



**COMMUNITY FOUNDATION OF THE OZARKS, INC.
AND SUPPORTING ORGANIZATIONS**

**COMBINED FINANCIAL STATEMENTS
and
INDEPENDENT AUDITOR'S REPORT**

YEARS ENDED JUNE 30, 2020 AND 2019



INDEPENDENT AUDITOR'S REPORT

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

Report on the Combined Financial Statements

We have audited the accompanying combined financial statements of **Community Foundation of the Ozarks, Inc.** (the Foundation), which comprise the combined statements of financial position as of June 30, 2020 and 2019, and the related combined statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the combined financial statements.

Management's Responsibility for the Combined Financial Statements

Management is responsible for the preparation and fair presentation of these combined 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 combined 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 combined 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 combined financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combined 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 combined 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 combined 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 combined 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, 2020 and 2019, 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.

Emphasis of Matter

As discussed in Note 15 to the combined financial statements, the 2019 financial statements have been restated to correct a misstatement. Our opinion is not modified with respect to this matter.

Report on Summarized Comparative Information

We have previously audited the Foundation's June 30, 2019 combined financial statements, and we expressed an unmodified audit opinion on those audited combined financial statements in our report dated October 16, 2019. In our opinion, the summarized comparative information presented herein, as of and for the year ended June 30, 2019, is consistent, in all material respects, with the audited combined financial statements from which it has been derived.

Other Matter

Our audits were conducted for the purpose of forming an opinion on the combined 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 combined 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 combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined 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 combined financial statements as a whole.

A handwritten signature in black ink that reads "THE WHITLOCK CO., LLP". The signature is written in a cursive, slightly slanted style.

Springfield, Missouri
November 8, 2020

**COMMUNITY FOUNDATION OF THE OZARKS, INC.
AND SUPPORTING ORGANIZATIONS
COMBINED STATEMENTS OF FINANCIAL POSITION**

ASSETS

	June 30,	
	2020	2019
Assets		(Restated)
Cash and cash equivalents	\$ 54,614,239	\$ 46,000,681
Contributions receivable	8,287,500	5,593,750
Prepaid expenses	3,090	-
	62,904,829	51,594,431
Investments		
Diversified investment pool	201,099,436	204,668,479
Advisor-managed funds	30,269,386	25,562,089
Other investments	380,213	92,757
Program related investments	976,447	1,888,368
Supporting organizations	11,700,675	11,533,430
	244,426,157	243,745,123
Split interest agreements		
Charitable trusts	454,173	421,132
Cash surrender value of life insurance policies	547,946	1,051,900
Life estate agreement	814,445	709,547
	1,816,564	2,182,579
Property and equipment, net of accumulated depreciation	1,025,760	1,062,560
Total assets	\$ 310,173,310	\$ 298,584,693

LIABILITIES AND NET ASSETS

Liabilities		
Accrued expenses	\$ 97,010	\$ 57,463
Accrued liabilities	344,000	-
Notes payable	258,807	485,753
Annuities payable	252,979	241,827
Agency funds	84,614,672	80,203,144
	85,567,468	80,988,187
Net assets		
Without donor restriction	9,708,022	12,654,781
With donor restriction	214,897,820	204,941,725
Total net assets	224,605,842	217,596,506
Total liabilities and net assets	\$ 310,173,310	\$ 298,584,693

The accompanying notes are an integral part of the combined financial statements.

**COMMUNITY FOUNDATION OF THE OZARKS, INC.
AND SUPPORTING ORGANIZATIONS
COMBINED STATEMENTS OF ACTIVITIES**

	Year Ended June 30, 2020			Year Ended
	Without donor restriction	With donor restriction	Total	June 30, 2019
				(Restated)
Revenues				
Contributions	\$ 1,707,640	\$ 33,013,660	\$ 34,721,300	\$ 30,972,561
Net investment earnings	(406,775)	(2,349,320)	(2,756,095)	9,257,603
Management fees	717,230	-	717,230	768,330
Other revenues	21,064	3,979	25,043	59,898
Net assets released from restrictions	19,875,550	(19,875,550)	-	-
Total revenues	21,914,709	10,792,769	32,707,478	41,058,392
Expenses				
Grants and scholarships	22,070,744	-	22,070,744	18,180,803
Programs	1,026,989	-	1,026,989	1,000,256
Administrative	1,334,837	-	1,334,837	1,283,335
Development	744,614	-	744,614	702,992
Total expenses	25,177,184	-	25,177,184	21,167,386
Other changes				
Split interest agreements	-	(35,118)	(35,118)	301,056
Total other changes	-	(35,118)	(35,118)	301,056
Increase (decrease) in net assets	(3,262,475)	10,827,887	7,565,412	19,589,950
Reclassifications	315,716	(871,792)	(556,076)	286,952
Net assets at beginning of year	12,654,781	204,941,725	217,596,506	197,719,604
Net assets at end of year	\$ 9,708,022	\$ 214,897,820	\$ 224,605,842	\$ 217,596,506

The accompanying notes are an integral part of the combined financial statements.

**COMMUNITY FOUNDATION OF THE OZARKS, INC.
AND SUPPORTING ORGANIZATIONS
COMBINED STATEMENTS OF FUNCTIONAL EXPENSES**

	<u>Program services</u>		<u>Supporting services</u>		June 30, 2020 <u>Total</u>	June 30, 2019 <u>Total</u> (Restated)
	<u>Grants and Scholarships</u>	<u>Community Foundation Programs</u>	<u>Management & General Administration</u>	<u>Fundraising and Development</u>		
Functional expenses						
Grants and scholarships	\$ 22,070,744	\$ -	\$ -	\$ -	\$ 22,070,741	\$ 18,180,803
Personnel and benefits	-	655,843	852,438	475,516	1,983,797	1,791,342
Occupancy expenses	-	21,847	28,396	15,840	66,084	70,513
Information technology	-	27,866	36,219	20,204	84,290	86,061
Collaboration and leadership	-	20,350	26,450	14,755	61,555	71,711
Office expenses	-	47,945	62,317	34,762	145,024	146,217
Professional services	-	24,424	31,746	17,709	73,879	55,897
Insurance	-	17,588	22,860	12,752	53,200	48,136
Printing and publications	-	16,195	21,050	11,742	48,988	55,719
Dues, subs, and membership	-	12,452	16,185	9,029	37,666	29,405
Professional development	-	12,940	16,818	9,382	39,140	59,125
Travel	-	1,724	2,240	1,250	5,214	12,136
Miscellaneous expenses	-	3,982	5,175	2,887	12,044	25,774
Other expenses	-	143,431	186,425	103,994	433,850	477,118
Depreciation	-	20,402	26,518	14,792	61,712	57,429
Total functional expenses	<u>\$ 22,070,744</u>	<u>\$ 1,026,989</u>	<u>\$ 1,334,837</u>	<u>\$ 744,614</u>	<u>\$ 25,177,184</u>	<u>\$ 21,167,386</u>

The accompanying notes are an integral part of the combined financial statements.

**COMMUNITY FOUNDATION OF THE OZARKS, INC.
AND SUPPORTING ORGANIZATIONS
COMBINED STATEMENTS OF CASH FLOWS**

	Years Ended June 30,	
	2020	2019
Cash flows from operating activities:		(Restated)
Increase in net assets	\$ 7,565,412	\$ 19,589,950
Reclassifications	(556,076)	286,952
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	61,712	57,429
Contributions restricted for long-term investment	(10,273,321)	(2,307,342)
Adjustment of actuarial liability	11,152	(83,826)
Net realized and unrealized (gains) losses on investments	3,707,613	(5,512,736)
Decrease (increase) in:		
Contribution receivable	(2,693,750)	(5,626,900)
Prepaid expenses	(3,090)	1,100
Increase (decrease) in:		
Accrued expenses	39,547	57,462
Annuities payable	31,824	25,062
Agency funds	<u>4,411,528</u>	<u>(3,158,136)</u>
Net cash provided by operating activities	<u>2,302,551</u>	<u>3,329,015</u>
Cash flows from investing activities:		
Purchase of property and equipment	(24,912)	(30,839)
Purchases of investments	(9,123,223)	(15,637,388)
Purchases of split interest agreements	(137,939)	(4,470,594)
Proceeds from sale of investments	4,734,576	8,820,540
Proceeds from sale of split interest agreements	<u>503,954</u>	<u>317,003</u>
Net cash used in investing activities	<u>(4,047,544)</u>	<u>(11,001,278)</u>
Cash flows from financing activities:		
Payments on annuities	(31,824)	(25,062)
Payments of notes payable	(226,946)	(153,686)
Proceeds from notes payable and accrued liabilities	344,000	75,857
Proceeds from contributions restricted for investments in endowment funds	<u>10,273,321</u>	<u>2,307,342</u>
Net cash provided by financing activities	<u>10,358,551</u>	<u>2,204,451</u>
Net increase (decrease) in cash and temporary cash investments	8,613,558	(5,467,812)
Cash at beginning of year	<u>46,000,681</u>	<u>51,468,493</u>
Cash at end of year	<u>\$ 54,614,239</u>	<u>\$ 46,000,681</u>

The accompanying notes are an integral part of the combined financial statements.

**COMMUNITY FOUNDATION OF THE OZARKS, INC.
AND SUPPORTING ORGANIZATIONS
NOTES TO THE COMBINED FINANCIAL STATEMENTS**

JUNE 30, 2020 AND 2019

1. History and purpose

The Community Foundation of the Ozarks (EIN 23-7290968) 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's mission is to enhance the quality of life through resource development, community grantmaking, collaboration, and public leadership. The Foundation receives, distributes and administers component funds for charitable and public purposes for the Springfield Metropolitan area and 50 regional community foundations serving the southern tier of Missouri (see supplemental information for full list of affiliated community foundations).

In December 1999, the Lezah Stenger Foundation (EIN 43-1872019), a Type 1 supporting organization of the Community Foundation of the Ozarks was established to promote education, amateur athletics, and various other charitable causes designed to meet the needs of the community.

In September 2002, the Ozarks Charitable Real Estate Foundation (EIN 41-2086647), a Type 1 supporting organization of the Community Foundation of the Ozarks, was established to accept gifts of real estate. Net proceeds of contributed assets are transferred to the Community Foundation of the Ozarks.

In February 2006, the Community Foundation of the Ozarks Stock Trust (EIN 71-6225763), a Type 1 supporting organization of the Community Foundation of the Ozarks, was established to accept gifts of closely held stock. Net proceeds of contributed assets are transferred to the Community Foundation of the Ozarks.

2. Summary of significant accounting policies

This summary of significant accounting policies is presented to assist in understanding the Foundation's combined financial statements. The combined 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 combined 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 combined financial statements, as well as the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Principles of combination

The Foundation, in accordance with the provisions of *FASB Accounting Standards Codification Topic 958-810*, includes the Foundation, the Lezah Stenger Foundation, Ozarks Charitable Real Estate Foundation, and the Community Foundation of the Ozarks Stock Trust in their combined financial statements in which they have economic interest arising from a contractual relationship.

Basis of accounting

The combined financial statements of the Foundation have been prepared on the accrual basis of accounting, and accordingly, reflect all significant receivables, payables and other liabilities.

Basis of presentation

The Foundation prepares its combined 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 combined financial position and activities according to two classes of net assets: with donor restriction and without donor restrictions.

The FASB issued ASU 2016-14, *Presentation of Financial Statements for Not-for-Profit Entities*, (ASU 2016-14) in August 2016. ASU 2016-14 improves the current net asset classification requirements and the information presented in the combined financial statements and notes about the Foundation's liquidity, financial performance, and cash flows. The Foundation implemented ASU 2016-14 for the year ended June 30, 2019.

Restricted and unrestricted support and revenue

Support that is restricted by the donor is reported as an increase in without donor restriction 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 with donor restriction 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), with donor restriction net assets are reclassified to without donor restriction net assets and reported in the combined statement of activities as net assets released from restrictions.

Distribution policy

Distributions are guided by several factors; most important is the historic value of the portfolio. Unless specified by the fund agreement, the Board has approved annual grants from endowment funds at a spend-rate between 3% and 5%. The grant formula is based on the approved spend-rate times the average quarterly market values of the fund over the prior twelve (12) trailing quarters through the fiscal year-end proceeding the fiscal year in which the grant is planned.

Contributions receivables

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.

Contributions receivables consisted of \$8,287,500 as of June 30, 2020 and \$5,593,750 as of June 30, 2019. Contributions receivables are expected to be received within one (1) year and management has determined the contributions and other receivables are fully collectible.

Cash equivalents

Cash equivalents represent short-term investments with original maturities of three months or less. The Foundation participates in the Insured Cash Sweep (ICS) network program which allow the Foundation to insure its cash position. Cash deposits are sent to deposit accounts at other ICS network member institutions in the amounts under the standard FDIC insurance maximum of \$250,000.

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 diversified investments or cash pool are invested individually at other financial institutions and monitored by Foundation staff.

Concentration of credit risk

Financial instruments, which potentially subject the Foundation to concentration of credit risk, consist principally of temporary cash investments, receivables, and investments. The Foundation places its cash and other investments with high-credit quality financial institutions and investment managers.

The contributions receivable balance consisted of receivables from two parties as of June 30, 2020 and one party as of June 30, 2019.

Property and equipment

The Foundation records its property and equipment at cost and depreciates such assets over the estimated useful lives of the related assets. The Foundation capitalizes all property and equipment expenditures in excess of \$5,000. Contributed property and equipment is recorded at fair value at the date of donation. Depreciation is computed for financial reporting purposes using the straight-line method.

Functional expense classification

Functional expenses are those expenses incurred by the Foundation in the accomplishment of its stated mission. Functional expenses are summarized in the combined statements of activities as grants and scholarships, programs, administrative, and development. The combined financial statements report categories of costs attributable to programs and supporting activities. Direct costs are allocated to each program or activity. Indirect costs are allocated to each program based upon estimates of time spent on each of the activities for personnel expenses.

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, 2020, the Foundation had no taxable income as a result of unrelated business activities. Accordingly, the combined 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 2017 through 2020. 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.

Use of estimates

The preparation of combined financial statements in conformity with generally accepted accounting principles 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 combined financial statements and the reported amounts of revenues, expenses, gains, losses and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Recent accounting pronouncements

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers*, (ASU 2014-09) 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 the Foundation for fiscal years beginning after December 15, 2019. 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 its modified-retrospective combined financial statements and the related disclosures.

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, 2021. The Foundation is currently evaluating the effect that implementation of the new standard will have on its financial position, results of operations, and cash flows.

3. Investments

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

	<u>2020</u>	<u>2019</u>
Diversified investment pool		
DiMeo Schneider & Associates	<u>\$ 201,099,436</u>	<u>\$ 204,668,479</u>
Advisor-managed funds		
BKD	3,203,688	2,477,665
Central Trust	5,210,829	5,228,930
Commerce	2,810,138	2,997,921
Edward Jones	3,356,043	2,798,406
Merrill Lynch	4,773,657	3,833,366
Morgan Stanley	2,173,855	1,137,184
Raymond James	127,172	167,968
US Bank	5,708,252	4,925,652
Wells Fargo	<u>2,905,752</u>	<u>1,994,997</u>
	<u>30,269,386</u>	<u>25,562,089</u>
Other investments		
Direct holdings	<u>380,213</u>	<u>92,757</u>
Program related investments (see note 4)	<u>976,447</u>	<u>1,888,368</u>
Supporting organizations (see note 5)	<u>11,700,675</u>	<u>11,533,430</u>
Total investments	<u><u>\$ 244,426,157</u></u>	<u><u>\$ 243,745,123</u></u>

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.

The Foundation's primary investment objective is to preserve its purchasing power while providing a continuing and stable funding source to support the current and future mission. To accomplish this objective, the Foundation seeks to generate a total return that will exceed not only its operating expenses, but also all expenses associated with managing the fund and the eroding effects of inflation. It is the intention that all total return (interest income, dividends, realized gains, and unrealized gains) above and beyond the amount approved for expenditure or distribution will be reinvested. The Foundation's portfolio is managed on a total return basis, consistent with the applicable standard of conduct set forth in the Uniform Prudent Management of Institutional Funds Act (UPMIFA).

4. Program related investments

Program related investments at June 30, consists of the following:

	<u>2020</u>	<u>2019</u>
Lease purchase with Gainsville Biomass dated April 8, 2011 in the original 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.	\$ 145,754	\$ 269,340
Lease purchase with Chadwick School District dated April 23, 2015 in the original 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.	17,751	27,912
Lease purchase with Licking School District dated June 5, 2015 in the original 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.	<u>105,405</u>	<u>125,862</u>
Total lease purchase agreements	<u>268,910</u>	<u>423,114</u>
Note receivable from Blansit Investment Group dated January 6, 2016 in the original 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.	42,998	50,200
Note receivable from Friends of the Zoo dated March 23, 2020 in the original amount of \$100,000 to assist Dickerson Park Zoo in maintaining operations. Note is paid in monthly installments of accrued interest at 3.700%. Note was paid subsequent to year end.	100,000	100,000

<p>Note receivable from Freeway Ministries dated August 22, 2018 in the original amount of \$400,000 to assist the borrower in purchasing a building. Note is paid in monthly installments of \$3,056, including interest at 4.50%. Note is scheduled to mature on August 22, 2023.</p>	373,813	388,424
<p>Note receivable from the Simmering Center dated April 9, 2019 in the original amount of \$61,250 to assist the borrower in purchasing a building. Note is paid in monthly installments of \$650, including interest at 5%. Note is scheduled to mature on April 1, 2029.</p>	56,822	60,484
<p>Note receivable from Springfield Little Theater dated June 5, 2018 in the original amount of \$1,214,000 to provide the theatre with funds to help with structural updating. Note is paid in monthly installments of \$3,818, including interest at 3.75%. Note was paid in full during fiscal year ended June 30, 2020.</p>	-	866,146
<p>Note receivable from Ozarks Greenways dated December 4, 2019 in the original amount of \$135,000 to enable the organization to complete a project known as the Fulbright Trail. Note is paid in monthly installments of \$1,000, including interest at 4.25% with a balloon maturity in 36 months. Note is scheduled to mature on December 4, 2022.</p>	133,904	-
<p>Total loan agreements</p>	707,537	1,465,254
<p>Total program related investments</p>	\$ 976,447	\$ 1,888,368

In 2009, the Foundation Board of Directors approved committing up to 2% of assets to community investments through program related investments (PRI). PRI is a mission investing strategy that is made primarily to achieve a program objective, rather than a significant financial return. The PRI program represents the Foundation’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. PRIs are stated at cost. Management has reviewed collectability and has determined an allowance for impairment is not necessary.

5. Supporting organizations

Supporting organizations at June 30, consist of the following:

	<u>2020</u>	<u>2019</u>
Lezah Stenger Foundation	\$ 9,185,731	\$ 9,149,460
Ozarks Charitable Real Estate Foundation	1,240,000	1,107,600
Community Foundation of the Ozarks Stock Trust	<u>1,274,944</u>	<u>1,276,370</u>
Total supporting organizations	<u>\$ 11,700,675</u>	<u>\$ 11,533,430</u>

The supporting organizations are comprised of land, real property, and closely held stock. 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 on assets held by the supporting organization of \$167,245 and \$39,121 were recognized in 2020 and 2019, respectively.

6. Split interest agreements

Charitable trusts: The Foundation is the trustee of seven charitable trusts. Each charitable trust is a separate legal entity subject to federal and state filings. At the end of each trust term, the remainder is paid to the Foundation to establish a component fund. Assets held in charitable trusts are recorded at fair value and liabilities are recorded by calculating the present value of estimated future payments using factors and guidance provided by the IRS.

At June 30, 2020 and 2019, the charitable trust portfolio market value was \$454,173 and 421,132, respectively with annuity payable liabilities of \$252,979 and \$241,827, respectively.

Life insurance policies: The Foundation purchased life insurance policies on the lives of specified donors under an agreement for which both parties mutually understand the nature and purpose of the planned gift. Life insurance policies are carried at their cash surrender value less any surrender charge. Net proceeds from life insurance distributions are used to establish component funds at the Foundation.

At June 30, 2020 and 2019, the cash surrender value was \$547,946 and \$1,051,900, respectively.

Life estate agreement: A life estate agreement is a planned gift in which an individual donor irrevocably transfers title of a personal residence to the Foundation, but at the same time, the donor retains the right to the use of the property. There is currently one life estate agreement held under the Ozarks Charitable Real Estate Foundation. Original gift was recorded at fair value and it is adjusted annually based on the IRS Section 7520 interest rate tables including a single life estate factor.

At June 30, 2020 and 2019, the life estate agreement balance was \$814,445 and \$709,547, respectively.

Charitable gift annuities: A charitable gift annuity is a planned gift which involves a contract between a donor and the Foundation, where the donor makes a contribution in exchange for partial tax deductions and lifetime stream of annual income from the Foundation. The market value and annuity obligations are not reflected on the combined statements of position due to the Foundation's practice of reinsuring charitable gift annuities.

7. Property and equipment

Property and equipment consisted of the following at June 30:

	<u>2020</u>	<u>2019</u>
Artwork	\$ 1,000	\$ 1,000
Company vehicles	52,955	52,955
Building	1,501,030	1,459,776
Equipment	87,141	114,762
Technology	<u>120,150</u>	<u>120,150</u>
Total property and equipment	<u>1,762,276</u>	<u>1,748,643</u>
Less: Accumulated depreciation and amortization	<u>736,516</u>	<u>686,083</u>
Total property and equipment, net	<u>\$ 1,025,760</u>	<u>\$ 1,062,560</u>

Depreciation and amortization expenses were \$61,712 and \$57,429 for the years ended June 30, 2020 and 2019, respectively.

8. Notes payable

Notes payable at June 30, consist of the following:

	<u>2020</u>	<u>2019</u>
Note payable to White River Valley Electric Cooperative, Inc. dated August 18, 2011, in the original 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.	\$ 89,039	\$ 171,284
Note payable to White River Valley Electric Cooperative, Inc. dated August 18, 2011, in the original 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.	43,636	83,278

Note payable to Intercounty Electric Coop Assoc. dated October 1, 2015 in the original 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.	108,150	127,033
Note payable to White River Valley Electric Cooperative, Inc. dated March 23, 2015, in the original 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.	17,982	29,158
Note payable to Bass Pro Shops dated March 19, 2019, in the original amount of \$75,000 with funds used to fund the Bass Pro Cares Fund, a component of the Foundation. Note was paid in full at year end.	-	75,000
Total notes payable	<u>\$ 258,807</u>	<u>\$ 485,753</u>

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

2021	\$ 152,542
2022	39,771
2023	20,600
2024	20,600
2025	20,600
Thereafter	<u>4,694</u>
	<u>\$ 258,807</u>

9. Agency funds

Agency funds represent funds held by the Foundation on behalf of other non-profit 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, 2020 and 2019.

10. Net assets

At June 30, 2020 and 2019, restricted net assets consisting of gifts and other unexpended revenue and gains totaling \$123,494,063 and \$122,460,536, respectively, are available for grants in the areas of human services, education, arts and culture, health, and community betterment. Restricted endowment net assets consist of \$91,403,757 and \$82,481,189, respectively, 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 \$543,738. 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.

11. Retirement plans

The Foundation has a 403(b) defined contribution plan covering the participating employees who make contributions to the Plan. The Foundation contributes to the plan bi-weekly equal to the amount of the participants’ contributions, not to exceed an annual contribution of 5% of the participants’ annual compensation. Total expense for the years ended June 30, 2020 and 2019, were approximately \$62,957 and \$59,655, respectively.

12. 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.

The following tables present the fair value measurements of assets and liabilities recognized in the accompanying combined statement of financial position 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, 2020:

	06/30/20 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)
Cash and equivalents				
Cash and equivalents	\$ 54,614,239	\$ 54,614,239	\$ -	\$ -
	<u>\$ 54,614,239</u>	<u>\$ 54,614,239</u>	<u>\$ -</u>	<u>\$ -</u>
Investments				
Diversified investment pool				
Money market funds	\$ 5,794,184	\$ 5,794,184	\$ -	\$ -
Equities - domestic and international	99,222,653	99,222,653	-	-
Fixed income - domestic and international	44,757,393	44,757,393	-	-
Real assets	19,231,625	19,231,625	-	-
Alternative investments	<u>32,093,581</u>	<u>-</u>	<u>-</u>	<u>32,093,581</u>
	<u>201,099,436</u>	<u>169,005,855</u>	<u>-</u>	<u>32,093,581</u>
Advisor-managed funds				
Money market funds	2,196,881	2,196,881	-	-
Equities - domestic and international	19,202,282	19,202,282	-	-
Fixed income - domestic and international	7,538,449	7,538,449	-	-
Real assets	704,510	704,510	-	-
Alternative investments	<u>627,264</u>	<u>-</u>	<u>-</u>	<u>627,264</u>
	<u>30,269,386</u>	<u>29,642,122</u>	<u>-</u>	<u>627,264</u>
Other investments				
Direct holdings	<u>380,213</u>	<u>380,213</u>	<u>-</u>	<u>-</u>
	<u>380,213</u>	<u>380,213</u>	<u>-</u>	<u>-</u>
Program related investments				
Lease purchase agreements	268,910	268,910	-	-
Loans	<u>707,537</u>	<u>707,537</u>	<u>-</u>	<u>-</u>
	<u>976,447</u>	<u>976,447</u>	<u>-</u>	<u>-</u>

Supporting organizations				
Land	9,185,731	-	9,185,731	-
Real property	1,240,000	-	1,240,000	-
Closely held stock	1,274,944	-	1,274,944	-
	<u>11,700,675</u>	<u>-</u>	<u>11,700,675</u>	<u>-</u>
	<u>\$244,426,157</u>	<u>\$200,004,637</u>	<u>\$ 11,700,675</u>	<u>\$ 32,720,845</u>

The following tables presents the fair value measurements of assets and liabilities recognized in the accompanying combined statement of financial position 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, 2019:

	Fair Value Measurements Using				
	06/30/19 Fair value	Quoted prices in active markets for identical assets (Level 1)		Significant other observable inputs (Level 2)	
				Significant unobservable inputs (Level 3)	
Cash and equivalents					
Cash and equivalents	\$ 46,000,681	\$ 46,000,681	\$ -	\$ -	
	<u>\$ 46,000,681</u>	<u>\$ 46,000,681</u>	<u>\$ -</u>	<u>\$ -</u>	
Investments					
Diversified investment pool					
Money market funds	\$ 2,377,883	\$ 2,377,883	\$ -	\$ -	
Equities - domestic and international	112,481,451	112,481,451	-	-	
Fixed income - domestic and international	47,694,976	47,694,976	-	-	
Real assets	6,213,945	6,213,945	-	-	
Alternative investments	35,900,224	-	-	35,900,224	
	<u>204,668,479</u>	<u>168,768,255</u>	<u>-</u>	<u>35,900,224</u>	
Advisor-managed funds					
Money market funds	615,101	615,101	-	-	
Equities - domestic and international	17,076,221	17,076,221	-	-	
Fixed income - domestic and international	6,902,004	6,902,004	-	-	
Real assets	639,932	639,932	-	-	
Alternative investments	328,831	-	-	328,831	
	<u>25,562,089</u>	<u>25,233,258</u>	<u>-</u>	<u>328,831</u>	
Other investments					
Direct holdings	92,757	92,757	-	-	
	<u>92,757</u>	<u>92,757</u>	<u>-</u>	<u>-</u>	

Program related investments				
Lease purchase agreements	423,114	423,114	-	-
Loans	<u>1,465,254</u>	<u>1,465,254</u>	-	-
	<u>1,888,368</u>	<u>1,888,368</u>	-	-
Supporting organizations				
Land	9,149,460	-	9,149,460	-
Real property	1,107,600	-	1,107,600	-
Closely held stock	<u>1,276,370</u>	-	<u>1,276,370</u>	-
	<u>11,533,430</u>	-	<u>11,533,430</u>	-
	<u>\$243,745,123</u>	<u>\$195,982,638</u>	<u>\$ 11,533,430</u>	<u>\$ 36,229,055</u>

The following is a reconciliation of the beginning and ending balances of recurring fair value measurements recognized in the accompanying combined statement of financial position using significant unobservable (Level 3) inputs:

	Diversified Investment Pool	Advisor Managed Funds	Total
Balance, beginning of year	\$ 35,900,224	\$ 328,831	\$ 36,229,055
Total realized and unrealized gains and losses included in change in net assets	(1,317,568)	180,527	(1,137,041)
Purchases, issues, sales, and settlements:			
Purchases	13,305,932	(630,292)	12,675,640
Sales	<u>(15,795,007)</u>	<u>748,198</u>	<u>(15,046,809)</u>
Balance, end of year	<u>\$ 32,093,581</u>	<u>\$ 627,264</u>	<u>\$ 32,720,845</u>
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	\$ (2,493,492)	\$ 118,115	\$ (2,375,377)

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:

	<u>Fair Value</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
Level 3 Hedge Funds			
Anchorage Capital	\$ 2,180,643	Quarterly	90 days
Blackstone	7,852,626	Semi-annual	95 days
Capstone	2,836,385	Quarterly	60 days
Farallon Capital	2,846,193	Annual	45 days
Field Street	2,723,288	Monthly	60 days
Hudson Bay	2,549,101	Quarterly	65 days
Knighthead	3,789,922	Quarterly	90 days
Southpoint	2,925,701	Quarterly	60 days
Valinor Capital	2,056,380	Quarterly	60 days
VCP Holdings	83,255	Quarterly	60 days
Weiss	2,250,087	Quarterly	45 days
Total Level 3 Hedge Funds	<u>\$ 32,093,581</u>		

13. Endowments

The Foundation's endowment consists of approximately 2,084 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 with donor restriction 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. In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

Interpretation of relevant law

- 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

14. Liquidity and availability of resources

The Foundation's financial assets available within one year of the statement of financial position for general expenditure are as follows:

	<u>2020</u>	<u>2019</u>
Financial assets:		
Cash and cash equivalents	\$ 54,614,239	\$ 46,000,681
Contributions receivable	8,287,500	5,593,750
Investments	<u>244,426,157</u>	<u>243,745,123</u>
	<u>307,327,896</u>	<u>295,339,554</u>
Less assets unavailable for general expenditure:		
Accrued payroll	97,010	57,463
Accrued liabilities	344,000	-
Agency funds	84,614,672	80,203,144
Assets that are restricted by donor	<u>214,897,820</u>	<u>204,941,725</u>
	<u>299,953,502</u>	<u>285,202,332</u>
Financial assets available to meet cash needs for general expenditure within one year	<u>\$ 7,374,394</u>	<u>\$ 10,137,222</u>

The Foundation's financial assets are supported by contributions and investment returns. A portion of the Foundation's investments are donor restricted for future needs of the Foundation. Notes receivable and notes payable are unique in that the debt is passed through the Foundation to community organizations.

15. Reclassifications and restatements

From time to time, the Foundation reviews its classifications of donor restricted net assets. As part of the review process, funds are analyzed and reclassified if needed. This year, the Foundation identified funds where the donor had switched their intention, or earnings had previously been allocated to a different fund.

The Foundation has restated its previously issued 2019 combined financial statements for matters related to the following previously reported items:

- Contribution receivables were previously unrecorded. The unrecorded amount was \$5,593,750 as of June 30, 2019.
- Other investments in property were previously recorded. Upon management review, these assets were not held by the Foundation and needed to be removed. The recorded amount was \$1,370,922 as of June 30, 2019.

16. Subsequent events

In preparing these combined financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through November 8, 2020, the date the combined financial statements were available to be issued.

SUPPLEMENTAL INFORMATION

COMMUNITY FOUNDATION OF THE OZARKS, INC. AND SUPPORTING ORGANIZATIONS
SCHEDULE OF COMBINED FOUNDATION AND AGENCY FUNDS ACTIVITY

	<u>Year Ended June 30, 2020</u>			<u>Year Ended June 30, 2019</u>		
	<u>Foundation Funds</u>	<u>Agency Funds</u>	<u>Total</u>	<u>Foundation Funds</u>	<u>Agency Funds</u>	<u>Total</u>
Revenues				(Restated)	(Restated)	(Restated)
Contributions	\$ 34,721,300	\$ 17,135,503	\$ 51,856,803	\$ 30,972,561	\$ 20,913,223	\$ 51,885,784
Net investment earnings	(2,756,095)	(618,172)	(3,374,267)	9,257,603	3,302,139	12,559,742
Management fees received	717,230	-	717,230	768,330	-	768,330
Other revenues	<u>25,043</u>	<u>-</u>	<u>25,043</u>	<u>59,898</u>	<u>-</u>	<u>59,898</u>
Total revenues	<u>32,707,478</u>	<u>16,517,331</u>	<u>49,224,809</u>	<u>41,058,392</u>	<u>24,215,362</u>	<u>65,273,754</u>
Expenses						
Grants and scholarships	22,070,744	11,800,730	33,871,474	18,180,803	26,160,373	44,341,176
Programs	1,026,989	47,580	1,074,569	1,000,256	52,183	1,052,439
Administrative	1,334,837	61,842	1,396,679	1,283,335	67,825	1,351,160
Development	<u>744,614</u>	<u>34,497</u>	<u>779,111</u>	<u>702,992</u>	<u>37,835</u>	<u>740,827</u>
Total expenses	<u>25,177,184</u>	<u>11,944,649</u>	<u>37,121,833</u>	<u>21,167,386</u>	<u>26,318,216</u>	<u>47,485,602</u>
Other changes						
Split interest agreements	(35,118)	-	(35,118)	301,056	-	301,056
Management fees paid	<u>-</u>	<u>717,230</u>	<u>717,230</u>	<u>-</u>	<u>768,330</u>	<u>768,330</u>
Total other changes	<u>(35,118)</u>	<u>717,230</u>	<u>682,112</u>	<u>301,056</u>	<u>768,330</u>	<u>1,069,386</u>
Increase (decrease) in available funds	7,565,412	3,855,452	11,420,864	19,589,950	(2,871,184)	16,718,766
Reclassifications	(556,076)	556,076	-	286,952	(286,952)	-
Total - beginning of year	<u>217,596,506</u>	<u>80,203,144</u>	<u>297,799,650</u>	<u>197,719,604</u>	<u>83,361,280</u>	<u>281,080,884</u>
Total - end of year	<u>\$ 224,605,842</u>	<u>\$ 84,614,672</u>	<u>\$ 309,220,514</u>	<u>\$ 217,596,506</u>	<u>\$ 80,203,144</u>	<u>\$ 297,799,650</u>

See Independent Auditor's Report.

**COMMUNITY FOUNDATION OF THE OZARKS, INC. AND SUPPORTING ORGANIZATIONS
SCHEDULE OF AFFILIATE FOUNDATIONS
FOR THE YEAR ENDED JUNE 30, 2020**

1	Alton Community Foundation	August 2007	26	Houston Community Foundation	April 2006
2	Ash Grove Area Community Foundation *	May 2020	27	Jacks Fork Community Foundation	June 2004
3	Aurora Area Community Foundation	September 2006	28	Joplin Regional Community Foundation	December 2006
4	Barton County Community Foundation	May 2015	29	Lockwood Community Foundation	February 1998
5	Benton County Community Foundation	August 1999	30	Marshfield Area Community Foundation	June 2005
6	Bolivar Area Community Foundation	April 2003	31	Meramec Regional Community Foundation	June 2010
7	Bourbon Community Foundation	October 2003	32	Monett Area Community Foundation	September 1998
8	Cape Area Community Foundation	August 2015	33	Mountain Grove Area Community Foundation	February 2004
9	Carthage Community Foundation	May 1999	34	Mt. Vernon Area Community Foundation	March 2005
10	Cassville Community Foundation	November 2004	35	Neosho Community Foundation	March 2011
11	Community Foundation of Rogersville	November 2015	36	Nixa Community Foundation	November 1993
12	Community Foundation of Taney County	April 2002	37	Owensville Area Community Foundation	March 2015
13	Community Foundation of the Hermann Area, Inc.	June 2005	38	Ozark County Community Foundation	January 2003
14	Community Foundation of the Lake (82-3298970) **	August 2009	39	Ozark Foothills Regional Community Foundation	November 2011
15	Community Foundation of West Plains, Inc.	March 2004	40	Perry County Community Foundation	December 2014
16	Crawford County Foundation, Inc. (43-1941534) **	August 2005	41	Republic Community Foundation	November 2004
17	DACO Community Foundation	August 2005	42	Ripley County Community Foundation	June 2003
18	Dallas County Community Foundation	October 1998	43	Sarcoxe Community Foundation	September 2011
19	Dent County Community Foundation	December 1999	44	St. James Area Community Foundation	May 2003
20	Douglas County Community Foundation	July 2003	45	Ste. Genevieve County Community Foundation	April 2003
21	El Dorado Springs Community Foundation	May 2001	46	Stockton Community Foundation	May 2002
22	Eldon Community Foundation	February 2005	47	Table Rock Lake Community Foundation	March 2004
23	Finley River Community Foundation	May 2001	48	Truman Lake Community Foundation (43-1728406) **	May 2000
24	Greater Seymour Area Community Foundation	August 1998	49	Willard Children's Charitable Foundation (84-4969392) **	August 2005
25	Hickory County Community Wellness Foundation	December 1999	50	Willow Springs Community Foundation	March 2001

* New affiliate community foundation

** Has own EIN Number

See Independent Auditor's Report.