

**THE COMMUNITY FOUNDATION FOR THE
CENTRAL SAVANNAH RIVER AREA AND AFFILIATES**

Consolidated
Financial Statements

For the Years Ended
December 31, 2010 and 2009

**THE COMMUNITY FOUNDATION FOR THE
CENTRAL SAVANNAH RIVER AREA AND AFFILIATES**

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Report of Independent Auditors

To the Board of Directors
The Community Foundation for the
Central Savannah River Area and Affiliates
Augusta, Georgia

We have audited the accompanying consolidated statements of financial position of The Community Foundation for the Central Savannah River Area and Affiliates (the "Foundation") as of December 31, 2010 and 2009, and the related consolidated statements of activities and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these consolidated 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 audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of The Community Foundation for the Central Savannah River Area and Affiliates 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.

Cherry, Bekaert & Holland, LLP

Augusta, Georgia
April 20, 2011

**THE COMMUNITY FOUNDATION FOR THE
CENTRAL SAVANNAH RIVER AREA AND AFFILIATES**

Consolidated Statements of Financial Position

December 31, 2010 and 2009

Assets

	2010	2009
Current assets		
Cash and cash equivalents	\$ 213,886	\$ 139,049
Due from management company	29,166	-
Total current assets	243,052	139,049
Investments	45,243,923	40,415,128
Real property	3,291,415	3,291,415
Furniture, fixtures and equipment, net of accumulated depreciation	27,415	42,209
Total non current assets	48,562,753	43,748,752
Total assets	\$ 48,805,805	\$ 43,887,801

Liabilities and Net Assets

Current liabilities		
Accrued payroll	\$ 4,115	\$ 4,012
Current portion of amounts payable for leasehold improvements	4,496	10,792
Total current liabilities	8,611	14,804
Amounts payable for leasehold improvements, net of current portion	-	4,496
Other liabilities	9,997	-
Assets held for others	12,528,642	8,574,028
Total long-term liabilities	12,538,639	8,578,524
Total liabilities	12,547,250	8,593,328
Net Assets		
Unrestricted, including donor advised funds	33,927,686	32,464,466
Temporarily restricted	205,869	705,007
Permanently restricted	2,125,000	2,125,000
Total net assets	36,258,555	35,294,473
Total liabilities and net assets	\$ 48,805,805	\$ 43,887,801

**THE COMMUNITY FOUNDATION FOR THE
CENTRAL SAVANNAH RIVER AREA AND AFFILIATES**

Consolidated Statements of Activities

Years Ended December 31, 2010 and 2009

	2010	2009
Changes in unrestricted net assets		
Unrestricted support		
Contributions	\$ 3,887,869	\$ 9,493,004
Interest and dividend income	860,590	832,908
Net unrealized and realized gains on investments	2,292,733	3,162,643
Rental income from property held for investment	208,115	-
Miscellaneous income	7,129	9,701
Donor administrative fees	96,723	57,271
Net assets released from restrictions	1,014,966	6,100
Total unrestricted support	8,368,125	13,561,627
Expenses		
Program expenses		
Charitable distributions	6,356,850	3,618,186
Expenses related to property held for investment	118,946	-
Support services expenses		
Salary and employee benefits	172,765	165,298
Payroll taxes	12,089	11,422
Investment fees	136,304	107,648
Professional fees	10,940	10,453
Marketing and web development	3,015	3,027
Repairs and maintenance	5,343	5,039
Janitorial	1,530	1,430
Dues and subscriptions	7,889	6,745
Office supplies	2,192	2,350
Postage	1,526	1,744
Telephone and fax	2,083	2,037
Internet	960	960
Printing	1,135	536
Depreciation	14,794	14,909
Medical expense	7,591	7,539
Insurance	3,327	3,100
Office rent	29,262	28,247
Equipment rent	7,083	5,125
Auto expense	5,724	5,724
Fees and licenses	407	4,747
Training and conferences	3,150	2,421
Temporary agency expense	-	2,270
Total expenses	429,109	392,771
Total expenses	6,904,905	4,010,957
Increase in unrestricted net assets	\$ 1,463,220	\$ 9,550,670

**THE COMMUNITY FOUNDATION FOR THE
CENTRAL SAVANNAH RIVER AREA AND AFFILIATES**

Consolidated Statements of Activities - Continued

Years Ended December 31, 2010 and 2009

	2010	2009
Changes in temporarily restricted net assets		
Contributions	\$ 507,700	\$ 517,261
Investment income	4,428	3,872
Net unrealized and realized gains on investments	5,956	7,043
Donor administrative fees	(2,256)	(1,759)
Net assets released from restrictions	(1,014,966)	(6,100)
Increase (decrease) in temporarily restricted net assets	(499,138)	520,317
 Increase in net assets	 964,082	 10,070,987
 Net assets, beginning of year	 35,294,473	 25,223,486
 Net assets, end of year	 \$ 36,258,555	 \$ 35,294,473

**THE COMMUNITY FOUNDATION FOR THE
CENTRAL SAVANNAH RIVER AREA AND AFFILIATES**

Consolidated Statements of Cash Flows

Years Ended December 31, 2010 and 2009

	2010	2009
Cash flows from operating activities		
Cash received from contributions	\$ 4,395,569	\$ 6,718,850
Cash received from assets held for others	2,838,846	3,656,743
Transfer of administrative fees from investments to cash and cash equivalents	424,176	331,569
Cash received from rental income	70,000	-
Other cash receipts	7,129	9,701
Cash paid for supporting services	(277,908)	(270,079)
Cash paid for investment expenses	(81,154)	(71,129)
Unrestricted and donor-advised grants paid	(6,257,182)	(3,840,462)
Net cash provided by operating activities	1,119,476	6,535,193
Cash flows from investing activities		
Purchases of investments	(16,386,152)	(18,795,059)
Proceeds from sales of investments	15,352,305	12,325,431
Proceeds from sales of furniture, fixtures and equipment	-	488
Net cash used in investing activities	(1,033,847)	(6,469,140)
Cash flows from financing activities		
Principal amounts paid on notes payable for leasehold improvements	(10,792)	(10,792)
Net cash used in financing activities	(10,792)	(10,792)
Net increase in cash and cash equivalents	74,837	55,261
Cash and cash equivalents at beginning of year	139,049	83,788
Cash and cash equivalents at end of year	\$ 213,886	\$ 139,049
Reconciliation of change in net assets to net cash provided by operating activities:		
Increase in net assets	\$ 964,082	\$ 10,070,987
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
Depreciation	14,794	14,909
Net unrealized gain on investments	(2,039,319)	(4,843,314)
Investment income and realized gain reinvested, net of investment expense	(2,179,805)	(76,206)
Administrative fees transferred to cash and cash equivalents	424,176	331,569
Donated property received	-	(3,291,415)
Changes in assets and liabilities		
Increase in due from management company	(29,166)	-
Increase in accounts payable and accrued liabilities	103	134
Increase in assets held for others	3,954,614	4,328,529
Increase in other liabilities	9,997	-
Net cash provided by operating activities	\$ 1,119,476	\$ 6,535,193

THE COMMUNITY FOUNDATION FOR THE CENTRAL SAVANNAH RIVER AREA AND AFFILIATES

Notes to Consolidated Financial Statements

Years Ended December 31, 2010 and 2009

Note 1 – Nature of activities

The Community Foundation for the Central Savannah River Area (the “Foundation”) was incorporated in 1995 as the Greater Augusta Community Foundation, Inc. The name was changed to CSRA Community Foundation, Inc. in 1998, and in 2003 to The Community Foundation for the Central Savannah River Area. The Foundation is a nonprofit organization and its stated purpose is to receive and accept property to be administered exclusively for charitable purposes, primarily in, or for the benefit of, the community of Augusta, Georgia and its surrounding communities, collectively known as the Central Savannah River Area (“CSRA”).

Note 2 – Summary of significant accounting policies

Consolidated financial statements

The consolidated financial statements include the accounts of the Foundation and its affiliates, CSRA Foundation Property Holdings, Inc. and CSRA Foundation Property Holdings 2, Inc., which are nonprofit organizations formed to act as supporting organizations for the Foundation. The purpose of CSRA Foundation Property Holdings, Inc. and CSRA Foundation Property Holdings 2, Inc. is to receive and accept property on behalf of the Foundation, and to distribute the proceeds from the sale of such property to the Foundation.

Basis of presentation and use of estimates

The Foundation prepares its consolidated financial statements in accordance with accounting principles generally accepted in the United States of America. The financial statements include 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

Support and expenses

Contributions received are measured at their fair values and are reported as an increase in net assets. The Foundation reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets, or if they are designated as support for future periods. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statement of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted support.

The Foundation reports gifts of goods and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Foundation reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Expenses are recorded when incurred in accordance with the accrual basis of accounting and reported on a functional basis within the consolidated statement of activities.

**THE COMMUNITY FOUNDATION FOR THE
CENTRAL SAVANNAH RIVER AREA AND AFFILIATES**

Notes to Consolidated Financial Statements - Continued

Years Ended December 31, 2010 and 2009

Note 2 – Summary of significant accounting policies (Continued)

Net asset classifications

Georgia's enacted version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) imposes a duty on the Foundation to use good faith and prudent care in adopting investment and spending policies to preserve endowment assets while providing income and appreciation to meet the donors' intention in perpetuity. Permanently restricted net assets include contributions which donors have specified must be maintained in perpetuity, and, if directed, a portion of investment returns based on instructions in the gift instrument.

Temporarily restricted net assets are comprised of funds which are restricted by donors for specific purposes or time periods. Temporarily restricted net assets also include investment returns from permanently restricted assets until those amounts are appropriated for expenditure by the organization in accordance with donor restrictions.

Unrestricted net assets represent funds which are fully available, at the discretion of management and the Board of Directors, for the Foundation to utilize in any of its programs or supporting services.

Donated services

Certain officers of the Foundation provide legal services and annual informational return preparation services free of charge. No amounts have been recorded for these services as management believes these amounts are immaterial to the Foundation's consolidated financial statements.

Cash and cash equivalents

The Foundation places its cash and cash equivalents on deposit with financial institutions in the United States. The Federal Deposit Insurance Corporation (FDIC) covers \$250,000 for substantially all depository accounts and temporarily provides unlimited coverage through December 31, 2012 for certain qualifying and participating non-interest bearing transaction accounts. The Foundation from time to time may have amounts on deposit in excess of the insured limits. As of December 31, 2010, the Foundation had \$55,836 which exceeded these insured amounts.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are measured at fair value based on quoted market prices. If a quoted market price is not available, fair value is estimated using quoted market prices for similar investment securities. At December 31, 2010 and 2009 investments include \$12,528,642 and \$8,574,028, respectively, held for the benefit of other not-for-profit entities.

**THE COMMUNITY FOUNDATION FOR THE
CENTRAL SAVANNAH RIVER AREA AND AFFILIATES**

Notes to Consolidated Financial Statements - Continued

Years Ended December 31, 2010 and 2009

Note 2 – Summary of significant accounting policies (Continued)

Furniture, fixtures and equipment

The Foundation capitalizes all expenditures for fixed assets acquisitions in excess of \$100. Furniture, fixtures and equipment are recorded at cost and are being depreciated using the straight-line method of depreciation over the following estimated useful lives.

Equipment and software	3 – 10 years
Office furniture and fixtures	3 – 10 years
Leasehold improvements	5 years

Assets held for others

The Foundation accounts for its assets held for others in accordance with Generally Accepted Accounting Principles, under which assets held for others are required to be recorded as a liability on the Foundation's consolidated statement of financial position. Also, amounts received from or disbursed on behalf of others are not reported as revenues or expenses of the Foundation.

Tax status

The Foundation is a nonprofit public charity exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. As a result, no provision for income taxes is reflected in the accompanying consolidated financial statements. The Foundation is not a private foundation as defined in Section 509 of the Internal Revenue Code.

The Foundation has evaluated the effect of GAAP guidance on Accounting for Uncertainty in Income Taxes. The Foundation is tax exempt under Section 501(c)(3) of the Internal Revenue Code. The Foundation is subject to federal income tax on unrelated business income. Management believes that the Foundation continues to satisfy the requirements of a tax-exempt organization. Management has evaluated all other tax positions that could have a significant effect on the financial statements and determined the Foundation had no uncertain income tax positions at December 31, 2010.

Note 3 – Investments

Investments carried at fair value consist of the following at December 31, 2010 and 2009:

	2010	2009
Fixed income investments	44% \$ 19,720,224	43% \$ 17,513,293
Equity securities and equity funds	47% 21,488,119	45% 18,064,310
Money market funds	9% 4,035,580	12% 4,837,525
	<u>\$ 45,243,923</u>	<u>\$ 40,415,128</u>

**THE COMMUNITY FOUNDATION FOR THE
CENTRAL SAVANNAH RIVER AREA AND AFFILIATES**

Notes to Consolidated Financial Statements - Continued

Years Ended December 31, 2010 and 2009

Note 4 – Property and equipment

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

	2010	2009
Equipment and software	\$ 49,243	\$ 49,243
Office furniture and fixtures	26,614	26,614
Leasehold improvements	53,960	53,960
	129,817	129,817
Less accumulated depreciation	(102,402)	(87,608)
	\$ 27,415	\$ 42,209

Note 5 – Amounts payable for leasehold improvements

In 2006, the Foundation entered into an agreement with their landlord to pay for leasehold improvements of \$53,960 over a 60 month period with no stated interest rate. Payments of \$899 are made monthly in conjunction with office lease payments. At December 31, 2010 and 2009, the amount payable related to the leasehold improvements was \$4,496 and \$15,288, respectively, of which \$4,496 is due in 2011.

Note 6 – Leases

The Foundation leases office space and equipment under various operating leases. The Foundation's lease for its office space ends on May 31, 2011. Equipment leases expire at various dates through 2013. As of December 31, 2010 and 2009 the office space lease agreement provides for monthly rent of \$2,354. The office space lease agreement calls for a rent increase based on the consumer price index ("CPI") on January 1 of each year. Total lease expense for the years ended December 31, 2010 and 2009 amounted to \$36,345 and \$33,372, respectively.

Future minimum lease payments, without CPI adjustments, for the Foundation's rental of office space and the various equipment as of December 31, 2010 are as follows:

2011	\$ 17,821
2012	5,628
2013	4,221
	\$ 27,670

**THE COMMUNITY FOUNDATION FOR THE
CENTRAL SAVANNAH RIVER AREA AND AFFILIATES**

Notes to Consolidated Financial Statements - Continued

Years Ended December 31, 2010 and 2009

Note 7 - Fair value measurements of assets and liabilities

The Foundation has adopted the provision of FASB ASC 820 “Fair Value Measurements and Disclosures”, which requires fair value measurement be classified and disclosed in one of the following three categories (“Fair Value Hierarchy”):

Level 1: Financial instruments with unadjusted, quoted prices listed on active market exchanges.

Level 2: Financial instruments valued using inputs that include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.

Level 3: Financial instruments that are not actively traded on a market exchange and require using significant unobservable inputs in determining fair value.

The table on the following page summarizes the valuation of the Foundation’s financial assets and liabilities measured at fair value on a recurring basis as of December 31, 2010 and 2009, based on the level of input utilized to measure fair value:

**THE COMMUNITY FOUNDATION FOR THE
CENTRAL SAVANNAH RIVER AREA AND AFFILIATES**

Notes to Consolidated Financial Statements - Continued

Years Ended December 31, 2010 and 2009

Note 7 - Fair value measurements of assets and liabilities (Continued)

Measurement at fair value on a recurring basis:

Description	Fair Value Measurements at December 31, 2010			
	Level 1	Level 2	Level 3	Total
Investments:				
Equities				
Common stocks – basic materials industry	\$ 2,883,051	\$ -	\$ -	\$ 2,883,051
Common stocks – consumer goods industry	2,857,017	-	-	2,857,017
Common stocks – financial industry	3,014,812	-	-	3,014,812
Common stocks – technology industry	3,108,256	-	-	3,108,256
Common stocks – other industries (a)	6,728,847	-	-	6,728,847
Mutual funds	2,422,157	-	-	2,422,157
Limited partnerships	35,975	-	-	35,975
Other	438,004	-	-	438,004
Total equities	<u>21,488,119</u>	<u>-</u>	<u>-</u>	<u>21,488,119</u>
Fixed income				
Agency securities	-	2,330,719	-	2,330,719
Certificates of deposit	-	1,294,012	-	1,294,012
Convertible bonds	-	6,899	-	6,899
Corporate bonds – financial industry	-	3,358,718	-	3,358,718
Corporate bonds – other industries (a)	-	4,447,844	-	4,447,844
Mortgage-backed securities	-	104,056	-	104,056
Government bonds	-	1,571,811	-	1,571,811
Mutual funds	-	5,666,891	-	5,666,891
Real estate trusts	-	939,274	-	939,274
Total fixed income	<u>-</u>	<u>19,720,224</u>	<u>-</u>	<u>19,720,224</u>
Money markets	<u>4,035,580</u>	<u>-</u>	<u>-</u>	<u>4,035,580</u>
Total investments – recurring basis	<u>\$ 25,523,699</u>	<u>\$ 19,720,224</u>	<u>\$ -</u>	<u>\$ 45,243,923</u>

(a) The individual industries included in common stocks – other and corporate bonds – other represent less than five percent of total investments at December 31, 2010.

**THE COMMUNITY FOUNDATION FOR THE
CENTRAL SAVANNAH RIVER AREA AND AFFILIATES**

Notes to Consolidated Financial Statements - Continued

Years Ended December 31, 2010 and 2009

Note 7 - Fair value measurements of assets and liabilities (Continued)

Description	Fair Value Measurements at December 31, 2009			
	Level 1	Level 2	Level 3	Total
Investments:				
Equities				
Common stocks – basic materials industry	\$ 2,235,694	\$ -	\$ -	\$ 2,235,694
Common stocks – consumer goods industry	2,036,300	-	-	2,036,300
Common stocks – financial industry	1,893,413	-	-	1,893,413
Common stocks – technology industry	2,491,057	-	-	2,491,057
Common stocks – other industries (a)	5,763,243	-	-	5,763,243
Mutual funds	3,182,112	-	-	3,182,112
Limited partnerships	30,186	-	-	30,186
Other	432,305	-	-	432,305
Total equities	<u>18,064,310</u>	<u>-</u>	<u>-</u>	<u>18,064,310</u>
Fixed income				
Agency securities	-	2,622,179	-	2,622,179
Certificates of deposit	-	696,666	-	696,666
Convertible bonds	-	6,890	-	6,890
Corporate bonds – financial industry	-	3,301,421	-	3,301,421
Corporate bonds – other industries (a)	-	2,973,508	-	2,973,508
Mortgage-backed securities	-	136,504	-	136,504
Government bonds	-	2,457,759	-	2,457,759
Mutual funds	-	4,707,909	-	4,707,909
Real estate trusts	-	610,457	-	610,457
Total fixed income	<u>-</u>	<u>17,513,293</u>	<u>-</u>	<u>17,513,293</u>
Money markets	<u>4,837,525</u>	<u>-</u>	<u>-</u>	<u>4,837,525</u>
Total investments – recurring basis	<u>\$ 22,901,835</u>	<u>\$ 17,513,293</u>	<u>\$ -</u>	<u>\$ 40,415,128</u>

(a) The individual industries included in common stocks – other and corporate bonds – other represent less than five percent of total investments at December 31, 2010.

All assets have been valued using a market approach. There have been no changes in valuation techniques and related inputs.

**THE COMMUNITY FOUNDATION FOR THE
CENTRAL SAVANNAH RIVER AREA AND AFFILIATES**

Notes to Consolidated Financial Statements - Continued

Years Ended December 31, 2010 and 2009

Note 8 – Endowment funds

The Foundation's endowment consists of approximately twenty (20) individual funds established for a variety of purposes including both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. Net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors of the Foundation has interpreted UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulation to the contrary. As a result of this interpretation, the Foundation classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowments funds:

1. The duration and preservation of the fund
2. The purposes of the Foundation and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of the Foundation
7. The investment policies of the Foundation

**THE COMMUNITY FOUNDATION FOR THE
CENTRAL SAVANNAH RIVER AREA AND AFFILIATES**

Notes to Consolidated Financial Statements - Continued

Years Ended December 31, 2010 and 2009

Note 8 – Endowment funds (Continued)

Endowment net assets consist of the following at December 31, 2010:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ (25,851)	\$ 1,296	\$ 2,125,000	\$ 2,100,445
Board-designated endowment funds	<u>16,272</u>	<u>-</u>	<u>-</u>	<u>16,272</u>
Total endowed net assets	\$ <u>(9,579)</u>	\$ <u>1,296</u>	\$ <u>2,125,000</u>	\$ <u>2,116,717</u>

Endowment net assets consist of the following at December 31, 2009:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ (136,149)	\$ -	\$ 2,125,000	\$ 1,988,851
Board-designated endowment funds	<u>13,483</u>	<u>-</u>	<u>-</u>	<u>13,483</u>
Total endowed net assets	\$ <u>(122,666)</u>	\$ <u>-</u>	\$ <u>2,125,000</u>	\$ <u>2,002,334</u>

Changes in endowment net assets for the year ended December 31, 2010 are as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, January 1, 2010	\$ (122,666)	\$ -	\$ 2,125,000	\$ 2,002,334
Contributions	1,000	-	-	1,000
Investment return:				
Investment income	2,199	781	-	2,980
Net appreciation	<u>111,041</u>	<u>900</u>	<u>-</u>	<u>111,941</u>
Total investment return	113,240	1,681	-	114,921
Appropriation of endowment assets for expenditure	<u>(1,153)</u>	<u>(385)</u>	<u>-</u>	<u>(1,538)</u>
Endowment net assets, December 31, 2010	\$ <u>(9,579)</u>	\$ <u>1,296</u>	\$ <u>2,125,000</u>	\$ <u>2,116,717</u>

**THE COMMUNITY FOUNDATION FOR THE
CENTRAL SAVANNAH RIVER AREA AND AFFILIATES**

Notes to Consolidated Financial Statements - Continued

Years Ended December 31, 2010 and 2009

Note 8 – Endowment funds (Continued)

Changes in endowment net assets for the year ended December 31, 2009 are as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, January 1, 2009	\$ (351,094)	\$ -	\$ 2,125,000	\$ 1,773,906
Investment return:				
Investment income	62,683	-	-	62,683
Net appreciation (depreciation)	<u>254,182</u>	<u>-</u>	<u>-</u>	<u>254,182</u>
Total investment return	316,865	-	-	316,865
Appropriation of endowment assets for expenditure	<u>(88,437)</u>	<u>-</u>	<u>-</u>	<u>(88,437)</u>
Endowment net assets, December 31, 2009	\$ <u>(122,666)</u>	\$ <u>-</u>	\$ <u>2,125,000</u>	\$ <u>2,002,334</u>

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Foundation to retain as a fund of perpetual duration. Deficiencies of this nature that are reported in unrestricted net assets were \$25,851 and \$136,149 as of December 31, 2010 and 2009, respectively. These deficiencies resulted from unfavorable market fluctuations that occurred after the investment of permanently restricted contributions and continued appropriation for certain programs that was deemed prudent by the Board of Directors. Subsequent gains that restore the fair value of the assets of the endowment fund to the required level will be classified as an increase in unrestricted net assets.

Return Objectives and Risk Parameters

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowments assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity or for a donor-specified period as well as board designated funds. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results that out perform accepted indices such as the Standard and Poor's Index for equity and the Lehman Brothers Index for fixed income securities.

**THE COMMUNITY FOUNDATION FOR THE
CENTRAL SAVANNAH RIVER AREA AND AFFILIATES**

Notes to Consolidated Financial Statements - Continued

Years Ended December 31, 2010 and 2009

Note 8 – Endowment funds (Continued)

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that places emphasis on investments in equity securities and fixed income securities in a 60/40 percent ratio to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Foundation has a policy of appropriating for distribution each year not more than 4.5% of the annual July 31st market values of the endowment funds at the end of a consecutive three year period. In establishing this policy, the Foundation considered the expected return on its endowment. Accordingly, the Foundation expects the current spending policy to allow its endowment to maintain its purchasing power by growing at a rate equal to planned payouts. Additional real growth will be provided through new gifts and any excess investment return.

Note 9 – Employee benefit plan

The Foundation maintains a simplified employee pension plan (SEP) for the benefit of its employees. During the years ended December 31, 2010 and 2009 contributions to the plan totaled \$14,726 and \$14,977, respectively.

Note 10 – Related party transactions

During the years ended December 31, 2010 and 2009, the Foundation received contributions of cash from Board members of approximately \$360,000 and \$895,000, respectively.

During the year ended December 31, 2009, the Foundation received a contribution of real property from Board members in the amount of approximately \$3,291,000. There were no contributions of real property from related parties during the year ended December 31, 2010. In connection with the contribution of this property, the Foundation entered into a management agreement with a management company owned, in part, by two Board members. Commission and management fees paid to the management company under this agreement were approximately \$65,000 and \$0 during the year ended December 31, 2010 and 2009, respectively.

The management agreement provides for reimbursement by the Foundation of any expenditures paid by the management company on behalf of the Foundation from any proceeds upon the sale of the real property. Amounts due from the Foundation related to these expenses were approximately \$10,000 and \$0 at December 31, 2010 and 2009, respectively, and are included in other liabilities in the consolidated statements of financial position.

**THE COMMUNITY FOUNDATION FOR THE
CENTRAL SAVANNAH RIVER AREA AND AFFILIATES**

Notes to Consolidated Financial Statements - Continued

Years Ended December 31, 2010 and 2009

Note 10 – Related party transactions (Continued)

The management company receives rental income on behalf of the Foundation and pays expenses related to the real property on behalf of the Foundation. Rental income in excess of expenses is submitted to the Foundation periodically throughout the year. Rental income received by the management company in excess of expenditures incurred, which had not been received by the Foundation, as of December 31, 2010 and 2009 totaled \$29,166 and \$0, respectively.

Note 13 – Commitments

During the year ended December 31, 2009, the Foundation pledged \$1,000,000 to a not-for-profit organization for construction of a building. The outstanding commitment to be fulfilled at December 31, 2010 was \$800,000. The remaining commitment will be fulfilled over the next 4 years, in increments of \$200,000 per year.

Note 14 – Subsequent events

The Foundation has evaluated subsequent events through April 20, 2011, which was the date the financial statements were available to be issued. As of this date, there were no material subsequent events requiring adjustment to or disclosure in the financial statements for the year ended December 31, 2010.