

**COMMUNITY FOUNDATION OF
GREATER JACKSON, INC.**

Audited Financial Statements
Year Ended March 31, 2014
(With Summarized Financial Information
for the Year Ended March 31, 2013)

CONTENTS

Independent Auditor's Report	1 – 2
------------------------------	-------

Financial Statements	
Statements of Financial Position	3
Statements of Activities	4
Statements of Functional Expenses	5
Statements of Cash Flows	6
Notes to Financial Statements	7 – 18
Independent Auditor's Report on Supplementary Information	19
Schedules of Operations	20
Schedules of Contribution Income	21



INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Community Foundation of Greater Jackson, Inc.
Jackson, Mississippi

Report on the Financial Statements

We have audited the accompanying financial statements of Community Foundation of Greater Jackson, Inc. (the "Foundation") which comprise the statement of financial position as of March 31, 2014, and the related statements of activities and cash flows for the year then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 the Foundation as of March 31, 2014, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Foundation's March 31, 2013 financial statements and we expressed an unmodified audit opinion on those audited financial statements in our report dated August 20, 2013. In our opinion, the summarized comparative information presented herein as of and for the year ended March 31, 2013 is consistent, in all material respects, with the audited financial statements from which it has been derived.

A handwritten signature in cursive script that reads "Home LLP".

Ridgeland, Mississippi
August 12, 2014

COMMUNITY FOUNDATION OF GREATER JACKSON, INC.

Statements of Financial Position

March 31, 2014 and 2013

	2014	2013
ASSETS		
Current assets		
Cash	\$ 145,798	\$ 196,013
Money market funds	3,489,947	3,812,780
Contribution receivable - charitable lead trust, current portion	116,628	108,916
Total current assets	<u>3,752,373</u>	<u>4,117,709</u>
Investments in marketable securities	32,561,614	28,728,041
Contribution receivable - charitable lead annuity trust, less current portion	61,375	178,003
Cash surrender value of life insurance policy	79,230	77,284
Equipment and furnishings, net of accumulated depreciation	2,711	1,085
Total assets	<u>\$ 36,457,303</u>	<u>\$ 33,102,122</u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Amounts held for others under agency transactions	\$ 5,494,516	\$ 4,601,001
Total current liabilities	5,494,516	4,601,001
Net assets		
Unrestricted	16,264,722	15,744,204
Temporarily restricted	14,698,065	12,756,917
Total net assets	<u>30,962,787</u>	<u>28,501,121</u>
Total liabilities and net assets	<u>\$ 36,457,303</u>	<u>\$ 33,102,122</u>

See accompanying notes.

COMMUNITY FOUNDATION OF GREATER JACKSON, INC.
 Statements of Activities
 Year Ended March 31, 2014
 (With Summarized Financial Information for the Year Ended March 31, 2013)

	Unrestricted Funds	Temporarily Restricted Funds	Total All Funds	
			2014	2013
Revenue, gains and other support				
Contributions	\$ 947,931	\$ 1,302,271	\$ 2,250,202	\$ 4,955,591
Interest and dividends	433,109	507,142	940,251	797,365
Realized gains on investments	101,596	186,119	287,715	378,415
Unrealized gains on investments	890,530	1,152,804	2,043,334	1,060,432
Miscellaneous income	303	8,487	8,790	17,009
Administrative fees for agency funds	32,424	-	32,424	32,179
Net assets released from restrictions- Satisfaction of program restrictions	1,215,675	(1,215,675)	-	-
Total revenue, gains and other support	3,621,568	1,941,148	5,562,716	7,240,991
Expenses				
Program services	2,972,603	-	2,972,603	2,546,181
Management and general	93,955	-	93,955	87,982
Fundraising	34,492	-	34,492	29,947
Total expenses	3,101,050	-	3,101,050	2,664,110
Change in net assets	520,518	1,941,148	2,461,666	4,576,881
Net assets, beginning of year	15,744,204	12,756,917	28,501,121	23,924,240
Net assets, end of year	\$ 16,264,722	\$ 14,698,065	\$ 30,962,787	\$ 28,501,121

See accompanying notes.

COMMUNITY FOUNDATION OF GREATER JACKSON, INC.

Statements of Functional Expenses

Year Ended March 31, 2014

(With Summarized Financial Information for the Year Ended March 31, 2013)

	Program Services	Management and General	Fund Raising	Total Expenses	
				2014	2013
Direct expenses					
Grants and scholarships	\$ 1,940,256	\$ -	\$ -	\$ 1,940,256	\$ 2,005,543
Program expenses	470,420	-	-	470,420	99,101
Conferences and meetings	6,068	-	-	6,068	3,593
Investment and management fees	159,391	-	-	159,391	94,528
Total direct expenses	2,576,135	-	-	2,576,135	2,202,765
Allocated expenses					
Accounting and legal	1,625	30,875	-	32,500	32,945
Bank fees	2,839	-	-	2,839	2,848
Depreciation	322	35	27	384	330
Dues and subscriptions	6,060	649	505	7,214	5,885
Employee benefits	22,661	3,077	2,238	27,976	18,667
Insurance	4,203	450	350	5,003	4,800
Marketing and sponsorships	46,985	5,034	3,915	55,934	44,413
Meals and entertainment	409	44	34	487	1,036
Miscellaneous	1,742	187	146	2,075	5,548
Payroll taxes	16,663	2,263	1,646	20,572	17,646
Postage	4,512	483	376	5,371	5,434
Printing	12,667	1,545	1,236	15,448	13,358
Rent	16,440	16,440	-	32,880	32,880
Salaries and wages	225,630	30,641	22,284	278,555	230,030
Software hosting	14,671	1,572	1,223	17,466	19,107
IT Consulting	13,468	-	-	13,468	13,968
Supplies	2,138	292	226	2,656	7,990
Telephone	3,433	368	286	4,087	4,460
Total allocated expenses	396,468	93,955	34,492	524,915	461,345
Total	\$ 2,972,603	\$ 93,955	\$ 34,492	\$ 3,101,050	\$ 2,664,110

See accompanying notes.

COMMUNITY FOUNDATION OF GREATER JACKSON, INC.

Statements of Cash Flows
Years Ended March 31, 2014 and 2013

	2014	2013
Cash flows from operating activities		
Change in net assets	\$ 2,461,666	\$ 4,576,881
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	384	330
Realized gains on investments	(287,715)	(378,415)
Unrealized gains on investments	(2,043,334)	(1,060,432)
Non-cash contributions	(130,602)	-
Changes in assets and liabilities		
Contribution receivable - charitable lead trust	108,916	101,715
Grants payable	-	(5,755)
Increase in cash surrender value of life insurance policy	(1,946)	(2,534)
Amounts held for others under agency transactions	476,920	54,796
Net cash provided by operating activities	<u>584,289</u>	<u>3,286,586</u>
Cash flows from investing activities		
Purchase of equipment and furnishings	(2,010)	(1,252)
Net change in money market funds	322,833	(977,699)
Proceeds from sale of investments	7,030,102	7,201,771
Purchase of investments	(7,985,429)	(9,451,276)
Net cash used in investing activities	<u>(634,504)</u>	<u>(3,228,456)</u>
Net (decrease) increase in cash and cash equivalents	(50,215)	58,130
Cash, beginning of year	<u>196,013</u>	<u>137,883</u>
Cash, end of year	<u>\$ 145,798</u>	<u>\$ 196,013</u>

See accompanying notes.

COMMUNITY FOUNDATION OF GREATER JACKSON, INC.
Years Ended March 31, 2014 and 2013

NOTES TO FINANCIAL STATEMENTS

Note 1. Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

The Community Foundation of Greater Jackson, Inc. (the "Foundation") is a nonprofit, community corporation created by and for the people of Hinds, Rankin and Madison Counties to help charitable donors establish permanent giving funds that reflect individual philanthropic interests while also making a long-term, positive impact on the community.

Basis of Presentation

The Foundation's financial statements are presented on the accrual basis and report information regarding its financial position and activities according to three classes of net assets: (1) unrestricted net assets, (2) temporarily restricted net assets and (3) permanently restricted net assets.

Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Money Market Funds

Money market funds include highly liquid mutual funds that invest in short-term securities. The funds' objectives are to maintain fair market values at \$1 per share.

Investments

Investments in debt and equity securities are measured at fair value in the financial statements. Investment income or loss, including realized and unrealized gains and losses on investments and interest and dividends, is included in the statements of activities as increases or decreases in unrestricted net assets unless the income or loss is restricted by donor or by law.

The Foundation's investments are allocated among equity and fixed income securities. The Foundation desires to maintain a diversified mix of assets and maintains an investment policy that is monitored by management and the Investment Committee.

COMMUNITY FOUNDATION OF GREATER JACKSON, INC.
Years Ended March 31, 2014 and 2013

NOTES TO FINANCIAL STATEMENTS

Note 1. Continued

Equipment and Furnishings

Equipment and furnishings are stated at cost, less accumulated depreciation. Depreciation is provided using the straight-line method over the estimated lives of the assets. It is the policy of the Foundation to capitalize all fixed asset purchases with a minimum useful life of one year and a minimum cost of \$500.

Amounts Held for Others Under Agency Transactions

The Foundation accounts for amounts held for others under agency transactions in accordance with Accounting Standards Codification ("ASC") 958-605, *Transfers of Assets to a Not-For-Profit Entity or Charitable Trust That Raises or Holds Contributions for Others* ("ASC 958-605"). This standard establishes requirements for transactions in which a community foundation accepts a contribution from a donor and agrees to transfer those assets, the return on investment of those assets or both to another entity that is specified by the donor. ASC 958-605 specifically requires that if a not-for-profit organization establishes a fund at a community foundation with its own funds and specifies itself as the beneficiary of that fund, the community foundation must account for the transfer of such assets as a liability. The Foundation refers to such funds as "amounts held for others under agency transactions".

Net Assets

Restricted net assets are those which have been restricted by donors. The restriction may be temporary or permanent, depending upon the terms of the gift. When a donor 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 statements of activities as net assets released from restriction. Gifts whose restrictions are met in the same reporting period are reported as unrestricted gifts.

Income Taxes

The Foundation is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

The Foundation has determined that there are no significant uncertain tax positions as of March 31, 2014 and 2013. All tax periods after 2009 remain open to examination by the federal and state taxing jurisdictions to which the Foundation is subject.

Contributions

Contributions are recognized as revenue when they are received.

COMMUNITY FOUNDATION OF GREATER JACKSON, INC.
Years Ended March 31, 2014 and 2013

NOTES TO FINANCIAL STATEMENTS

Note 1. Continued

The Foundation reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets.

Contributions of services are recognized if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. See Note 10 for discussion of contributed services.

Functional Allocation of Expenses

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

Summarized Financial Information

The financial statements include certain prior-year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Foundation's financial statements for the year ended March 31, 2013, from which the summarized information was derived.

Reclassifications

Certain amounts in the 2013 financial statements have been reclassified for comparative purposes to conform with the presentation in the current year financial statements. These reclassifications had no effect on previously reported results of operations or net assets.

COMMUNITY FOUNDATION OF GREATER JACKSON, INC.
Years Ended March 31, 2014 and 2013

NOTES TO FINANCIAL STATEMENTS

Note 2. Charitable Lead Annuity Trust

The Foundation is the beneficiary of a charitable lead annuity trust. The Foundation recorded amortization of the discount associated with the estimated present value of the receivable in the amount of \$14,884 and \$22,085 as a contribution in 2014 and 2013, respectively.

The status of the amounts recorded under the charitable lead annuity trust is as follows at March 31, 2014 and 2013:

	2014	2013
Remaining quarterly payments	\$ 185,700	\$ 309,500
Less: discount at 6.5 percent	7,697	22,581
Present value of amounts receivable	178,003	286,919
Current portion of present value	116,628	108,916
Long-term portion of present value	<u>\$ 61,375</u>	<u>\$ 178,003</u>

The charitable lead annuity trust is scheduled to be received as follows:

Within one year	\$ 123,800
Two to three years	61,900
	<u>\$ 185,700</u>

Note 3. Investments in Marketable Securities

The details of investments in marketable securities at March 31, 2014 were as follows:

	Cost	Fair Value	Unrealized Appreciation
Equity securities	\$ 20,137,359	\$ 27,253,359	\$ 7,116,000
Fixed income securities	5,091,737	5,263,504	171,767
Commodities	41,277	44,751	3,474
	<u>\$ 25,270,373</u>	<u>\$ 32,561,614</u>	<u>\$ 7,291,241</u>

Amounts shown as cost include reinvested dividends.

Investment return is classified in the statements of activities based on the donor's requirements for invested funds. The following schedule summarizes the investment return and its classification in the statements of activities for the year ended March 31, 2014.

COMMUNITY FOUNDATION OF GREATER JACKSON, INC.
Years Ended March 31, 2014 and 2013

NOTES TO FINANCIAL STATEMENTS

Note 3. Continued

	Unrestricted	Temporarily Restricted	Total
Interest and dividends	\$ 433,109	\$ 507,142	\$ 940,251
Realized gains	101,596	186,119	287,715
Unrealized gains	890,530	1,152,804	2,043,334
	<u>\$ 1,425,235</u>	<u>\$ 1,846,065</u>	<u>\$ 3,271,300</u>

During the fiscal year ending March 31, 2014, investments with total fair market values of \$579,487 were contributed to the Foundation. Of that amount, a portion of the contributed investments were subsequently sold for \$544,927 and those proceeds are included in proceeds from the sale of investments on the statements of cash flows. The remaining contributed investments were included in year-end net assets as investments in marketable securities on the statement of net assets. The fair market value of those investments was \$45,580 at March 31, 2014.

The details of investments in marketable securities at March 31, 2013 were as follows:

	Cost	Fair Value	Unrealized Appreciation
Equity securities	\$ 22,113,353	\$ 26,815,041	\$ 4,701,688
Fixed income securities	1,647,205	1,799,993	152,788
Commodities	96,820	113,007	16,187
	<u>\$ 23,857,378</u>	<u>\$ 28,728,041</u>	<u>\$ 4,870,663</u>

Amounts shown as cost include reinvested dividends.

Investment return is classified in the statements of activities based on the donor's requirements for invested funds. The following schedule summarizes the investment return and its classification in the statements of activities for the year ended March 31, 2013.

	Unrestricted	Temporarily Restricted	Total
Interest and dividends	\$ 385,318	\$ 412,047	\$ 797,365
Realized gains	298,106	80,309	378,415
Unrealized gains	279,322	781,111	1,060,433
	<u>\$ 962,746</u>	<u>\$ 1,273,467</u>	<u>\$ 2,236,213</u>

During the fiscal year ended March 31, 2013, investments with total fair market values of \$241,103 were contributed to the Foundation. These contributed investments were subsequently sold and are included in proceeds from sale of investments on the statements of cash flows.

COMMUNITY FOUNDATION OF GREATER JACKSON, INC.

Years Ended March 31, 2014 and 2013

NOTES TO FINANCIAL STATEMENTS

Note 3. Continued

The Foundation invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statements of financial position and activities.

Note 4. Fair Value Disclosures

ASC 820, *Fair Value Measurements and Disclosures* ("ASC 820"), establishes a framework for measuring fair value and establishes a hierarchy that categorizes and prioritizes the sources to be used to estimate fair value. ASC 820 also expands financial statement disclosures about fair value measurements. Under ASC 820, fair value is defined as an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. ASC 820 also establishes a three-tier hierarchy for inputs used in measuring fair value, which prioritizes the inputs used in the valuation methodologies in measuring fair value:

- Level 1 Quoted prices in active markets for identical assets or liabilities.
- Level 2 Directly or indirectly observable inputs other than Level 1 prices, such as quoted prices for identical or similar assets or liabilities in markets that are not active; inputs other than quoted prices that are observable for the asset or liability (for example, interest rates and yield curves observable at commonly quoted intervals, volatilities, prepayment speeds, loss severities, credit risks and default rates); or inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- 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. Level 3 assets and liabilities would include financial instruments whose value is determined using pricing models, discounted cash flow methodologies or similar techniques, as well as for which the determination of the fair value requires significant management judgment or estimation.

Financial assets and financial liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurements. Management's assessment of the significance of a particular input to the fair value measurements requires judgment, and may affect the valuation of assets and liabilities being measured and their placement within the fair value hierarchy.

Assets measured at fair value, on a recurring basis, are summarized below as of March 31, 2014 and 2013. There have been no changes in the valuation methodologies used at March 31, 2014 and 2013.

COMMUNITY FOUNDATION OF GREATER JACKSON, INC.
Years Ended March 31, 2014 and 2013

NOTES TO FINANCIAL STATEMENTS

Note 4. Continued

Money market funds (Level 1): Valued at net asset value of shares held by the funds at year-end.

Investments in equity and fixed income securities, except for bonds (Level 1): Valued at the closing price reported on the active market on which the individual securities are traded.

Commodities (Level 1): Valued at the closing price reported on the active market on which the commodities are traded.

Bonds (Level 2): Valued based on yields currently available on comparable securities of issues with similar credit ratings.

The following table sets forth by level, within the fair value hierarchy, the Foundation's assets at fair value as of March 31, 2014:

	Level 1	Level 2	Level 3
Money market funds	\$ 3,489,947	\$ -	\$ -
Equity securities			
Mutual funds	22,207,228	-	-
Common stocks	5,046,131	-	-
Commodities	44,751	-	-
Fixed income securities			
Mutual funds	4,919,587	-	-
Bonds	-	343,917	-
Total assets at fair value	<u>\$ 35,707,644</u>	<u>\$ 343,917</u>	<u>\$ -</u>

The following table sets forth by level, within the fair value hierarchy, the Foundation's assets at fair value as of March 31, 2013:

	Level 1	Level 2	Level 3
Money market funds	\$ 3,812,780	\$ -	\$ -
Equity securities			
Mutual funds	20,505,531	-	-
Common stocks	6,309,510	-	-
Commodities	113,007	-	-
Fixed income securities			
Mutual funds	1,234,733	-	-
Bonds	-	565,260	-
Total assets at fair value	<u>\$ 31,975,561</u>	<u>\$ 565,260</u>	<u>\$ -</u>

COMMUNITY FOUNDATION OF GREATER JACKSON, INC.

Years Ended March 31, 2014 and 2013

NOTES TO FINANCIAL STATEMENTS

Note 5. Amounts Held for Others Under Agency Transactions

At March 31, 2014 and 2013, the Foundation was the intermediary for agency funds with a combined value of \$5,494,516 and \$4,601,001, respectively. The following table summarizes activity in such funds during the years ended March 31, 2014 and 2013:

	2014	2013
Agency fund balances at April 1	\$ 4,601,001	\$ 4,220,533
Contributions	576,661	176,487
Investment income	180,708	143,164
Realized gain on investments	39,614	27,860
Unrealized gain on investments	376,981	297,811
Management fees and grants paid on behalf of fund(s)	(280,449)	(264,854)
	<hr/>	<hr/>
Agency fund balances at March 31	<u>\$ 5,494,516</u>	<u>\$ 4,601,001</u>

Note 6. Endowment Net Assets

The Foundation's endowment consists of approximately 100 individual funds established for a variety of purposes. Its endowment includes both donor-restricted and donor-advised endowment funds. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Trustees of the Foundation has interpreted the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") as requiring the preservation of the original gift amount of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as temporarily restricted net assets (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The donor-restricted endowment fund is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the organization in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

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

COMMUNITY FOUNDATION OF GREATER JACKSON, INC.
Years Ended March 31, 2014 and 2013

NOTES TO FINANCIAL STATEMENTS

Note 6. Continued

Endowment net asset composition by type of fund as of March 31, 2014 and 2013 included \$14,698,065 and \$12,756,917 of temporarily restricted endowment funds, respectively. Changes in temporarily restricted endowment net assets for the years ended March 31, 2014 and 2013 are as follows:

	Year Ended March 31,	
	2014	2013
Endowment net assets, beginning of year	\$ 12,756,917	\$ 11,456,715
Investment return		
Interest and dividends	507,142	412,047
Net appreciation	1,338,923	861,419
Total investment return	1,846,065	1,273,466
Contributions and other income	1,310,758	1,142,635
Net assets released	(1,215,675)	(1,115,899)
Endowment net assets, end of year	\$ 14,698,065	\$ 12,756,917

The Foundation has adopted investment and spending policies, approved by the Board of Trustees, for endowment assets that attempt to provide a predictable stream of funding to support current and future operational needs while seeking to maintain the purchasing power of these endowment assets over the long-term. The overall, long-term investment goal of the Foundation is to achieve an annualized total return (net of fees and expenses), through appreciation and income, greater than the rate of inflation (as measured by the broad, domestic Consumer Price Index) plus management fees and distribution needs, thus protecting the assets against inflation. The Foundation expects its endowment funds, over time, to provide an average rate of return of approximately 7 percent annually. Actual returns in any given year may vary from this amount.

The Board and Investment Committee agree that investing in securities with higher return expectations outweighs their short-term volatility risk. As a result, the majority of endowment assets will be invested in equity or equity-like securities. Fixed income securities will be used to lower the short-term volatility of the portfolio and to provide income stability, especially during periods of weak or negative equity markets.

COMMUNITY FOUNDATION OF GREATER JACKSON, INC.

Years Ended March 31, 2014 and 2013

NOTES TO FINANCIAL STATEMENTS

Note 6. Continued

The Foundation has a policy of appropriating for distribution each year 5 percent of its endowment fund's average fair value. Although not anticipated, the Board of Trustees may modify any restrictions if such restrictions become unnecessary, incapable of fulfillment or inconsistent with the charitable needs of the community. In establishing this policy, the Foundation considered the long-term expected return on its endowment. Accordingly, over the long term, the Foundation expects the current spending policy to allow its endowment to grow at an average of 1 percent annually. This is consistent with the organization's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

Note 7. Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes as of March 31, 2014 and 2013:

	2014	2013
Art	\$ 1,740,294	\$ 1,567,998
Catholic church and other non-profits	254,103	230,888
Children's Cancer Clinic	422,193	368,930
Community enrichment	2,130,954	1,641,668
Educational purposes	4,996,450	4,518,322
Episcopal Diocese operations	454,671	397,988
Journalism awards	86,134	74,512
Library	4,809	9,655
Mid-South Foundation purposes	340,118	297,209
Mission work	27,112	24,713
Museums	635,180	595,703
Musicians	220,030	81,727
Scholarships	1,833,860	1,679,855
Special needs	882,923	826,082
Underprivileged children	205,406	190,773
Other	463,828	250,894
	<hr/> \$ 14,698,065	<hr/> \$ 12,756,917

COMMUNITY FOUNDATION OF GREATER JACKSON, INC.
Years Ended March 31, 2014 and 2013

NOTES TO FINANCIAL STATEMENTS

Note 8. Operating Leases

The Foundation leases its office facilities under a long-term, non-cancelable operating lease agreement. During June 2013 the Foundation exercised a two-year extension option. The renewed lease term expires December 31, 2015. Total rent expense for 2014 and 2013 for all operating leases was \$32,880 in each year.

The following is a schedule by year of future net minimum rental payments required under the operating lease agreement:

Year Ending March 31,	Amount
2015	\$ 16,440
2016	12,330
	<hr/>
	\$ 28,770

Note 9. Concentrations of Credit Risk

Financial instruments that potentially subject the Foundation to concentrations of credit risk consist principally of money market funds and securities at brokerage firms. Balances are insured up to \$500,000, including a \$250,000 limit for cash, by the Securities Investor Protection Corporation ("SIPC"). At March 31, 2014, the Foundation had approximately \$32,558,829 in excess of SIPC insured limits.

Note 10. Contributed Services

The facility utilized by the Foundation is provided at a cost that is less than fair rental value. Rental expense for each of the years ended March 31, 2014 and 2013 includes \$16,440 of contributed rent. These amounts are reflected in the accompanying financial statements as contribution revenue and rent expense.

Note 11. Profit Sharing 401(k) Retirement Plan

The Foundation has a safe harbor, contributory 401(k) profit sharing plan (the "Plan") covering substantially all full-time employees. Employees are allowed to contribute a percentage of their annual wages to the Plan, subject to certain Internal Revenue Service limitations. The Foundation contributes a safe harbor non-elective contribution of 3 percent and a discretionary age-weighted contribution. The Company's total contributions to the Plan were \$8,357 and \$5,203 in 2014 and 2013, respectively.

COMMUNITY FOUNDATION OF GREATER JACKSON, INC.

Years Ended March 31, 2014 and 2013

NOTES TO FINANCIAL STATEMENTS

Note 12. Subsequent Events

The Foundation has evaluated subsequent events through August 12, 2014, the date these financial statements were available to be issued. No subsequent events have occurred that require recognition or disclosure.



CPAs & Business Advisors

**INDEPENDENT AUDITOR'S REPORT
ON SUPPLEMENTARY INFORMATION**

Board of Trustees
Community Foundation of Greater Jackson, Inc.
Jackson, Mississippi

We have audited the financial statements of Community Foundation of Greater Jackson, Inc. (the "Foundation"), as of and for the year ended March 31, 2014, and have issued our report thereon, dated August 12, 2014, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole.

The accompanying supplementary information 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 audits 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.

Ridgeland, Mississippi
August 12, 2014

COMMUNITY FOUNDATION OF GREATER JACKSON, INC.

Schedules of Operations

March 31, 2014, 2013, 2012, 2011, and 2010

	2014	2013	2012	2011	2010
Total revenues, gains and other	\$ 5,562,716	\$ 7,240,991	\$ 3,121,540	\$ 4,009,134	\$ 9,628,115
Unrealized (gains) losses on investments	(2,043,334)	(1,060,432)	635,888	(2,738,544)	(6,145,762)
Realized (gains) losses on investments	(287,715)	(378,415)	(325,766)	(117,363)	719,441
Adjusted revenues	3,231,667	5,802,144	3,431,662	1,153,227	4,201,794
Total expenses	(3,101,050)	(2,664,110)	(2,495,022)	(2,407,094)	(2,881,958)
Change in net assets, net of market effect	\$ 130,617	\$ 3,138,034	\$ 936,640	\$ (1,253,867)	\$ 1,319,836

The schedule is presented to provide supplemental information relating to the change of net assets, net of market effect. Market effects include changes in unrealized losses (gains) and realized losses (gains).

See independent auditor's report on supplementary information.

COMMUNITY FOUNDATION OF GREATER JACKSON, INC.

Schedules of Contribution Income

March 31, 2014, 2013, 2012, 2011, and 2010

	2014	2013	2012	2011	2010
Contributions	\$ 2,250,202	\$ 4,955,591	\$ 2,901,901	\$ 757,249	\$ 3,858,462
Less nonrecurring contributions	-	(2,928,006)	(1,000,000)	-	(3,114,118)
Adjusted contributions	<u>\$ 2,250,202</u>	<u>\$ 2,027,585</u>	<u>\$ 1,901,901</u>	<u>\$ 757,249</u>	<u>\$ 744,344</u>

The schedule represents a five-year comparison of contributions net of nonrecurring contributions. Nonrecurring contributions are defined as significant, one-time contributions.

See independent auditor's report on supplementary information.