Communities of Coastal Georgia Foundation, Inc.
(A Non-Profit Organization)

FINANCIAL REPORT

December 31, 2009 and 2008

C O N T E N T S

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Communities of Coastal Georgia Foundation, Inc.
Brunswick, Georgia

We have audited the accompanying statements of financial position of Communities of Coastal Georgia Foundation, Inc. (a non-profit organization), as of December 31, 2009 and 2008, and the related statements of activity 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 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 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 audits provide 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 Foundation as of December 31, 2009 and 2008, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

St. Simons Island, Georgia
July 30, 2010

FINANCIAL STATEMENTS

COMMUNITIES OF COASTAL GEORGIA FOUNDATION, INC.

STATEMENTS OF FINANCIAL POSITION

December 31, 2009 and 2008

ASSETS

	2009	2008
Cash and cash equivalents	$ 1,914,429	$ 1,493,409
Pledges receivable (less allowance for doubtful accounts $184,801 and $135,000 for 2009 and 2008, respectively)	432,269	821,195
Investments, at fair value	1,548,049	1,744,483
Property and equipment, net	4,072	8,488
Prepaid expenses	4,106	2,580
Security deposit	1,400	1,400
TOTAL ASSETS	$ 3,904,325	$ 4,071,555

LIABILITIES AND NET ASSETS

	2009	2008
Liabilities		
Accounts payable and accrued expenses	$ 23,375	$ 12,153
Net Assets		
Unrestricted	3,236,131	3,074,142
Temporarily restricted	644,819	985,260
Total net assets	3,880,950	4,059,402
TOTAL LIABILITIES AND NET ASSETS	$ 3,904,325	$ 4,071,555

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

COMMUNITIES OF COASTAL GEORGIA FOUNDATION, INC.

STATEMENTS OF ACTIVITY

For the Years Ended December 31, 2009 and 2008

	2009	2008
UNRESTRICTED NET ASSETS		
Support and Revenue		
Contributions	$ 330,780	$ 472,979
Investment income	52,780	73,693
Realized and unrealized gains (losses)	222,414	(658,038)
Gain (loss) on disposal of fixed assets	(2,965)	-
TOTAL UNRESTRICTED SUPPORT AND REVENUE	603,009	(111,366)
Net assets released by satisfaction of restrictions	341,274	461,549
TOTAL UNRESTRICTED SUPPORT AND RECLASSIFICATIONS	944,283	350,183
Grants	504,430	591,419
Operating Expenses:		
Salaries	135,368	133,049
General and administrative	142,496	245,016
Total operating expenses	277,864	378,065
TOTAL UNRESTRICTED GRANTS AND OPERATING EXPENSES	782,294	969,484
INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS	161,989	(619,301)
TEMPORARILY RESTRICTED NET ASSETS		
Contributions	833	137,138
Net assets released by satisfaction of restrictions	(341,274)	(461,549)
INCREASE (DECREASE) IN TEMPORARILY RESTRICTED NET ASSETS	(340,441)	(324,411)
INCREASE (DECREASE) IN NET ASSETS	(178,452)	(943,712)
NET ASSETS AT BEGINNING OF YEAR	4,059,402	5,003,114
NET ASSETS AT END OF YEAR	$ 3,880,950	$ 4,059,402

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

COMMUNITIES OF COASTAL GEORGIA FOUNDATION, INC.

STATEMENTS OF CASH FLOWS

For The Years Ended December 31, 2009 and 2008

	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets	$ (178,452)	$ (943,712)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	2,043	2,644
Realized and unrealized (gains) and losses on investments	(222,414)	658,038
Bad debts	49,801	135,000
(Gain) loss on fixed asset disposition	2,965	-
Noncash contributions	(168,221)	(315,812)
Changes in operating assets and liabilities:		
Pledges receivable	339,125	325,727
Security deposit	-	(1,400)
Prepaid expenses	(1,526)	176
Accounts payable and accrued expenses	11,222	5,687
Net Cash Used By Operating Activities	(165,457)	(133,652)
Cash Flows From Investing Activities		
Purchase of investments	(986,334)	(2,050,597)
Sale of investments	1,573,403	1,358,855
Purchases of property and equipment	(592)	(2,044)
Net Cash Provided (Used) by Investing Activities	586,477	(693,786)
Net Change in Cash and Cash Equivalents	421,020	(827,438)
Cash and Cash Equivalents, Beginning of Year	1,493,409	2,320,847
Cash and Cash Equivalents, End of Year	$ 1,914,429	$ 1,493,409

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

NOTE 1 – DESCRIPTION OF FOUNDATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Foundation: Communities of Coastal Georgia Foundation, Inc. (the Foundation) is a publicly-supported community foundation based in Brunswick, Georgia. The Foundation was established in 2005 for the purpose of improving the quality of life in Coastal Georgia by promoting and increasing responsible, effective philanthropy.

The Foundation provides grants to charitable organizations throughout Camden, Glynn, and McIntosh Counties in Southeast Georgia. Through the Foundation's donor advised funds, grants can be made to any qualified nonprofit organization in the country.

Basis of Presentation: The Foundation prepares its financial statements using accrual basis of accounting in conformity with generally accepted accounting principles. To ensure observance of limitations and restrictions placed on the use of resources available to the Foundation, the resources are classified for accounting and reporting purposes into categories established according to their nature and purpose. The assets, liabilities, and net assets of the Foundation are reported in three self-balancing categories as follows:

> *Unrestricted* - Net assets are resources that are neither permanently nor temporarily restricted by donor-imposed stipulations. The only limits on unrestricted net assets are those resulting from the nature of the Foundation and its purposes. The significant categories of unrestricted net assets maintained by the Foundation are founders fund, operating fund, donor advised funds, and discretionary grant making fund (See Note 8).
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> *Temporarily restricted* - Net assets are resources whose use by the Foundation is limited by donor-imposed restrictions that either expire by the passage of time or can be removed by actions of the Foundation.
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> *Permanently restricted* - Net assets are resources whose use by the Foundation is limited by donor-imposed stipulations that neither expire by the passage of time nor can be removed by actions of the Foundation. For the reasons noted below there were no permanently restricted net assets as of December 31, 2009 and 2008.

The Foundation enters into individual contracts with donors to reflect the types of funds to be created and the purposes for which the contributions are intended. Pursuant to the Foundation's articles of incorporation and by-laws, as well as all fund contracts by and between the Foundation and donors, the Board of Trustees maintains ultimate authority and control over contributions received and the related income and net change in value realized thereon. As a result of this "variance power," none of the net assets of the Foundation is classified as permanently restricted; rather, they are all classified as unrestricted, unless otherwise encumbered by a time stipulation.

Contributions: In accordance with generally accepted accounting principles, contributions received as well as unconditional promises to give are recognized in the year received. Contributions with donor-imposed restrictions are reported as temporarily restricted revenue. When a donor-imposed restriction expires, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statement of activities as net assets released from restriction. Restricted contributions whose restrictions are met in the same year are reported as unrestricted contributions.

Cash: Cash includes highly liquid investments that are readily convertible into cash and have a maturity of twelve months or less when purchased. Cash and cash equivalents held by investment money managers are classified with investments in these financial statements.

On occasion the Foundation maintains cash balances on deposit with financial institutions in excess of federally insured limits. Management continually monitors the soundness of these financial institutions and believes the exposure of loss to be minimal.

Pledges Receivable: Pledges receivable are stated at the present value of their estimated future cash flows. Pledges receivable consist of unconditional promises to give that are expected to be collected in future years. The discount on these amounts is computed using risk-free rates applicable in the years in which those promises are received. Amortization of the discounts is included in "contributions" in the accompanying statement of activities. Pledges receivable are reviewed for collectability and reserves for uncollected amounts are established when indication warrants the need. Concentrations of credit risk with respect to pledges receivable are, in management's opinion, considered minimal due to the Foundation's diverse donor base.

Investments: Investments in stocks and bonds which are listed on national securities exchanges, quoted NASDAQ or on the over-the-counter market are valued at the latest sales price, or in the absences of a recorded sale, at a value between the most recent bid and asked prices.

Investment income and gains and losses on investments are recorded as increases or decreases in unrestricted net assets unless their use is temporarily or permanently restricted by explicit donor stipulation or by law.

Investment securities are exposed to various risks, such as interest rate risk, market risk and credit risk. Due to the level of risk associated with certain investment securities and the level of uncertainty related to the value of investment securities, it is reasonably possible that risks in the near term could materially affect the amounts reported in the accompanying financial statements.

Property and Equipment: Property and equipment are stated at cost. Acquisitions in excess of $2,500 are capitalized. Depreciation is calculated using the straight-line method over the estimated useful lives of the individual assets.

Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

Income Taxes: The Foundation is a qualifying, nonprofit organization as defined in Section 501(c)(3) of the Internal Revenue Code; therefore, it is exempt from federal and state income taxes.

In 2009, the Foundation adopted the new accounting and disclosure guidance for income taxes issued by Financial Accounting Standards Board ("FASB"). The adoption of the accounting and disclosure guidance had no impact on the financial statements but did require the following additional disclosures contained in the following paragraph.

The Foundation files informational returns in the U.S. federal jurisdiction and one state jurisdiction. The Foundation is generally no longer subject to federal or state tax audits for years before 2006. Interest and penalties are expensed as incurred. There were no interest and penalties charged to expense for the years ended December 31, 2009 and 2008.

NOTE 2 – PLEDGES RECEIVABLE

Pledges receivable are expected to be collected as follows as of December 31, 2009 and 2008:

	2009	2008
Less than one year	$ 251,591	$ 369,423
One year to five years	272,049	485,546
More than five years	94,311	102,940
	617,951	957,909
Less allowance for doubtful pledges	(184,801)	(135,000)
Less discount to present value	(881)	(1,714)
	$ 432,269	$ 821,195

The rate used to discount the pledges to net present value ranges from .11% to .12%.

Beneficial Interest in Split-Interest Agreements: The Foundation is a named beneficiary of a charitable remainder trust that is controlled by a third party. Receivables from split-interest agreements represent the estimated net present value of the Foundation's interest in the irrevocable trusts held by third parties. The balance of these receivables totaling approximately $50,000 has been included in pledges receivable on the statement of financial position as of December 31, 2009 and 2008.

NOTE 3 – INVESTMENTS

Investments were comprised of the following at December 31, 2009 and 2008:

	2009	2008
Equities	$ 1,115,342	$ 1,216,140
Fixed income	344,204	528,343
Cash and cash equivalents	88,503	-
	$ 1,548,049	$ 1,744,483

NOTE 4 – FAIR VALUE MEASUREMENTS

Accounting principles generally accepted in the United States of America define fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. Additionally, the inputs used to measure fair value are prioritized based on a three-level fair value hierarchy. This hierarchy requires entities to maximize the use of observable inputs and minimize the use of unobservable inputs. The three levels of inputs used to measure fair value are as follows:

Level 1 — Quoted prices in active markets for identical assets or liabilities.

Level 2 — Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

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. This includes certain pricing models, discounted cash flow methodologies and similar techniques that use significant unobservable inputs.

Investments are required to be recorded at fair value on a recurring basis. When available, the Foundation uses quoted market prices to determine the fair value of investment securities, and they are included in Level 1. These investments primarily consist of common stocks and mutual funds. The Foundation uses observable inputs other than quoted prices for fixed income investments and split-interest agreements and they are included in Level 2.

Assets as of December 31, 2009 measured at fair value on a recurring basis are summarized below:

	Level 1	Level 2	Level 3	Total
Investments	$ 1,203,845	$ 344,204	$ -	$ 1,548,049
Split-interest agreement	-	50,000	-	50,000
	$ 1,203,845	$ 394,204	$ -	$ 1,598,049

Assets as of December 31, 2008 measured at fair value on a recurring basis are summarized below:

	Level 1	Level 2	Level 3	Total
Investments	$ 1,216,140	$ 528,343	$ -	$ 1,744,483
Split-interest agreement	-	50,000	-	50,000
	$ 1,216,140	$ 578,343	$ -	$ 1,794,483

NOTE 5 – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31, 2009 and 2008:

	2009	2008
Computers and equipment	$ 10,648	$ 10,057
Leasehold improvements	-	4,613
	10,648	14,670
Less accumulated depreciation	(6,576)	(6,182)
Property and equipment, net	$ 4,072	$ 8,488

NOTE 6 – EMPLOYEE BENEFIT PLAN

The Foundation sponsors a defined contribution retirement plan covering all employees meeting certain eligibility requirements. The Foundation makes discretionary contributions to the plan based on a percentage of employees' compensation. The contribution for the years ending December 31, 2009 and 2008 was $4,045 and $3,956, respectively.

NOTE 7 – EXPENSE CLASSIFICATION

Below is a functional classification of the Foundation's expenses for the year ended December 31, 2009 and 2008:

	2009	2008
Grants awarded and programs	$ 629,864	$ 725,105
Support services	57,017	60,766
Fundraising expenses	45,612	48,613
Bad debt	49,801	135,000
Total grants and operating expenses	$ 782,294	$ 969,484

NOTE 8 – NET ASSETS

Unrestricted net assets consisted of the following fund balances designated by the Board at December 31, 2009 and 2008:

	2009	2008
Founders fund	$ 1,893,170	$ 1,602,830
Donor advised funds	1,082,247	1,234,720
Discretionary grant making fund	192,468	154,469
Operating fund	68,246	82,123
Total unrestricted net assets	$ 3,236,131	$ 3,074,142

Temporarily restricted net assets consisted of the following fund balances at December 31, 2009 and 2008:

	2009	2008
Leasehold improvement purchase fund	$ 27,749	$ 27,749
Split-interest agreements	50,000	50,000
Time-restricted	567,070	907,511
Total temporarily restricted net assets	$ 644,819	$ 985,260

NOTE 9 – SUBSEQUENT EVENTS

In 2009, the Foundation adopted new accounting and disclosure guidance issued by FASB for recognized and non-recognized subsequent events that occur after the balance sheet date but before financial statements are issued. The foundation has evaluated events occurring after December 31, 2009 through July 30, 2010. No significant events occurred subsequent to the balance sheet date but prior to issuance that would have a material impact on the financial statements or disclosures.