

**COMMUNITY FOUNDATION OF THE OZARKS, INC.**

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

**YEARS ENDED JUNE 30, 2014 AND 2013**

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## 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.**, which comprise the statements of financial position as of June 30, 2014 and 2013, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

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

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

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our 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, 2014 and 2013, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Emphasis of Matter**

As discussed in Note 8 to the financial statements, the 2013 financial statements have been restated in regards to prior year reclassifications. Our opinion is not modified with respect to this matter.

### **Other Matter**

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental information on page 16 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.

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

Springfield, Missouri  
October 13, 2014

**STATEMENTS OF FINANCIAL POSITION**

**COMMUNITY FOUNDATION OF THE OZARKS, INC.**

**STATEMENTS OF FINANCIAL POSITION**

ASSETS

	June 30,	
	<u>2014</u>	<u>2013</u>
<b>Current assets:</b>		
Cash and temporary cash investments	\$ 45,336,891	\$ 40,880,287
Total current assets	<u>45,336,891</u>	<u>40,880,287</u>
<b>Investments:</b>		
Diversified investment pool	172,546,742	145,280,420
Other investments	23,056,428	23,160,460
Supporting organization	<u>9,086,091</u>	<u>9,093,894</u>
Total investments	<u>204,689,261</u>	<u>177,534,774</u>
<b>Other assets:</b>		
Contributions receivable	761,447	756,873
Property and equipment, net of accumulated depreciation of \$451,563 at 2014 and \$442,118 at 2013	1,226,477	1,249,314
Cash surrender value of life insurance policies	1,879,627	1,860,912
Other	<u>1,100</u>	<u>1,100</u>
Total other assets	<u>3,868,651</u>	<u>3,868,199</u>
<b>Total assets</b>	<u>\$ 253,894,803</u>	<u>\$ 222,283,260</u>

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

LIABILITIES AND NET ASSETS

	June 30,	
	<u>2014</u>	<u>2013</u> (restated)
<b>Current liabilities:</b>		
Current portion of annuities payable	\$ 51,542	\$ 58,639
Loans payable	<u>4,978</u>	<u>20,209</u>
Total current liabilities	<u>56,520</u>	<u>78,848</u>
<b>Other liabilities:</b>		
Annuities payable	420,352	451,828
Agency funds	<u>85,698,497</u>	<u>71,754,060</u>
Total other liabilities	<u>86,118,849</u>	<u>72,205,888</u>
<b>Net assets:</b>		
Unrestricted	9,054,691	7,178,096
Temporarily restricted	90,910,274	78,832,803
Permanently restricted	<u>67,754,469</u>	<u>63,987,625</u>
Total net assets	<u>167,719,434</u>	<u>149,998,524</u>
<b>Total liabilities and net assets</b>	<u>\$ 253,894,803</u>	<u>\$ 222,283,260</u>

**STATEMENTS OF ACTIVITIES**

**COMMUNITY FOUNDATION OF THE OZARKS, INC.**

**STATEMENTS OF ACTIVITIES**

	Year ended June 30, 2014			Total
	Unrestricted	Temporarily restricted	Permanently restricted	
<b>Support and revenue:</b>				
Contributions	\$ 817,792	\$ 10,918,930	\$ 3,766,844	\$ 15,503,566
Investment income	589,580	1,498,375	-	2,087,955
Management fee revenue	1,791,377	9,736	-	1,801,113
Net realized gain on investment transactions	332,054	833,971	-	1,166,025
Net unrealized gain on investments	4,176,883	11,109,719	-	15,286,602
Annuity actuarial adjustments	-	(15,743)	-	(15,743)
Other revenues	7,499	-	-	7,499
Net assets released from restrictions	<u>12,277,517</u>	<u>(12,277,517)</u>	<u>-</u>	<u>-</u>
Total support and revenue	<u>19,992,702</u>	<u>12,077,471</u>	<u>3,766,844</u>	<u>35,837,017</u>
<b>Expenses:</b>				
Grants	14,271,450	-	-	14,271,450
Fund administrative fees	1,467,474	-	-	1,467,474
Cash value life insurance premium expense	70,605	-	-	70,605
Interest expense	16,588	-	-	16,588
Other fund expenses	436,319	-	-	436,319
Management and general	<u>1,853,671</u>	<u>-</u>	<u>-</u>	<u>1,853,671</u>
Total expenses	<u>18,116,107</u>	<u>-</u>	<u>-</u>	<u>18,116,107</u>
<b>Increase in net assets</b>	1,876,595	12,077,471	3,766,844	17,720,910
Reclassifications	-	-	-	-
Net assets at beginning of year	<u>7,178,096</u>	<u>78,832,803</u>	<u>63,987,625</u>	<u>149,998,524</u>
Net assets at end of year	<u>\$ 9,054,691</u>	<u>\$ 90,910,274</u>	<u>\$ 67,754,469</u>	<u>\$ 167,719,434</u>

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



Year ended June 30, 2013

Unrestricted (restated)	Temporarily restricted (restated)	Permanently restricted (restated)	Total
\$ 973,610	\$ 14,785,168	\$ 3,584,963	\$ 19,343,741
660,798	1,584,225	-	2,245,023
1,589,153	9,931	-	1,599,084
293,391	676,330	-	969,721
2,639,150	6,546,721	-	9,185,871
-	(3,818)	-	(3,818)
7,541	-	-	7,541
<u>10,659,148</u>	<u>(10,659,148)</u>	<u>-</u>	<u>-</u>
<u>16,822,791</u>	<u>12,939,409</u>	<u>3,584,963</u>	<u>33,347,163</u>
12,038,420	-	-	12,038,420
1,318,849	-	-	1,318,849
129,757	-	-	129,757
24,030	-	-	24,030
461,349	-	-	461,349
<u>1,837,282</u>	<u>-</u>	<u>-</u>	<u>1,837,282</u>
<u>15,809,687</u>	<u>-</u>	<u>-</u>	<u>15,809,687</u>
1,013,104	12,939,409	3,584,963	17,537,476
46,797	41,740	(72,902)	15,635
<u>6,118,195</u>	<u>65,851,654</u>	<u>60,475,564</u>	<u>132,445,413</u>
<u>\$ 7,178,096</u>	<u>\$ 78,832,803</u>	<u>\$ 63,987,625</u>	<u>\$ 149,998,524</u>

**COMMUNITY FOUNDATION OF THE OZARKS, INC.**

**STATEMENTS OF CASH FLOWS**

	Years ended June 30,	
	2014	2013 (restated)
<b>Cash flows from operating activities:</b>		
Cash received from contributors	\$ 13,607,202	\$ 19,293,050
Interest and dividends received	2,087,955	2,375,727
Net change in agency fund cash	13,944,437	10,123,816
Cash paid to grant recipients	(14,271,450)	(13,277,600)
Cash paid to employees and suppliers	(3,816,499)	(3,776,170)
Interest paid	(16,588)	(24,030)
Net cash provided by operating activities	11,535,057	14,714,793
<b>Cash flows from investing activities:</b>		
Purchase of property and equipment	(37,220)	(2,758)
Issuance of note receivable	(5,829)	(5,829)
Purchases of investments in diversified pool	(15,973,654)	(17,056,228)
Purchases of other investments	(50,346)	(1,353,874)
Proceeds from sales of commingled investment pools	2,994,118	6,592,943
Proceeds from sales of other investments	2,301,504	244,920
Net cash used in investing activities	(10,771,427)	(11,580,826)
<b>Cash flows from financing activities:</b>		
Payments on annuity obligations	(58,639)	(66,242)
Issuance of loans payable	(15,231)	(256,110)
Proceeds from contributions restricted for investment in permanent endowment	3,766,844	3,584,963
Net cash provided by financing activities	3,692,974	3,262,611
<b>Net increase in cash and temporary cash investments</b>	4,456,604	6,396,578
Cash and temporary cash investments at beginning of year	40,880,287	34,483,709
Cash and temporary cash investments at end of year	\$ 45,336,891	\$ 40,880,287

(Continued)

**COMMUNITY FOUNDATION OF THE OZARKS, INC.**

**STATEMENTS OF CASH FLOWS**

(Continued)

	Years ended June 30,	
	2014	2013
		(restated)
<b>Reconciliation of increase in net assets to net cash provided by operating activities</b>		
Increase in net assets (including agency reclassifications)	\$ 17,720,910	\$ 17,553,111
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	50,972	56,543
Adjustment in actuarial liabilities	(38,573)	(61,487)
Contributions restricted for long-term investments	(3,766,844)	(3,584,963)
Net realized and unrealized losses gains on investments	(16,452,627)	(10,467,492)
Net change in investment in supporting organization	7,803	(1,428)
Loss on sale of fixed assets	9,085	-
Decrease (increase) in:		
Contributions receivable	(4,574)	(4,714)
Other assets	5,829	5,829
Increase in:		
Annuity obligations	58,639	66,242
Agency funds	13,944,437	11,153,152
<b>Net cash provided by operating activities</b>	<b>\$ 11,535,057</b>	<b>\$ 14,714,793</b>

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

# COMMUNITY FOUNDATION OF THE OZARKS, INC.

## NOTES TO FINANCIAL STATEMENTS

June 30, 2014 and 2013

### 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, primarily permanent endowed funds for the Springfield Metropolitan area, and 44 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 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 quarterly by the Foundation's Investment Advisory Board.

## 1. Summary of significant accounting policies (continued)

### 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, 2014, the Foundation had no taxable income as a result of unrelated business activities. Accordingly, the financial statements contain no provision for income tax.

Effective July 1, 2009, the Foundation adopted the Financial Accounting Standards Board (FASB) Interpretation, "Accounting for Uncertainty in Income Taxes – an Interpretation of FASB Statement 109", which was issued in July 2006 and now a part of ASC 740. The interpretation 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 income tax filings are subject to audit by various taxing authorities. The Foundation's open tax audit periods are 2011 through 2014. 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.

## 1. Summary of significant accounting policies (continued)

### Reclassifications

Certain accounts relating to the prior year have been reclassified to conform with the current year's presentation. Such reclassification had no effect on net income.

## 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:

	2014			
	<u>Diversified investment pool</u>	<u>Other investments</u>	<u>Supporting Organization</u>	<u>Total</u>
Mutual funds and similar investments	\$120,577,652	\$ 10,486,534	\$ -	\$ 131,064,186
Bonds and bond funds	12,424,826	3,680,776	-	16,105,602
Common stocks	-	796,422	-	796,422
Real Estate & other	<u>39,544,264</u>	<u>8,092,696</u>	<u>9,086,091</u>	<u>56,723,051</u>
	<u>\$172,546,742</u>	<u>\$ 23,056,428</u>	<u>\$ 9,086,091</u>	<u>\$ 204,689,261</u>

  

	2013			
	<u>Diversified investment pool</u>	<u>Other investments</u>	<u>Supporting Organization</u>	<u>Total</u>
Mutual funds and similar investments	\$100,080,262	\$ 10,215,145	\$ -	\$ 110,295,407
Bonds and bond funds	11,393,977	4,090,538	-	15,484,515
Common stocks	-	778,655	-	778,655
Real Estate & other	<u>33,806,182</u>	<u>8,076,121</u>	<u>9,093,894</u>	<u>50,976,197</u>
	<u>\$145,280,421</u>	<u>\$ 23,160,459</u>	<u>\$ 9,093,894</u>	<u>\$ 177,534,774</u>

### **3. 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 \$(7,803) and \$1,428 was recognized in 2014 and 2013, respectively.

### **4. 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, 2014 and 2013.

### **5. Net assets**

At June 30, 2014, temporarily restricted net assets consisting of gifts and other unexpended revenue and gains totaling \$90,910,274 are available for grants in the areas of human services, education, arts and culture, health, and community betterment. Permanently restricted net assets consist of \$67,754,469 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 less than the amount of the corpus by approximately \$538,000. 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.

### **6. 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, 2014 and 2013, was approximately \$46,415 and \$44,412, respectively.

## 7. 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 balance sheet, 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.



## 7. Disclosure about fair value of assets and liabilities (continued)

The following table 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, 2014:

	6/30/2014 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)
<b>Diversified Pool:</b>				
Cash and cash equivalents	\$ 1,221,357	\$ 1,221,357	\$ -	\$ -
Mission related investments	1,464,624	-	-	1,464,624
Vanguard 500 Inst'l Index Fund	11,692,226	11,692,226	-	-
Vanguard Value Index Fund	6,063,719	6,063,719	-	-
Vanguard Total Bond Fund	12,424,826	12,424,826	-	-
Vanguard Energy Fund	5,626,339	5,626,339	-	-
Vanguard Inflation Protected Fund	5,025,625	5,025,625	-	-
Vanguard Dividend Growth Fund	5,591,061	5,591,061	-	-
ING Global Real Estate Fund	5,202,410	5,202,410	-	-
Artisan Mid Cap Value Fund	11,555,829	11,555,829	-	-
Artisan International	12,300,857	12,300,857	-	-
Dodge & Cox	6,613,258	6,613,258	-	-
Parametric Emerging Markets	12,406,626	12,406,626	-	-
PIMCO Total Return	12,436,737	12,436,737	-	-
Nationwide - Geneva	10,794,799	10,794,799	-	-
Polaris	6,606,077	-	6,606,077	-
Colchester	3,781,040	-	3,781,040	-
Mondrian	3,659,692	-	3,659,692	-
Archstone Equity Strategies Fund	17,490,430	-	-	17,490,430
TAPS Fund	4,552,382	-	-	4,552,382
Blackstone Partners Invest. Fund	16,036,828	-	-	16,036,828
<b>Other investment portfolios:</b>				
Mutual Funds and				
common stock	11,282,956	11,282,956	-	-
Bonds	3,680,776	3,680,476	300	-
Real Estate and other				
investment property	8,092,696	1,021,664	-	7,071,032
<b>Supporting Organization</b>	<u>9,086,091</u>	<u>-</u>	<u>-</u>	<u>9,086,091</u>
	<u>\$ 204,689,261</u>	<u>\$ 134,940,765</u>	<u>\$ 14,047,109</u>	<u>\$ 55,701,387</u>

## 7. Disclosure about fair value of assets and liabilities (continued)

The following table 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, 2013:

	6/30/2013 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)
<b>Diversified Pool:</b>				
Cash and cash equivalents	\$ 4,075,166	\$ 4,075,166	\$ -	\$ -
Mission related investments	1,558,819	-	-	1,558,819
Vanguard 500 Inst'l Index Fund	9,387,124	9,387,124	-	-
Vanguard Value Index Fund	4,955,148	4,955,148	-	-
Vanguard Total Bond Fund	10,628,831	10,628,831	-	-
Vanguard Energy Fund	4,304,684	4,304,684	-	-
Vanguard Inflation PS Fund	4,061,828	4,061,828	-	-
Vanguard Dividend Growth Fund	4,682,862	4,682,862	-	-
ING Global Real Estate Fund	4,273,315	4,273,315	-	-
Artisan Mid Cap Value Fund	9,523,707	9,523,707	-	-
Artisan International	10,045,673	10,045,673	-	-
Dodge & Cox	5,114,211	5,114,211	-	-
Eaton Vance	9,301,813	9,301,813	-	-
PIMCO Total Return	10,481,659	10,481,659	-	-
High Mark Funds	9,244,240	9,244,240	-	-
Polaris	5,098,175	-	5,098,175	-
Colchester	3,193,352	-	3,193,352	-
Mondrian	3,102,450	-	3,102,450	-
Archstone Equity Strategies Fund	14,395,107	-	-	14,395,107
TAPS Fund	3,665,672	-	-	3,665,672
Blackstone Partners Invest. Fund	14,186,584	-	-	14,186,584
<b>Other investment portfolios:</b>				
Mutual Funds and				
common stock	10,993,801	10,993,801	-	-
Bonds	4,090,538	4,090,238	300	-
Real Estate and other				
investment property	8,076,121	577,486	-	7,498,635
<b>Supporting Organization</b>	<u>9,093,894</u>	<u>-</u>	<u>-</u>	<u>9,093,894</u>
	<u>\$ 177,534,774</u>	<u>\$ 115,741,786</u>	<u>\$ 11,394,277</u>	<u>\$ 50,398,711</u>

## 7. Disclosure about fair value of assets and liabilities (continued)

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:

	<u>Hedge Funds</u>	<u>Real estate and other</u>	<u>Total</u>
Balance, beginning of year	\$ 32,017,881	\$ 18,380,830	\$ 50,398,711
Transfers in and out of Level 3	1,694,106	(1,694,106)	-
Total realized and unrealized gains and losses included in change in net assets	3,382,277	48,503	3,430,780
Purchases, issues, sales, and settlements:			
Purchases	2,450,000	(578,104)	1,871,896
Sales	<u>-</u>	<u>-</u>	<u>-</u>
Balance, end of year	<u>\$ 39,544,264</u>	<u>\$ 16,157,123</u>	<u>\$ 55,701,387</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	\$ 3,382,277	\$ 39,287	\$ 3,421,564

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.

## 8. Restatements - 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 held for others and adjusted a portion of its temporary restricted net assets to agency funds. The Foundation also identified some prior year contributions that should be reclassified among funds.

As a result of the reclassifications, unrestricted net assets decreased by \$405,500, temporary restricted net assets decreased by \$7,654,013, and permanently restricted net assets decreased by \$3,101,755 as of June 30, 2013. Agency funds increased by \$11,161,268. The change in net assets for the period ended June 30, 2013, decreased by \$1,029,336 as a result of the reclassification.

**9. General litigation**

The Foundation is subject to claims and lawsuits that arise primarily in the ordinary course of business. It is the opinion of management that the disposition or ultimate resolution of such claims and lawsuits will not have a material effect on the financial position of the Foundation.

**10. Subsequent events**

In preparing these financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through October 13, 2014, 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**

	<u>Year ended June 30, 2014</u>			<u>Year ended June 30, 2013</u>		
	<u>Foundation Funds</u>	<u>Agency Funds</u>	<u>Total</u>	<u>Foundation Funds (restated)</u>	<u>Agency Funds (restated)</u>	<u>Total</u>
<b>Support and revenue:</b>						
Contributions	\$ 15,503,566	\$ 31,042,315	\$ 46,545,881	\$ 19,343,741	\$ 18,418,954	\$ 37,762,695
Investment income	2,087,955	960,177	3,048,132	2,245,023	968,435	3,213,458
Management fee revenue	1,801,113	-	1,801,113	1,599,084	-	1,599,084
Net realized gain on investment transactions	1,166,025	275,894	1,441,919	969,721	239,010	1,208,731
Net unrealized gain (loss) on investments	15,286,602	4,747,196	20,033,798	9,185,871	2,511,349	11,697,220
Other revenues	7,499	-	7,499	7,541	-	7,541
Annuity actuarial adjustments	(15,743)	-	(15,743)	(3,818)	-	(3,818)
<b>Total support and revenue</b>	<u>35,837,017</u>	<u>37,025,582</u>	<u>72,862,599</u>	<u>33,347,163</u>	<u>22,137,748</u>	<u>55,484,911</u>
<b>Expenses:</b>						
Grants	14,271,450	22,334,024	36,605,474	12,038,420	10,292,840	22,331,260
Fund administrative fees	1,467,474	573,067	2,040,541	1,318,849	475,130	1,793,979
Cash value life insurance premium expense	70,605	-	70,605	129,757	-	129,757
Interest expense	16,588	3,705	20,293	24,030	6,810	30,840
Other fund expenses	436,319	170,350	606,669	461,349	169,667	631,016
Management and general	1,853,671	-	1,853,671	1,837,282	-	1,837,282
<b>Total expenses</b>	<u>18,116,107</u>	<u>23,081,146</u>	<u>41,197,253</u>	<u>15,809,687</u>	<u>10,944,447</u>	<u>26,754,134</u>
<b>Increase in available funds</b>	17,720,910	13,944,436	31,665,346	17,537,476	11,193,301	28,730,777
<b>Reclassifications</b>	-	-	-	15,635	(15,635)	-
<b>Total - beginning of year</b>	<u>149,998,524</u>	<u>71,754,060</u>	<u>221,752,584</u>	<u>132,445,413</u>	<u>60,576,395</u>	<u>193,021,808</u>
<b>Total - end of year</b>	<u>\$ 167,719,434</u>	<u>\$ 85,698,496</u>	<u>\$ 253,417,930</u>	<u>\$ 149,998,524</u>	<u>\$ 71,754,061</u>	<u>\$ 221,752,585</u>

See independent auditor's report.