

THE SAVANNAH COMMUNITY FOUNDATION, INC.  
SAVANNAH, GEORGIA

FINANCIAL STATEMENTS

For the years ended  
June 30, 2008 and 2007

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# KARP, RONNING & TINDOL

CERTIFIED PUBLIC ACCOUNTANTS

RICHARD D. TINDOL, CPA  
DERRICK A. COWART, CPA  
CHRISTOPHER T. LIGHTLE, CPA  
MARTIN L. KARP, CPA  
DENNIS W. RONNING, CPA  
A. L. KARP (1925-1969)

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

BRADLEY A. LUCAS, CPA, CVA  
ANDREW W. BRODMANN, CPA  
FRANK A. SLOTIN, CPA  
DANIEL J. MAHFET, CPA  
CAROL L. DRAKE, CPA

## 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, 2008 and 2007, 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, 2008 and 2007, 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 3, 2008

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

	<b>2008</b>	<b>2007</b>
<u>ASSETS</u>		
Cash - operating	\$ 139,110	\$ 92,191
Cash - investments	2,143,776	2,399,466
Investment income receivable	16,074	17,278
Other receivables	1,597	3,930
Investments - securities	14,194,650	15,268,242
Notes receivable	42,226	48,097
Equipment - Net	-	-
	<b>\$ 16,537,433</b>	<b>\$ 17,829,204</b>
<u>LIABILITIES</u>		
Accounts payable and accrued expenses	\$ 1,583	\$ 1,343
	<b>\$ 1,583</b>	<b>\$ 1,343</b>
<u>NET ASSETS</u>		
Unrestricted	16,535,850	17,827,861
Temporarily restricted	-	-
Permanently restricted	-	-
	<b>16,535,850</b>	<b>17,827,861</b>
	<b>\$ 16,537,433</b>	<b>\$ 17,829,204</b>

See Accountants' Report and Notes to Financial Statements

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

	<u>2008</u>	<u>2007</u>
	Unrestricted	Unrestricted
REVENUES		
Contributions received	\$ 2,420,996	\$ 2,484,727
Net realized and unrealized gains (losses)	(1,460,969)	1,818,427
Dividends and Interest	598,925	577,117
	<u>1,558,952</u>	<u>4,880,271</u>
TOTAL REVENUES		
EXPENSES		
Grants paid	<u>2,538,372</u>	<u>2,971,908</u>
Fund-Raising Expenses	<u>-</u>	<u>1,181</u>
Investment Expenses:		
Money manager and custodian fees	<u>149,742</u>	<u>139,715</u>
Administrative Expenses:		
Management Fees	144,000	144,000
Professional Fees	12,375	13,550
Dues and publications	1,373	1,730
Insurance	2,826	4,442
Depreciation and amortization expense	-	137
Office supplies	-	26
Other expense	2,275	284
	<u>162,849</u>	<u>164,169</u>
TOTAL EXPENSES	<u>2,850,963</u>	<u>3,276,973</u>
Change in net assets	(1,292,011)	1,603,298
Net assets at beginning of year	<u>17,827,861</u>	<u>16,224,563</u>
Net assets at end of year	<u>\$ 16,535,850</u>	<u>\$ 17,827,861</u>

See Accountants' Report and Notes to Financial Statements

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

	<b>2008</b>	<b>2007</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from contributions	\$ 2,420,996	\$ 2,484,727
Cash received from investment income including net realized and unrealized gains and losses on investments	(858,507)	2,386,971
Cash paid as grants to other organizations	(2,538,372)	(2,971,908)
Cash paid for general and administrative expenses	(312,351)	(304,627)
Cash paid for interest expense	-	-
Cash paid for income taxes	-	-
	<u>(1,288,234)</u>	<u>1,595,163</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases, sales, and maturities of investments	1,073,592	(607,903)
Collections on notes receivable	5,871	5,530
	<u>1,079,463</u>	<u>(602,373)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>	<u>-</u>	<u>-</u>
<b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(208,771)</b>	<b>992,790</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<u>2,491,657</u>	<u>1,498,867</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u>\$ 2,282,886</u>	<u>\$ 2,491,657</u>
<b>Reconciliation of change in net assets to net cash flows from operating activities:</b>		
Change in net assets	\$ (1,292,011)	\$ 1,603,298
Adjustments:		
Decrease (increase) in accrued income	3,537	(8,573)
Increase in accounts payable	240	301
Depreciation and amortization	-	137
	<u>-</u>	<u>137</u>
Net cash flows from operating activities	<u>\$ (1,288,234)</u>	<u>\$ 1,595,163</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, 2008 and 2007 were \$0 and \$137, 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>2008</u>	<u>2007</u>
Assets at cost	\$ 49,147	\$ 49,147
Accumulated depreciation and amortization	(49,147)	(49,147)
Net book value	<u>\$ -</u>	<u>\$ -</u>

NOTE C – INVESTMENTS

The Foundation held investments in 193 and 179 separate funds at June 30, 2008 and 2007, respectively, at 10 different financial institutions:

	<u>2008</u>	<u>2007</u>
Savannah Bank	\$ 8,798,133	\$ 9,138,308
UBS Financial Services	2,122,374	2,885,192
Sterne, Agee, & Leach	1,556,337	1,272,470
Salomon Smith Barney	1,091,227	1,483,408
Wachovia	407,573	452,102
Bank of America	477,005	512,917
Merrill Lynch	107,029	118,818
A.G. Edwards	18,212	20,459
Charles Schwab	934,443	1,008,538
Suntrust	178,104	-
Total	<u>\$15,690,437</u>	<u>\$16,892,212</u>

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THE SAVANNAH COMMUNITY FOUNDATION, INC.  
NOTES TO FINANCIAL STATEMENTS

NOTE C – INVESTMENTS continued

At June 30, 2008 and 2007 these funds were invested as follows:

	<u>2008</u>	<u>2007</u>
Cash and cash equivalents	\$ 1,495,788	\$ 1,623,970
Equities	10,076,835	11,050,811
Bonds	<u>4,117,814</u>	<u>4,217,431</u>
Total	<u>\$ 15,690,437</u>	<u>\$ 16,892,212</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, 2008 and 2007 was \$42,226 and \$48,097, 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, 2008 the Foundation had a cash balance of \$787,098 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.

See Accountants' Report

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, 2008 and 2007 the balances of these internally imposed restrictions were:

	2008	2007
Discretionary	\$ 520,815	\$ 714,929
Field of Interest/Discretionary Advised	390,309	425,927
Designated	9,658,945	10,386,237
Endowment	4,465,963	4,930,992
	<u>1,499,818</u>	<u>1,369,776</u>
Total	<u>\$ 16,535,850</u>	<u>\$ 17,827,861</u>

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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 2008 and 2007 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.

NOTE H – INTERNAL FEES CHARGED TO FUNDS

The Foundation enters into agreements with donors when a fund is established that includes an internal administrative fee. The fund agreements specify an amount to be transferred from each fund to cover the overhead expenses of the Foundation. The typical annual fee is \$200 for funds with a balance below \$20,000, 1% of the fund balance for funds with a balance between \$20,000 and \$500,000, and ¾% for funds with a balance above \$500,000.