

THE SAVANNAH COMMUNITY FOUNDATION, INC.
SAVANNAH, GEORGIA

FINANCIAL STATEMENTS

For the years ended
June 30, 2009 and 2008

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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, 2009 and 2008, 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, 2009 and 2008, 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.

Savannah, Georgia
January 28, 2010

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

	2009	2008
<u>ASSETS</u>		
Cash - operating	\$ 75,120	\$ 139,110
Cash - investments	3,908,068	2,143,776
Investment income receivable	8,747	16,074
Other receivables	1,813	1,597
Investments - securities	9,675,271	14,194,650
Notes receivable	35,993	42,226
Equipment - Net	-	-
TOTAL ASSETS	\$ 13,705,012	\$ 16,537,433
<u>LIABILITIES</u>		
Accounts payable and accrued expenses	\$ 1,195	\$ 1,583
TOTAL LIABILITIES	1,195	1,583
<u>NET ASSETS</u>		
Unrestricted	13,703,817	16,535,850
Temporarily restricted	-	-
Permanently restricted	-	-
TOTAL NET ASSETS	13,703,817	16,535,850
TOTAL LIABILITIES AND NET ASSETS	\$ 13,705,012	\$ 16,537,433

See Accountants' Report and Notes to Financial Statements

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

	2009	2008
	Unrestricted	Unrestricted
REVENUES		
Contributions received	\$ 2,411,939	\$ 2,420,996
Net realized and unrealized gains (losses)	(2,997,040)	(1,460,969)
Dividends and Interest	491,782	598,925
	TOTAL REVENUES	1,558,952
EXPENSES		
Grants paid	2,441,044	2,538,372
Fund-Raising Expenses	-	-
Investment Expenses:		
Money manager and custodian fees	122,783	149,742
Administrative Expenses:		
Management Fees	156,000	144,000
Professional Fees	12,375	12,375
Dues and publications	1,853	1,373
Insurance	2,843	2,826
Office supplies	257	-
Other expense	1,559	2,275
	174,887	162,849
	TOTAL EXPENSES	2,850,963
Change in net assets	(2,832,033)	(1,292,011)
Net assets at beginning of year	16,535,850	17,827,861
Net assets at end of year	\$ 13,703,817	\$ 16,535,850

See Accountants' Report and Notes to Financial Statements

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

	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from contributions	\$ 2,411,938	\$ 2,420,996
Cash received from investment income including net realized and unrealized gains and losses on investments	(2,498,147)	(858,507)
Cash paid as grants to other organizations	(2,441,044)	(2,538,372)
Cash paid for general and administrative expenses	(298,057)	(312,351)
Cash paid for interest expense	-	-
Cash paid for income taxes	-	-
NET CASH FLOWS FROM OPERATING ACTIVITIES	(2,825,310)	(1,288,234)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases, sales, and maturities of investments	4,519,379	1,073,592
Collections on notes receivable	6,233	5,871
NET CASH FLOWS FROM INVESTING ACTIVITIES	4,525,612	1,079,463
CASH FLOWS FROM FINANCING ACTIVITIES		
NET CASH FLOWS FROM FINANCING ACTIVITIES	-	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		
	1,700,302	(208,771)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	2,282,886	2,491,657
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 3,983,188	\$ 2,282,886
Reconciliation of change in net assets to net cash flows from operating activities:		
Change in net assets	\$ (2,832,033)	\$ (1,292,011)
Adjustments:		
Decrease in accrued income	7,111	3,537
(Decrease) increase in accounts payable	(388)	240
Depreciation and amortization	-	-
Net cash flows from operating activities	\$ (2,825,310)	\$ (1,288,234)

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, 2009 and 2008 were \$0 and \$0, respectively.

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.

See Accountants' Report

THE SAVANNAH COMMUNITY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE B – FIXED ASSETS

Fixed assets consisted of the following at June 30:

	<u>2009</u>	<u>2008</u>
Assets at cost	\$ 49,147	\$ 49,147
Accumulated depreciated and amortization	<u>(49,147)</u>	<u>(49,147)</u>
Net book value	<u>\$ -</u>	<u>\$ -</u>

NOTE C – INVESTMENTS

The Foundation held investments in 208 and 193 separate funds at June 30, 2009 and 2008, respectively, at 10 different financial institutions:

	<u>2009</u>	<u>2008</u>
Savannah Bank	\$ 6,994,926	\$ 8,798,133
UBS Financial Services	950,336	2,122,374
Sterne Agee	1,113,057	1,556,337
Salomon Smith Barney	1,005,987	1,091,227
Wachovia	340,874	407,573
Bank of America	404,401	477,005
Merrill Lynch	780,190	107,029
A.G. Edwards	-	18,212
Charles Schwab	796,518	934,443
Suntrust	150,910	178,104
Vanguard	<u>220,872</u>	<u>-</u>
Total	<u>\$ 12,758,071</u>	<u>\$ 15,690,437</u>

At June 30, 2009 and 2008 these funds were invested as follows:

	<u>2009</u>	<u>2008</u>
Cash and cash equivalents	\$ 3,082,801	\$ 1,495,788
Equities	6,484,433	10,076,835
Bonds	<u>3,190,837</u>	<u>4,117,814</u>
	<u>\$ 12,758,071</u>	<u>\$ 15,690,437</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, 2009 and 2008 was \$35,993 and \$42,226, respectively.

See Accountants' Report

THE SAVANNAH COMMUNITY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS

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, 2009 the Foundation had a cash balance of \$900,387 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.

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.

See Accountants' Report

THE SAVANNAH COMMUNITY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE F – FUND CLASSIFICATION (continued)

At June 30, 2009 and 2008 the balances of these internally imposed restrictions were:

	<u>2009</u>	<u>2008</u>
Discretionary	\$ 446,297	\$ 520,815
Field of Interest/Discretionary	445,963	390,309
Advised	7,504,634	9,658,945
Designated	4,166,834	4,465,963
Endowment	<u>1,140,089</u>	<u>1,499,818</u>
Total	<u>\$ 13,703,817</u>	<u>\$ 16,535,850</u>

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 original term ended June 30, 2004, but has been extended on a month to month basis. The management fee was increased by \$1,000 per month, effective July 1, 2008, to reflect the growth in assets and funds from the expiration of the original agreement in June 2004. The total amount of management fees paid for 2009 and 2008 were \$156,000 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.

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.