

**THE SAVANNAH COMMUNITY FOUNDATION, INC.
SAVANNAH, GEORGIA**

FINANCIAL STATEMENTS

**For the years ended
June 30, 2007 and 2006**

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KARP, RONNING & TINDOL

CERTIFIED PUBLIC ACCOUNTANTS

MARTIN L. KARP, CPA
DENNIS W. RONNING, CPA
RICHARD D. TINDOL, CPA
BRADLEY A. LUCAS, CPA
ANDREW W. BRODMANN, CPA

123 ABERCORN STREET • P.O. Box 9550
SAVANNAH, GEORGIA 31412
912-232-0475 TEL. • 912-232-0478 FAX
888-261-8702 TOLL FREE
krt@krtcpa.com • www.krtcpa.com

CAROL L. DRAKE, CPA
DERRICK A. COWART, CPA
CHRISTOPHER T. LIGHTLE, CPA
A. L. KARP (1925-1969)

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
The Savannah Community Foundation, Inc.
Savannah, Georgia

We have audited the accompanying statements of financial position of The Savannah Community Foundation, Inc., as of June 30, 2007 and 2006, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Foundation's management. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Savannah Community Foundation, Inc. as of June 30, 2007 and 2006, and the results of its activities and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United State of America.

Karp, Ronning & Tindol, P.C.

Karp, Ronning & Tindol, P.C.

Savannah, Georgia

October 19, 2007

THE SAVANNAH COMMUNITY FOUNDATION, INC.
STATEMENTS OF FINANCIAL POSITION
June 30,

	2007	2006
<u>ASSETS</u>		
Cash - operating	\$ 867,687	\$ 590,863
Cash - investments	1,623,970	908,004
Investment income receivable	17,278	12,603
Other receivables	3,930	32
Investments - securities	15,268,242	14,660,339
Notes receivable	48,097	53,627
Equipment - Net	-	137
TOTAL ASSETS	\$ 17,829,204	\$ 16,225,605
<u>LIABILITIES</u>		
Accounts payable and accrued expenses	\$ 1,343	\$ 1,042
TOTAL LIABILITIES	\$ 1,343	\$ 1,042
<u>NET ASSETS</u>		
Unrestricted	17,827,861	16,224,563
Temporarily restricted	-	-
Permanently restricted	-	-
TOTAL NET ASSETS	17,827,861	16,224,563
TOTAL LIABILITIES AND NET ASSETS	\$ 17,829,204	\$ 16,225,605

See Accountants' Report and Notes to Financial Statements

THE SAVANNAH COMMUNITY FOUNDATION, INC.
STATEMENTS OF ACTIVITIES
For the Years Ended June 30,

	2007	2006
	Unrestricted	Unrestricted
REVENUES		
Contributions received	\$ 2,484,727	\$ 1,925,014
Net realized and unrealized gains (losses)	1,818,427	777,988
Dividends and Interest	577,117	505,747
TOTAL REVENUES	4,880,271	3,208,749
EXPENSES		
Grants paid	2,971,908	2,257,918
Fund-Raising Expenses	1,181	1,337
Investment Expenses:		
Money manager and custodian fees	139,715	139,961
Administrative Expenses:		
Management Fees	144,000	144,000
Professional Fees	13,550	11,955
Dues and publications	1,730	1,929
Insurance	4,442	4,309
Interest	-	10
Depreciation and amortization expense	137	1,193
Office supplies	26	-
Other expense	284	1,110
	164,169	164,506
TOTAL EXPENSES	3,276,973	2,563,722
Change in net assets	1,603,298	645,027
Net assets at beginning of year	16,224,563	15,579,536
Net assets at end of year	\$ 17,827,861	\$ 16,224,563

See Accountants' Report and Notes to Financial Statements

THE SAVANNAH COMMUNITY FOUNDATION, INC.
STATEMENTS OF CASH FLOWS
For the Years Ended June 30,

	2007	2006
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from contributions	\$ 2,484,727	\$ 1,925,014
Cash received from investment income including net realized and unrealized gains and losses on investments	2,386,971	1,280,233
Cash paid as grants to other organizations	(2,971,908)	(2,257,918)
Cash paid for general and administrative expenses	(304,627)	(305,046)
Cash paid for interest expense	-	(10)
Cash paid for income taxes	-	-
	<u>1,595,163</u>	<u>642,273</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases, sales, and maturities of investments	(607,903)	(1,595,911)
Collections on notes receivable	5,530	5,629
	<u>(602,373)</u>	<u>(1,590,282)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
	<u>-</u>	<u>-</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	992,790	(948,009)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>1,498,867</u>	<u>2,446,876</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 2,491,657</u>	<u>\$ 1,498,867</u>
Reconciliation of change in net assets to net cash flows from operating activities:		
Change in net assets	\$ 1,603,298	\$ 645,027
Adjustments:		
(Increase) in accrued income	(8,573)	(3,502)
Increase (Decrease) in accounts payable	301	(445)
Depreciation and amortization	137	1,193
	<u>\$ 1,595,163</u>	<u>\$ 642,273</u>

See Accountants' Report and Notes to Financial Statements

THE SAVANNAH COMMUNITY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The financial statements of The Savannah Community Foundation, Inc. have been prepared on the accrual basis; consequently revenues and gains are recognized when earned, and expenses and losses are recognized when incurred.

BASIS OF PRESENTATION

The Foundation has adopted Statement of Financial Accounting Standards Number 117 (SFAS No. 117), Financial Statements of Not-for-Profit Organizations. Under SFAS No. 117, 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.

The Foundation has also adopted Statement of Financial Accounting Standards (SFAS) No. 116, Accounting for Contributions Received and Contributions Made. In accordance with SFAS No. 116, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

USE OF ESTIMATES

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses.

CASH

The Foundation considers all highly liquid investments with a maturity of three months or less at date of acquisition as "cash" for financial statement disclosures. The majority of cash held for the Foundation by brokerage firms is not FDIC insured.

PROPERTY, BUILDINGS, AND EQUIPMENT

Property and equipment are stated at cost with depreciation provided principally by the straight-line method. Generally estimated useful lives for depreciation purposes are 3 to 7 years. Depreciation and amortization expense for the years ended June 30, 2007 and 2006 were \$137 and \$1,193, respectively.

See Accountants' Report

THE SAVANNAH COMMUNITY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS

INCOME TAXES

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

INVESTMENTS

Marketable securities donated to the Foundation are recorded at fair market value at the date of the gift. Investments are presented in the accompanying financial statements at fair market value. Changes in market value of securities are reflected as unrealized gains or losses.

NOTE B – FIXED ASSETS

Fixed assets consisted of the following at June 30:

	<u>2007</u>	<u>2006</u>
Assets at cost	\$ 49,147	\$ 49,147
Accumulated depreciation and amortization	(49,147)	(49,010)
Net book value	<u>\$ -</u>	<u>\$ 137</u>

NOTE C – INVESTMENTS

The Foundation held investments in 179 and 175 separate funds at June 30, 2007 and 2006, respectively, at 9 different financial institutions:

	<u>2007</u>	<u>2006</u>
Savannah Bank	\$ 9,138,308	\$ 7,754,259
McDonald Investments	2,885,192	3,535,490
Sterne, Agee, & Leach	1,272,470	1,810,391
Salomon Smith Barney	1,483,408	1,321,539
Wachovia	452,102	550,887
Bank of America	512,917	462,551
Merrill Lynch	118,818	106,351
A.G. Edwards	20,459	26,875
Charles Schwab	<u>1,008,538</u>	<u>-</u>
 Total	 <u>\$16,892,212</u>	 <u>\$15,568,343</u>

See Accountants' Report

THE SAVANNAH COMMUNITY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE C – INVESTMENTS continued

At June 30, 2007 and 2006 these funds were invested as follows:

	<u>2007</u>	<u>2006</u>
Cash and cash equivalents	\$1,623,970	\$908,004
Equities	11,050,811	10,853,483
Bonds	<u>4,217,431</u>	<u>3,806,856</u>
 Total	 <u>\$16,892,212</u>	 <u>\$ 15,568,343</u>

NOTE D – NOTES RECEIVABLE

The Foundation sold its building to the United Way of the Coastal Empire in May 1994 and received a note for \$100,000, bearing interest at 6% for twenty years. The balance on the receivable at June 30, 2007 and 2006 was \$48,097 and \$53,627, respectively.

NOTE E – NATURE OF BUSINESS

The Savannah Community Foundation, Inc. is a tax-exempt organization which receives gifts, grants, and bequests for the purpose of making charitable contributions to organizations approved by the Board of Directors. Such gifts and grants are received from various businesses and individuals, both locally in Savannah and the surrounding areas. The Foundation invests substantial portions of its assets in marketable securities which fluctuate in price as the stock and bond markets move up and down. At June 30, 2007 the Foundation had a cash balance of \$867,687 with The Savannah Bank that exceeded the amount insured by the Federal Deposit Insurance Corporation.

NOTE F – FUND CLASSIFICATION

The activities and balances of the Foundation are classified for internal purposes into the following groups:

Unrestricted (or Discretionary)

The Foundation's Unrestricted Funds are not designated for a specific charitable beneficiary. These funds are disbursed at the discretion of the Foundation's Board of Directors in response to requests from nonprofit organizations and based on an assessment of the most pressing needs. Unrestricted funds are also used to pay administrative expenses.

THE SAVANNAH COMMUNITY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE F – FUND CLASSIFICATION continued

Field of Interest/Discretionary

The Field of Interest/Discretionary funds were donated to be used to aid in the fight against illiteracy programs.

Donor Advised

Donor Advised Funds are created by donors who wish to remain active in their philanthropy and have access to the Foundation's professional advice and management. Donors may suggest charitable distributions from funds they have established, although the Foundation's Board of Directors is required to make final decisions on all grants.

Donor Designated

Donor designated funds have been established to provide grants to a specific charitable agency or project. The Board of Directors accepts the donor's designation as long as the agency or project continues to serve the public interest.

Endowment Funds

Endowment Funds are established by nonprofit organizations for the purpose of generating income in perpetuity for their charitable purposes. Endowment funds may also receive gifts from the general public.

At June 30, 2007 and 2006 the balances of these internally imposed restrictions were:

	<u>2007</u>	<u>2006</u>
Discretionary	\$714,929	\$ 764,137
Field of Interest/Discretionary	425,927	373,367
Advised	10,386,237	9,742,979
Designated	4,930,992	4,144,982
Endowment	<u>1,369,776</u>	<u>1,199,098</u>
Total	<u>\$17,827,861</u>	<u>\$ 16,224,563</u>

See Accountants' Report

THE SAVANNAH COMMUNITY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE G – MANAGEMENT AGREEMENT

On July 1, 2002, the Savannah Community Foundation entered into a management agreement with Simpson & Creasy, P.C. and Russell Simpson as the new Executive Director. The total amount of management expense fee paid for 2007 and 2006 were \$144,000 and \$144,000, respectively. Most of the expenses of the Foundation are paid by Simpson & Creasy, P.C. including but not limited to salaries, payroll taxes, employee benefits, advertising, office expenses and supplies, telephone and rent. The Foundation still pays professional fees and investment expenses. The original term ended June 30, 2004, but has been extended on a month to month basis.