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

FINANCIAL REPORT

December 31, 2010 and 2009

CONTENTS

MOORE STEPHENS TILLER LLC
CERTIFIED PUBLIC ACCOUNTANTS AND BUSINESS ADVISORS

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, 2010 and 2009, 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, 2010 and 2009, 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.

Moore Stephens Tiller LLC

Brunswick, Georgia
July 21, 2011

FINANCIAL STATEMENTS

COMMUNITIES OF COASTAL GEORGIA FOUNDATION, INC.

STATEMENTS OF FINANCIAL POSITION

December 31, 2010 and 2009

ASSETS

	2010	2009
Cash and cash equivalents	$ 1,722,033	$ 1,914,429
Pledges receivable (less allowance for doubtful accounts $136,701 and $184,801 for 2010 and 2009, respectively)	149,933	337,029
Beneficial interest in remainder trust	29,573	28,194
Investments, at fair value	3,244,798	1,548,049
Property and equipment, net	2,205	4,072
Prepaid expenses	3,889	4,106
Security deposit	1,400	1,400
TOTAL ASSETS	$ 5,153,831	$ 3,837,279

LIABILITIES AND NET ASSETS

	2010	2009
Liabilities		
Accounts payable and accrued expenses	$ 12,961	$ 23,375
Net Assets		
Unrestricted	4,933,615	3,420,932
Temporarily restricted	207,255	392,972
Total net assets	5,140,870	3,813,904
TOTAL LIABILITIES AND NET ASSETS	$ 5,153,831	$ 3,837,279

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, 2010 and 2009

	2010	2009
UNRESTRICTED NET ASSETS		
Support and Revenue		
Contributions	$ 1,672,248	$ 330,780
Investment income	51,150	52,780
Realized and unrealized gains (losses)	294,496	222,414
Gain (loss) on disposal of fixed assets	-	(2,965)
TOTAL UNRESTRICTED SUPPORT AND REVENUE	2,017,894	603,009
Net assets released by satisfaction of restrictions	167,918	341,274
TOTAL UNRESTRICTED SUPPORT AND RECLASSIFICATIONS	2,185,812	944,283
Grants	435,629	504,430
Operating Expenses:		
Salaries	135,088	135,368
General and administrative	102,412	92,695
Total operating expenses	237,500	228,063
TOTAL UNRESTRICTED GRANTS AND OPERATING EXPENSES	673,129	732,493
INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS	1,512,683	211,790
TEMPORARILY RESTRICTED NET ASSETS		
Contributions	32,250	27,633
Change in value of split-interest agreement	1,379	1,314
Bad debt loss	(51,428)	(49,801)
Net assets released by satisfaction of restrictions	(167,918)	(341,274)
INCREASE (DECREASE) IN TEMPORARILY RESTRICTED NET ASSETS	(185,717)	(362,128)
INCREASE (DECREASE) IN NET ASSETS	1,326,966	(150,338)
NET ASSETS AT BEGINNING OF YEAR AS PREVIOUSLY REPORTED		4,059,402
Prior period adjustments	-	(95,160)
NET ASSETS AT BEGINNING OF YEAR AS RESTATED	3,813,904	3,964,242
NET ASSETS AT END OF YEAR	$ 5,140,870	$ 3,813,904

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, 2010 and 2009

	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets	$ 1,326,966	$ (150,338)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation	1,867	2,043
Realized and unrealized (gains) and losses on investments	(294,496)	(222,414)
Bad debts	51,428	49,801
(Gain) loss on fixed asset disposition	-	2,965
Noncash contributions	(395,382)	(168,221)
Changes in operating assets and liabilities:		
Pledges receivable	135,668	312,325
Benficial interest in remainder trust	(1,379)	(1,314)
Prepaid expenses	217	(1,526)
Accounts payable and accrued expenses	(10,414)	11,222
Net Cash Provided by (Used In) Operating Activities	814,475	(165,457)
Cash Flows From Investing Activities		
Purchase of investments	(2,853,641)	(986,334)
Sale of investments	1,846,770	1,573,403
Purchases of property and equipment	-	(592)
Net Cash Provided by (Used In) Investing Activities	(1,006,871)	586,477
Net Change in Cash and Cash Equivalents	(192,396)	421,020
Cash and Cash Equivalents, Beginning of Year	1,914,429	1,493,409
Cash and Cash Equivalents, End of Year	$ 1,722,033	$ 1,914,429

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 United States of America.

Basis of Presentation: The Foundation follows standards established by the Financial Accounting Standards Board (the "FASB"). References to Generally Accepted Accounting Principles ("GAAP") in these notes are to *FASB Accounting Standards Codification*, sometimes referred to as the "Codification" or "ASC". To ensure observance of limitations and restrictions placed on the use of resources available to the Foundation, GAAP requires that resources be classified into categories established according to their nature and purpose. The Foundation reports its financial position and activities according to three classes of net assets 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 the Founders Fund, operating fund, donor advised funds, and discretionary grant making fund (See Note 8).

> *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.

> *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, 2010 and 2009.

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 GAAP, 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 receivables 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.

Beneficial Interest in Remainder Trust: The Foundation is named beneficiary of a charitable remainder trust that is controlled by a third party. The assets for the contribution receivable were recorded as temporarily restricted net assets when the Foundation was notified of the trust’s existence. The receivable is stated at present value of the amount to be received. Under the terms of the trust, the Foundation will receive the contribution at the donors’ death. Present value is determined using appropriate discount rate and actuarially determined life expectancies. The net revaluation is recorded as change in value of split-interest agreement on the Statements of Activity.

Investments: Investments in stocks, mutual funds 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 GAAP requires management to make estimates that affect the reported amounts and disclosures in these financial statements. Actual results may differ from those estimates.

Reclassifications: Certain account balances previously reported for 2009 have been reclassified to be consistent with the 2010 presentation. These reclassifications had no effect on net asset balances at December 31, 2009.

Income Taxes: The Foundation is a qualifying, nonprofit organization as defined in Section 501(c)(3) of the Internal Revenue Code and as such is generally exempt from federal and state income taxes. The Foundation may be subject to income taxes if it failed to maintain its exempt status or if it conducted certain unrelated business activity.

The FASB issued new guidance for how uncertain tax positions should be recognized, measured, disclosed and presented in financial statements. In 2009, the Foundation adopted the new accounting and disclosure guidance. The guidance requires the evaluation of tax positions taken or expected to be taken in the course of preparing the Company's tax returns to determine whether the tax positions are "more-likely-than-not" of being sustained "when challenged" or "when examined" by applicable tax authority. Tax positions not deemed to meet the "more-likely-than-not" threshold would be recorded as a tax benefit or expense and liability in the current year. For the years ended December 31, 2010 and 2009, management has determined that there are no material uncertain income tax positions.

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 examinations for years before 2007.

NOTE 2 – PLEDGES RECEIVABLE

Pledges receivable are expected to be collected as follows as of December 31, 2010 and 2009:

	2010	2009
Less than one year	$ 211,604	$ 252,091
One year to five years	88,901	282,049
More than five years	-	33,811
	300,505	567,951
Less allowance for doubtful pledges	(136,701)	(184,801)
Less discount to present value	(13,871)	(46,121)
	$ 149,933	$ 337,029

The rate used to discount the pledges to net present value ranges from 3.07% to 4.89%.

NOTE 3 – BENEFICIAL INTEREST IN REMAINDER TRUST

The receivable from a split-interest agreement represents the estimated net present value of the Foundation's interest in an irrevocable trust held by a third party. The balance of this receivable is as follows at December 31, 2010 and 2009:

	2010	2009
Beneficial interest in remainder trust	50,000	$ 50,000
Less discount to present value	(20,427)	(21,806)
	$ 29,573	$ 28,194

Actuarial assumptions published by the Social Security Administration and a discount rate of 4.89% were used in calculating the present value.

NOTE 4 – ENDOWMENT FUND

As of December 31, 2010 and 2009, the Board of Directors had designated $248,449 and $182,455, respectively, of unrestricted net assets as a general endowment fund to support the mission of the Foundation. Since that amount resulted from an internal designation and is not donor-restricted, it is classified and reported as unrestricted net assets.

The Foundation has a spending policy of appropriating for distribution each year 5% of its board-designated endowment fund's average asset value calculated on September 30 each year over a rolling twelve-quarter period. In establishing this policy, the Foundation considered the long-term expected investment return on its endowment. Accordingly, over the long-term, the Foundation expects the current spending policy to allow its general endowment fund to grow at an average of 5% annually. Therefore, the Directors reserve the right in any given year to spend below the 5%.

To achieve its investment objectives, the Foundation has adopted an investment policy that attempts to maximize total return consistent with an acceptable level of risk. Endowment assets are invested in a well diversified asset mix, which includes equities, fixed income securities, cash reserves and alternatives. The allocation of assets should adhere to the following guidelines:

Asset Class	Minimum	Maximum
Equities	60%	80%
Fixed income	20%	40%
Cash reserves	1%	10%
Alternatives	4%	12%

Composition of and changes in endowment net assets for the year ended December 31, 2010 and 2009 were as follows:

	2010	2009
Board-designated endowment net assets, beginning of year	$ 182,455	$ 151,920
Contributions	47,338	3,330
Investment income	25,557	33,077
Amounts appropriated for expenditure	(6,901)	(5,872)
Board-designated endowment net assets, end of year	$ 248,449	$ 182,455

NOTE 5 – INVESTMENTS

Investments were comprised of the following at December 31, 2010 and 2009:

	2010	2009
Marketable Equity Securities	$ 1,506,988	$ 880,951
Mututal Funds	1,156,706	386,076
Debt Obligations - US Government	215,722	58,688
Debt Obligations - FNMA	108,401	133,831
Cash and cash equivalents	256,981	88,503
	$ 3,244,798	$ 1,548,049

Investment income as reported on the Statements of Activity is net of investment fees. Investment fees for the year ended December 31, 2010 and 2009 totaled $14,050 and $13,638, respectively.

NOTE 6 – FAIR VALUE MEASUREMENTS

GAAP defines 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. Assets and liabilities recorded at fair value are categorized within a fair value hierarchy based upon the level of judgment associated with inputs used to measure their fair value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). Inputs are broadly defined as assumptions market participants would use in pricing an asset or liability. The three levels of fair value hierarchy are described below:

Level 1 — Unadjusted quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. The types of instruments in Level 1 include listed equities and derivatives.

Level 2 — Observable inputs, other than quoted prices included in Level 1, that are directly or indirectly observable, and fair value that is determined through the use of models or other valuation methodologies. A significant adjustment to a Level 2 input could result in the Level 2 measurement becoming a Level 3 measurement.

Level 3 — Inputs that are unobservable for the asset or liability and include situations where there is little or no market activity for the asset or liability. The inputs into the determination of fair value are based upon the best information in the circumstances and may require significant management judgment or estimation. Instruments in this category generally include equity and debt positions in private companies..

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an instrument's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. Management's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the asset or liability being assessed.

The following table presents the Foundation's fair value hierarchy for those assets and liabilities measured at fair value on a recurring basis as of December 31, 2010 and 2009:

December 31, 2010:

	Level 1	Level 2	Level 3	Total
Marketable Equity Securities	$ 1,506,988	$ -	$ -	$ 1,506,988
Mututal Funds	1,156,706	-	-	1,156,706
Debt Obligations - US Government	215,722	-	-	215,722
Debt Obligations - FNMA	108,401	-	-	108,401
Cash and cash equivalents	256,981	-	-	256,981
	$ 3,244,798	$ -	$ -	$ 3,244,798

December 31, 2009:

	Level 1	Level 2	Level 3	Total
Marketable Equity Securities	$ 880,951	$ -	$ -	$ 880,951
Mututal Funds	386,076	-	-	386,076
Debt Obligations - US Government	58,688	-	-	58,688
Debt Obligations - FNMA	133,831	-	-	133,831
Cash and cash equivalents	88,503	-	-	88,503
	$ 1,548,049	$ -	$ -	$ 1,548,049

NOTE 7 – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31, 2010 and 2009:

	2010	2009
Computers and equipment	10,648	$ 10,648
Less accumulated depreciation	(8,443)	(6,576)
Property and equipment, net	$ 2,205	$ 4,072

NOTE 8 – 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, 2010 and 2009 was $4,037 and $4,045, respectively.

NOTE 9 – EXPENSE CLASSIFICATION

Below is a functional classification of the Foundation's expenses for the year ended December 31, 2010 and 2009:

	2010	2009
Grants awarded and programs	$ 566,253	$ 629,864
Support services	59,376	57,017
Fundraising expenses	47,500	45,612
Total grants and operating expenses	$ 673,129	$ 732,493

NOTE 10 – NET ASSETS

Unrestricted net assets consisted of the following fund balances designated by the Board at December 31, 2010 and 2009:

	2010	2009
Founders fund	$ 1,987,983	$ 1,893,170
Donor advised funds	2,606,955	1,267,048
Discretionary grant making fund	270,239	192,468
Operating fund	68,438	68,246
Total unrestricted net assets	$ 4,933,615	$ 3,420,932

Temporarily restricted net assets consisted of the following fund balances at December 31, 2010 and 2009:

	2010	2009
Leasehold improvement purchase fund	$ 27,749	$ 27,749
Beneficial interest in remainder trust	29,573	28,194
Time-restricted	149,933	337,029
Total temporarily restricted net assets	$ 207,255	$ 392,972

NOTE 11 – SUBSEQUENT EVENTS

The Foundation has evaluated subsequent events for potential recognition and/or disclosure through July 21, 2011, the date these financial statements were available to be issued.

NOTE 12 – PRIOR PERIOD ADJUSTMENTS

In accordance with GAAP, bad debts associated with temporarily restricted pledge receivables should be recognized as losses that reduce temporarily restricted net assets. Management has made a prior period adjustment to correct for an error that was made for periods prior to January 1, 2009. Certain bad debts were previously reported as reductions in unrestricted net assets. While there was no cumulative effect on total net assets, the correction is reflected in the financial statements as follows:

- Restating and increasing its January 1, 2009 unrestricted net asset balance by $184,901.
- Restating and decreasing its January 1, 2009 temporarily restricted net asset balance by $184,901.
- Restating the statement of activities for the year ended December 31, 2009 to reflect a decrease in unrestricted operating expenses of $49,801 and reporting a temporarily restricted bad debt loss of $49,801.

In accordance with GAAP, pledges are stated at the present value of their estimated future cash flow, using a discount rate applicable in the years in which those promises are received. Management has made a prior period adjustment to correct for an error made in the discount rate used to calculate the present value of their pledge receivables. The adjustments are reflected in the Statements of Activity for 2009 as follows:

- Restating and decreasing its January 1, 2009 temporarily restricted net asset balance by $95,160.
- Restating the statement of activities for the year ended December 31, 2009 to reflect an increase in temporarily restricted contribution revenue of $26,800.