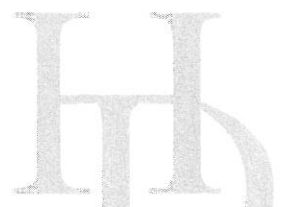
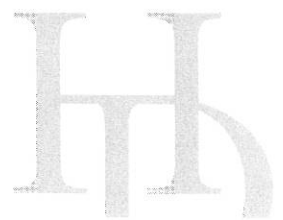


**WALKER AREA COMMUNITY
FOUNDATION, INC
(A NONPROFIT ORGANIZATION)
FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017**



Walker Area Community Foundation, Inc.
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December 31, 2018 and 2017

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Walker Area Community Foundation, Inc.
Jasper, Alabama

We have audited the accompanying financial statements of the Walker Area Community Foundation, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2018 and 2017 and the related statements of activities, functional expenses 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 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 audits. 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 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.

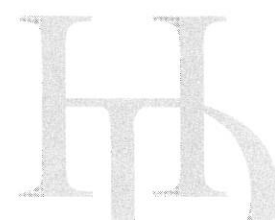
Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Walker Area Community Foundation, Inc. as of December 31, 2018 and 2017 and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Haynes Downard LLP

Haynes Downard LLP
Birmingham, Alabama

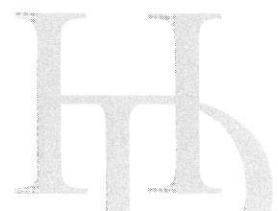
March 1, 2019



**STATEMENTS OF FINANCIAL POSITION
WALKER AREA COMMUNITY FOUNDATION, INC.
DECEMBER 31, 2018 AND 2017**

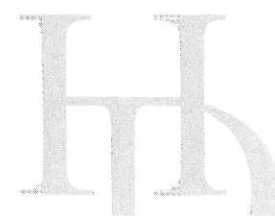
	<u>2018</u>	<u>2017</u>
ASSETS		
Cash and cash equivalents	\$ 1,275,302	\$ 591,376
Investments	63,610,577	24,730,192
Other assets	6,475	6,475
Prepaid expenses	23,185	23,391
Property and equipment, net	<u>1,437,208</u>	<u>1,516,659</u>
Total Assets	<u><u>\$ 66,352,747</u></u>	<u><u>\$ 26,868,093</u></u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	<u>\$ 1,318</u>	<u>\$ 1,406</u>
Total Liabilities	1,318	1,406
Net Assets		
Without donor restrictions	66,264,853	26,755,044
With donor restrictions	<u>86,576</u>	<u>111,643</u>
Total Net Assets	<u><u>66,351,429</u></u>	<u><u>26,866,687</u></u>
Total Liabilities and Net Assets	<u><u>\$ 66,352,747</u></u>	<u><u>\$ 26,868,093</u></u>

See accompanying notes.



STATEMENTS OF ACTIVITIES
WALKER AREA COMMUNITY FOUNDATION, INC.
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
Changes in Net Assets without Donor Restrictions:		
Revenues:		
Contributions	\$ 43,579,423	\$ 1,937,210
Investment (loss) income	(1,219,734)	2,984,493
Miscellaneous income	5,187	6,384
Net assets released from restrictions	<u>55,422</u>	<u>34,227</u>
Total revenues	42,420,298	4,962,314
Expenses:		
Program	2,564,240	1,875,823
Management and general	138,990	132,346
Fundraising	<u>207,259</u>	<u>164,597</u>
Total expenses	<u>2,910,489</u>	<u>2,172,766</u>
Change in net assets without donor restrictions	39,509,809	2,789,548
Changes in Net Assets with Donor Restrictions:		
Contributions	31,784	37,081
Investment (loss) income	(3,004)	7,848
Miscellaneous income	1,575	300
Net assets released from restrictions	<u>(55,422)</u>	<u>(34,227)</u>
Change in net assets with donor restrictions	<u>(25,067)</u>	<u>11,002</u>
Change in Net Assets	39,484,742	2,800,550
Net assets, beginning of year	<u>26,866,687</u>	<u>24,066,137</u>
Net assets, end of year	<u><u>\$ 66,351,429</u></u>	<u><u>\$ 26,866,687</u></u>



STATEMENT OF FUNCTIONAL EXPENSES
WALKER AREA COMMUNITY FOUNDATION, INC.
FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Grants paid	\$ 2,055,904	\$ -	\$ -	\$ 2,055,904
Advertising	7,544	-	7,543	15,087
Salaries and related	304,131	57,025	19,008	380,164
Depreciation	59,486	4,131	19,003	82,620
Professional fees	51,831	13,967	397	66,195
Display and event expense	10,151	-	17,209	27,360
Miscellaneous expense	10,205	2,464	1,253	13,922
Technology	10,315	10,013	10,013	30,341
Insurance	3,161	25,291	3,161	31,613
Utilities	10,234	5,366	-	15,600
Office supplies	7,245	762	753	8,760
Printing and publications	2,868	1,115	18,775	22,758
New College	1,634	-	-	1,634
Donor development	-	-	104,503	104,503
Repairs and maintenance	17,259	4,699	-	21,958
Telephone	3,128	391	391	3,910
Postage and shipping	1,946	1,168	4,670	7,784
Janitorial and security	2,972	1,775	-	4,747
Travel and entertainment	-	7,715	-	7,715
Meetings and luncheons	4,061	1,511	498	6,070
Bank charges	-	1,515	-	1,515
Website	165	82	82	329
	<u>\$ 2,564,240</u>	<u>\$ 138,990</u>	<u>\$ 207,259</u>	<u>\$ 2,910,489</u>

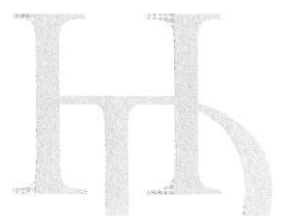
See accompanying notes.



**STATEMENT OF FUNCTIONAL EXPENSES
WALKER AREA COMMUNITY FOUNDATION, INC.
FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Grants paid	\$ 1,410,846	\$ -	\$ -	\$ 1,410,846
Advertising	9,374	-	9,373	18,747
Salaries and related	283,817	53,216	17,738	354,771
Depreciation	59,482	4,131	19,001	82,614
Professional fees	26,168	13,917	25,874	65,959
Display and event expense	9,839	-	16,682	26,521
Miscellaneous expense	10,556	2,549	1,296	14,401
Technology	11,731	11,386	11,386	34,503
Insurance	3,094	24,753	3,094	30,941
Utilities	9,843	5,162	-	15,005
Office supplies	8,042	846	836	9,724
Printing and publications	2,374	923	15,545	18,842
New College	4,186	-	-	4,186
Donor development	-	-	37,953	37,953
Repairs and maintenance	14,396	3,920	-	18,316
Telephone	3,879	485	485	4,849
Postage and shipping	2,040	1,224	4,897	8,161
Janitorial and security	2,592	1,548	-	4,140
Travel and entertainment	-	4,874	-	4,874
Meetings and luncheons	3,564	1,326	437	5,327
Bank charges	-	2,086	-	2,086
	<u>\$ 1,875,823</u>	<u>\$ 132,346</u>	<u>\$ 164,597</u>	<u>\$ 2,172,766</u>

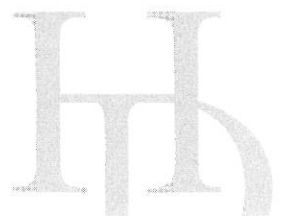
See accompanying notes.



STATEMENTS OF CASH FLOWS
WALKER AREA COMMUNITY FOUNDATION, INC.
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
Cash Flows from Operating Activities		
Increase in net assets	\$ 39,484,742	\$ 2,800,550
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Depreciation expense	82,620	82,614
Realized and unrealized loss (gain) on investments, net	1,800,068	(2,389,476)
Changes in assets and liabilities that provided (used) cash:		
Prepaid expenses	206	(23,391)
Accounts payable	(88)	(1,508)
	<u>41,367,548</u>	<u>468,789</u>
Cash Flows from Investing Activities		
Purchase of investments	(44,216,207)	(7,206,515)
Proceeds from the sale of investments	3,535,754	6,902,226
Purchase of property and equipment	(3,169)	(38,756)
	<u>(40,683,622)</u>	<u>(343,045)</u>
Net increase in cash and cash equivalents	683,926	125,744
Cash, beginning of year	<u>591,376</u>	<u>465,632</u>
Cash, end of year	<u>\$ 1,275,302</u>	<u>\$ 591,376</u>

See accompanying notes.



**NOTES TO FINANCIAL STATEMENTS
WALKER AREA COMMUNITY FOUNDATION, INC.
DECEMBER 31, 2018 AND 2017**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The Walker Area Community Foundation, Inc. (the "Foundation") is an autonomous, publicly supported philanthropic institution organized in 1995 and operated primarily for the long-term charitable, scientific, literary and educational benefit of the citizens of Walker County, Alabama and surrounding areas. All funding is provided by contributions received from individuals, businesses and community organizations.

Basis of Accounting and Presentation

The financial statements of the Foundation have been prepared in accordance with U.S. generally accepted accounting principles ("GAAP"). Resources are classified for reporting purposes based on the existence or absence of donor-imposed restrictions. This is accomplished by classification of fund balances into two classes of net assets: without donor restrictions and with donor restrictions. Descriptions of the two net assets categories and the types of transaction affecting each category follow:

Without Donor Restrictions – Net assets that are not subject to donor-imposed restrictions. Items that affect this net asset category principally consist of gifts without restrictions, previously restricted gifts whose donor-imposed restrictions were met during the year, investment income, and the expenses associated with the core activities of the Foundation: grant making and other programs, management and general expenses, and fundraising expenses.

With Donor Restrictions – Net assets subject to donor-imposed restrictions that will be met either by actions of the Foundation or the passage of time. Items that affect this net asset category are gifts for which donor-imposed restrictions have not been met in the year of receipt. Expirations of restrictions on net assets with donor restrictions are reported as net assets released from restrictions.

Revenue Recognition

Contributions, including unconditional pledges, are recognized in the appropriate category of net assets in the period received.

Cash and Cash Equivalents

For the purpose of the statement of cash flows, the Foundation considers all highly liquid investments (defined as investments having an original maturity of three months or less) as cash equivalents, except for money market and other cash equivalents held in investment accounts at the discretion of the Foundation's investment advisors.

**NOTES TO FINANCIAL STATEMENTS
WALKER AREA COMMUNITY FOUNDATION, INC.
DECEMBER 31, 2018 AND 2017**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Investments

The Foundation carries investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values in the statement of financial position. Realized and unrealized gains and losses are included in the change in net assets in the accompanying statement of activities. Donated investments are recorded at fair market value on the date of receipt.

Property and Equipment

Property and equipment are carried at cost less accumulated depreciation and includes expenditures which substantially increase the useful lives of existing property and equipment. Donated property and equipment is recorded at fair value as of the date of the gift. Maintenance, repairs, and minor renovations are charged to expense as incurred. When property and equipment is retired or otherwise disposed, the related costs and accumulated depreciation are removed from the respective accounts, and the gain or loss on the disposition is recorded in the statement of activities. Depreciation is provided using the straight-line method over the estimated useful lives of the assets. All acquisitions of property and equipment in excess of \$500 and all expenditures for repairs, maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized.

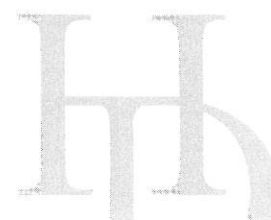
Income Taxes

The Foundation is exempt from federal income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code. Accordingly, no provision for federal income taxes has been made in the accompanying financial statements.

Fair Value Measurements

FASB ASC 820, *Fair Value Measurements and Disclosures*, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of fair value hierarchy under FASB ASC 820 are described below.

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access.



**NOTES TO FINANCIAL STATEMENTS
WALKER AREA COMMUNITY FOUNDATION, INC.
DECEMBER 31, 2018 AND 2017**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Fair Value Measurements - Continued

Level 2 - Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs which are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Uncertain Tax Positions

As of December 31, 2018 and 2017, the Foundation has no uncertain tax positions that qualify for recognition or disclosure in the financial statements.

Subsequent Events

The Foundation has performed an evaluation of subsequent events through March 1, 2019, which is the date the financial statements were available to be issued.

Estimates

The preparation of 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 financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

**NOTES TO FINANCIAL STATEMENTS
WALKER AREA COMMUNITY FOUNDATION, INC.
DECEMBER 31, 2018 AND 2017**

NOTE 2. CONCENTRATION OF CREDIT RISK

Financial instruments which potentially subject the Foundation to concentrations of credit risk consist principally of cash. The Foundation maintains its cash in various bank deposit accounts located in Alabama. The Federal Deposit Insurance Company insures these cash accounts up to \$250,000. At December 31, 2018, uninsured balances were approximately \$1,019,961.

NOTE 3. INVESTMENTS

Investments at December 31 are stated at fair market value and consist of the following:

	<u>2018</u>	<u>2017</u>
Money market accounts	\$ 43,702,042	\$ 3,588,162
Fixed income funds	7,161,840	5,947,670
Equity funds	10,002,267	12,239,608
Common stocks	2,624,355	2,834,345
Other investments	<u>120,073</u>	<u>120,407</u>
Total investments	<u><u>\$ 63,610,577</u></u>	<u><u>\$ 24,730,192</u></u>

Investment income for the years ended December 31, 2018 and 2017 is comprised of the following:

	<u>2018</u>	<u>2017</u>
Interest and dividends	\$ 635,426	\$ 647,738
Gains and losses on investments, net	(1,800,068)	2,389,476
Investment fees	<u>(58,096)</u>	<u>(44,873)</u>
Investment (loss) income	<u><u>\$ (1,222,738)</u></u>	<u><u>\$ 2,992,341</u></u>

**NOTES TO FINANCIAL STATEMENTS
WALKER AREA COMMUNITY FOUNDATION, INC.
DECEMBER 31, 2018 AND 2017**

NOTE 4. PROPERTY AND EQUIPMENT

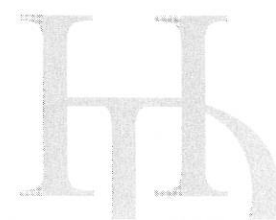
Property and equipment consists of the following at December 31:

	<u>2018</u>	<u>2017</u>
Buildings	\$ 1,508,169	\$ 1,508,169
Land and improvements	242,686	242,686
Furniture and equipment	316,128	312,959
Less: accumulated depreciation	<u>(629,775)</u>	<u>(547,155)</u>
Property and equipment, net	<u><u>\$ 1,437,208</u></u>	<u><u>\$ 1,516,659</u></u>

NOTE 5. GRANTS PAID

Grants paid during the years ended December 31, 2018 and 2017 were for the following purposes:

	<u>2018</u>	<u>2017</u>
Social Welfare	\$ 719,348	\$ 764,422
Education	171,133	123,412
Health/Medical	172,189	131,855
Elder Care	25,600	67,600
Children/Youth	814,980	198,082
Arts and Humanities	90,498	80,975
Recreation	15,000	44,500
Environmental	<u>47,156</u>	<u>-</u>
Total	<u><u>\$ 2,055,904</u></u>	<u><u>\$ 1,410,846</u></u>



**NOTES TO FINANCIAL STATEMENTS
WALKER AREA COMMUNITY FOUNDATION, INC.
DECEMBER 31, 2018 AND 2017**

NOTE 6. NET ASSETS

Net assets with donor restrictions are available for the following purposes at December 31:

	<u>2018</u>	<u>2017</u>
Capital projects	\$ 6,825	\$ 6,825
Other miscellaneous purposes	<u>79,751</u>	<u>104,818</u>
Net assets with donor restrictions	<u><u>\$ 86,576</u></u>	<u><u>\$ 111,643</u></u>

Net assets were released from restrictions during the years ended December 31, 2018 and 2017 in satisfaction of the following purposes:

	<u>2018</u>	<u>2017</u>
Miscellaneous purposes	<u>\$ 55,422</u>	<u>\$ 34,227</u>
Net assets released from restrictions	<u><u>\$ 55,422</u></u>	<u><u>\$ 34,227</u></u>

Net assets without donor restrictions consist of the following at December 31:

	<u>2018</u>	<u>2017</u>
Donor advised funds	\$ 48,095,388	\$ 6,942,966
Board designated funds	5,879,133	5,388,265
Other	<u>12,290,332</u>	<u>14,423,813</u>
Net assets without donor restrictions	<u><u>\$ 66,264,853</u></u>	<u><u>\$ 26,755,044</u></u>

NOTE 7. FAIR VALUE MEASUREMENTS

The Foundation determines the fair value of its investments through application of FASB ASC 820.

NOTES TO FINANCIAL STATEMENTS
WALKER AREA COMMUNITY FOUNDATION, INC.
DECEMBER 31, 2018 AND 2017

NOTE 7. FAIR VALUE MEASUREMENTS - Continued

The following table presents the financial instruments carried at fair value as of December 31, 2018 and 2017 by caption on the statement of financial position by the valuation hierarchy defined above:

	2018	
	Level 1	Level 3
		Total
Cash	\$43,702,042	\$ -
Fixed income funds	7,161,840	-
Equity funds	10,002,267	-
Common stocks	2,624,355	-
Other investments	-	120,073
Total investments	<u>\$63,490,504</u>	<u>\$ 120,073</u>

	2017	
	Level 1	Level 3
		Total
Cash	\$ 3,588,162	\$ -
Fixed income funds	5,947,670	-
Equity funds	12,239,608	-
Common stocks	2,834,345	-
Other investments	-	120,407
Total investments	<u>\$24,609,785</u>	<u>\$ 120,407</u>

Changes in the fair value of the Foundation's Level 3 assets for the years ended December 31, 2018 and 2017 consists of unrealized losses of \$334 and \$979, respectively and a \$15,000 distribution in 2017.

NOTE 8. RECLASSIFICATIONS

During 2018, the Foundation determined that donor advised funds previously classified in the net asset category "with donor restrictions" should actually be classified in the net asset category "without donor restrictions". The reclassification did not result in a change to total net assets reported or in the reported change in total net assets.

**NOTES TO FINANCIAL STATEMENTS
WALKER AREA COMMUNITY FOUNDATION, INC.
DECEMBER 31, 2018 AND 2017**

NOTE 8. RECLASSIFICATIONS – Continued

As a result of this determination, the following reclassifications have been made to the 2017 financial statements:

Without donor restrictions:

	Original	Reclassified
Contribution income	\$ 199,523	1,937,210
Investment income	2,105,326	2,984,493
Miscellaneous income	5,477	6,384
Net assets released from restrictions	1,125,348	34,227
Net assets without donor restrictions	18,294,347	26,755,044

With donor restrictions:

	Original	Reclassified
Contribution income	\$ 1,774,768	\$ 37,081
Investment income	887,015	7,848
Miscellaneous income	1,207	300
Net assets released from restrictions	(1,125,348)	34,227
Net assets without donor restrictions	8,572,340	111,643

NOTE 9. LIQUIDITY AND AVAILABILITY

Financial assets as of the statement of financial position date, reduced by amounts that are not available for general use due to contractual or donor-imposed restrictions within one year of the statement of financial position date.

Financial assets at December 31, 2018	\$ 64,885,879
Less: financial assets unavailable for general expenditure within one year due to donor-imposed restrictions, board designations or contractual obligations:	
Donor imposed restrictions	(86,576)
Funds designated for future granting or projects	<u>(53,974,521)</u>
Financial assets available to the Foundation for general expenditures within one year	<u>\$ 10,824,782</u>