & Cox	9,097,147	9,097,147	-	-
Met West Total Return	14,898,007	14,898,007	-	-
Brookfield	6,166,138	6,166,138	-	-
Parametric Emerging Markets	14,329,225	14,329,225	-	-
Polaris	9,608,246	-	9,608,246	-
Colchester	9,422,105	-	9,422,105	-
Anchorage Capital	3,910,520	-	-	3,910,520
TAPS Fund	5,967,574	-	-	5,967,574
Blackstone Partners Invest. Fund	7,686,106	-	-	7,686,106
Farallon Capital	5,036,255	-	-	5,036,255
Knighhead Offshore Fund	4,664,157	-	-	4,664,157
Highline Capital, Ltd.	4,193,982	-	-	4,193,982
Valinor Capital Partners Offshore	4,021,452	-	-	4,021,452
Other investment portfolios:				
Mutual funds and common stock	14,583,127	14,583,127	-	-
Bonds	4,812,108	-	4,812,108	-
Real estate and other investment property	3,725,131	-	-	3,725,131
Supporting Organization	9,110,339	-	-	9,110,339
	$ 227,603,780	$ 155,341,325	$ 23,842,459	$ 48,419,996

	06/30/17 Fair Value	Fair Value Measurements Using: Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Diversified Pool:				
Cash and cash equivalents	$ 2,001,079	$ 2,001,079	$ -	$ -
Mission related investments	104,480	-	-	104,480
Vanguard 500 Inst'l Index Fund	14,172,837	14,172,837	-	-
Vanguard Value Index Fund	6,429,982	6,429,982	-	-
Vanguard Total Bond Fund	13,324,428	13,324,428	-	-
Vanguard Energy Fund	4,760,006	4,760,006	-	-
Vanguard Inflation Protected Fund	5,306,175	5,306,175	-	-
Vanguard Dividend Growth Fund	6,708,722	6,708,722	-	-
Vanguard Extended Index Fund	12,897,472	12,897,472	-	-
Victory Sycamore Mid Cap Fund	5,460,832	5,460,832	-	-
Westfield HSBC	5,950,544	5,950,544	-	-
Artisan International	15,281,559	15,281,559	-	-
Dodge & Cox	7,960,424	7,960,424	-	-
Met West Total Return	13,162,472	13,162,472	-	-
Voya Real Estate Fund	5,476,265	5,476,265	-	-
Parametric Emerging Markets	15,557,254	15,557,254	-	-
Polaris	7,928,386	-	7,928,386	-
Colchester	4,656,264	-	4,656,264	-
Mondrian	4,677,982	-	4,677,982	-
Anchorage Capital	3,677,597	-	-	3,677,597
TAPS Fund	4,970,580	-	-	4,970,580
Blackstone Partners Invest. Fund	7,259,094	-	-	7,259,094
Farallon Capital	4,185,516	-	-	4,185,516
Knighhead Offshore Fund	4,458,659	-	-	4,458,659
Highline Capital, Ltd.	4,295,187	-	-	4,295,187
Valinor Capital Partners Offshore	3,821,197	-	-	3,821,197
Other investment portfolios:				
Mutual funds and common stock	15,173,582	15,173,582	-	-
Bonds	4,336,526	-	4,336,526	-
Real estate and other investment property	4,509,905	-	-	4,509,905
Supporting Organization	9,068,255	-	-	9,068,255
	$ 217,573,261	$ 149,623,633	$ 21,599,158	$ 46,350,470

The following is a reconciliation of the beginning and ending balances of recurring fair value measurements recognized in the accompanying Statement of Financial Position using significant unobservable (Level 3) inputs:

	Hedge funds	Real estate and other	Supporting	Total
Balance, beginning of year	$ 32,772,310	$ 4,509,905	$ 9,068,255	$ 46,350,470
Transfers in and out of Level 3	-	-	-	-
Total realized and unrealized gains and losses included in change in net assets	1,812,216	68,847	42,084	1,923,147
Purchases, issues, sales, and settlements:				
Purchases	1,000,000	144,024	-	1,144,024
Sales	-	(997,645)	-	(997,645)
Balance, end of year	$ 35,584,526	$ 3,725,131	$ 9,110,339	$ 48,419,996
Change in unrealized gains or losses for the period included in changes in net assets for assets held at the end of the reporting period	$ 1,812,215	$ 93,440	$ 1,905,655	

Quantitative information about significant unobservable inputs used in the measurement of fair value for Level 3 investments is not developed by the Foundation and is not considered reasonably available. Therefore, the Foundation is not subject to the disclosure requirements under FASB Codification Topic *820 Fair Value Measurement* regarding quantitative information about significant unobservable inputs used in Level 3 fair value measurement.

Additional disclosures as required per FASB Codification Topic *820* set forth in the following table are certain private equity funds' redemption frequency and redemption notice periods:

	Fair Value	Redemption Frequency	Redemption Notice Period
Anchorage Capital	$ 3,910,520	monthly	90 days
TAPS Fund	5,967,574	monthly	5 days
Blackstone Partners Invest. Fund	7,686,106	monthly	95 days
Farallon Capital	5,036,255	monthly	60 days
Knighhead Offshore Fund	4,664,157	monthly	90 days
Highline Capital, Ltd.	4,193,982	monthly	30 days
Valinor Capital Partners Offshore	4,021,452	monthly	60 days

10. Endowments

The Foundation's endowment consists of approximately 1,345 individual funds. Most are donor-restricted endowments. As required by GAAP, 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.

The Board of Directors of the Foundation has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) 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 Foundation classifies as permanently restricted net assets (1) the original value of gifts donated to the permanent endowment, (2) subsequent gifts to the endowment, and (3) 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 in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

<u>Interpretation of relevant law</u>

- The duration and preservation of funds
- The purposes of the donor-restricted endowment funds
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Foundation
- The investment policies of the Foundation

<u>Return objectives and risk parameters</u>

The Foundation has adopted investment and spending policies that attempt to provide a predictable stream of funding to programs supported by its endowment while ensuring that the purchasing power of the endowment assets do not decline over time.

<u>Strategies employed for achieving objectives</u>

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends).

<u>Spending policy and how the investment objectives relate to spending policy</u>

Spending is guided by several factors; most important is the value of the portfolio. Generally, the Board will approve a spending policy limiting annual expenditures for grants and distributions from endowment funds to 4% of the value of fund assets based on a 12-quarter rolling average. The spending amount will be calculated by multiplying the 12-quarter rolling average of fund assets times 4%, divided by 4 (to arrive a quarterly spending).

Furthermore, in recognition of the Uniform Prudent Management of Institutional Funds Act (UPMIFA), spending shall comply with the evolving "prudent spending" guidelines of UPMIFA. This policy will be reviewed annually as part of the budgeting process. Investment managers should be given ample notice of the required withdrawal schedule. Appropriate liquidity should be maintained to fund these withdrawals without impairing the investment process.

Endowment net assets composition by type of fund and changes in endowment net assets

For the Year Ended June 30, 2018

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Net assets, 7/01/17	$ -	$ 51,917,376	$ 76,136,045	$ 128,053,421
Contributions	-	4,388,938	3,158,222	7,547,160
Other income	-	194,463	-	194,463
Investment return:				
Interest and dividends	-	948,268	-	948,268
Net appreciation	-	2,694,468	-	2,694,468
Reclassifications	-	626,561	58,226	684,787
Released from restrictions	-	(3,375,263)	-	(3,375,263)
Net assets, 6/30/18	$ -	$ 57,394,811	$ 79,352,493	$ 136,747,304

For the Year Ended June 30, 2017

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Net assets, 7/01/16	$ -	$ 46,383,662	$ 73,368,454	$ 119,752,116
Contributions	-	3,852,592	3,014,909	6,867,501
Other income	-	145,834	-	145,834
Investment return:				
Interest and dividends	-	798,374	-	798,374
Net appreciation	-	3,766,149	-	3,766,149
Reclassifications	-	(60,151)	(247,318)	(307,469)
Released from restrictions	-	(2,969,084)	-	(2,969,084)
Net assets, 6/30/17	$ -	$ 51,917,376	$ 76,136,045	$ 128,053,421

11. Reclassifications

From time to time, the Foundation reviews its classifications of temporarily and permanently restricted net assets. As part of the review process, funds are analyzed and reclassified if needed. This year, the Foundation identified a more accurate way to report funds. The Foundation also noted the need to reclassify contra accounts to cash and cash equivalents, investments, and notes receivable. The intention of those accounts were adjusted based on Foundations needs and payback of loans.

12. Subsequent events

In preparing these financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through October 11, 2018, the date the financial statements were available to be issued.

SUPPLEMENTAL INFORMATION

COMMUNITY FOUNDATION OF THE OZARKS, INC.

SCHEDULE OF COMBINED FOUNDATION AND AGENCY FUNDS ACTIVITY

	Year Ended June 30, 2018			Year Ended June 30, 2017		
	Foundation Funds	Agency Funds	Total	Foundation Funds	Agency Funds	Total
Support and revenue						
Contributions	$ 30,654,947	$ 28,291,770	$ 58,946,717	$ 16,835,656	$ 21,452,313	$ 38,287,969
Investment income	2,922,020	1,513,372	4,435,392	2,897,165	1,092,313	3,989,478
Management fee revenue	2,504,724	-	2,504,724	2,279,163	-	2,279,163
Net realized gain on investment transactions	1,929,498	588,514	2,518,012	919,634	358,620	1,278,254
Net unrealized gain (loss) on investments	5,801,134	2,281,812	8,082,946	10,530,651	3,504,115	14,034,766
Other revenues	17,155	-	17,155	4,740	-	4,740
Annuity actuarial adjustments	(44,498)	-	(44,498)	(17,974)	-	(17,974)
Total support and revenue	43,784,980	32,675,468	76,460,448	33,449,035	26,407,361	59,856,396
Expenses						
Grants	16,417,199	34,144,560	50,561,759	15,279,743	25,597,727	40,877,470
Fund administrative fees	2,009,855	708,693	2,718,548	1,798,106	667,740	2,465,846
Cash value life insurance premium expense	279,295	-	279,295	183,920	-	183,920
Interest expense	23,854	-	23,854	16,490	-	16,490
Other fund expenses	463,657	170,330	633,987	452,626	171,489	624,115
Management and general	3,229,742	-	3,229,742	2,021,900	-	2,021,900
Total expenses	22,423,602	35,023,583	57,447,185	19,752,785	26,436,956	46,189,741
Increase (decrease) in available funds	21,361,378	(2,348,115)	19,013,263	13,696,250	(29,595)	13,666,655
Reclassifications	(1,415,028)	1,372,887	(42,141)	23,125	(363,921)	(340,796)
Total - beginning of year	179,144,176	84,336,508	263,480,684	165,424,801	84,730,024	250,154,825
Total - end of year	$ 199,090,526	$ 83,361,280	$ 282,451,806	$ 179,144,176	$ 84,336,508	$ 263,480,684

See independent auditor's report.