

CENTRAL ALABAMA COMMUNITY  
FOUNDATION, INC.

Consolidated Financial Statements  
for the year ended  
December 31, 2007

CENTRAL ALABAMA COMMUNITY FOUNDATION, INC.

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Parker, Gill, Eisen  
& Stevenson, P.C.  
Certified Public Accountants

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MEMBER  
AMERICAN INSTITUTE  
OF CERTIFIED PUBLIC  
ACCOUNTANTS

MEMBER  
ALABAMA SOCIETY  
OF CERTIFIED PUBLIC  
ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

The Board of Directors  
Central Alabama Community Foundation, Inc.  
Montgomery, Alabama

We have audited the accompanying consolidated statements of financial position of Central Alabama Community Foundation, Inc. as of December 31, 2007 and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Organization'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 Central Alabama Community Foundation, Inc. as of December 31, 2007, and the changes in its net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

*Parker, Gill, Eisen  
& Stevenson, P.C.*

Montgomery, Alabama  
August 15, 2008

CENTRAL ALABAMA COMMUNITY FOUNDATION, INC.

Consolidated Statement of Financial Position  
December 31, 2007

Assets

Cash and cash equivalents	\$ 818,815
Certificates of deposit	183,547
Investment in marketable securities	33,148,364
Investments under split interest trust agreements	1,641,730
Furniture and equipment	70,288
Less accumulated depreciation	(46,551)
Land held for investment	244,880
Personal property held for investment	5,400
	<hr/>
Total assets	<u>\$36,066,473</u>

Liabilities and Net Assets

Accounts payable	\$ 55,988
Payroll liabilities	329
Funds held as agent	425,626
Liabilities under split interest trust agreements	831,590
Total liabilities	<hr/> 1,313,533
Net assets	
Unrestricted	25,772,926
Temporarily restricted	4,454,989
Permanently restricted	4,525,025
Total net assets	<hr/> 34,752,940
	<hr/>
Total liabilities and net assets	<u>\$36,066,473</u>

See notes to financial statements.

CENTRAL ALABAMA COMMUNITY FOUNDATION, INC.

Consolidated Statement of Activities  
For the year ended December 31, 2007

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Support and revenue				
Contributions	\$ 2,810,325	\$ 204,848	\$ 715,373	\$ 3,730,546
Investment income	1,088,285	229,795	198,285	1,516,365
Special events	56,608	-	-	56,608
Net assets released from restrictions	<u>560,616</u>	<u>(210,276)</u>	<u>(350,340)</u>	<u>-</u>
Total support and revenue	<u>4,515,834</u>	<u>224,367</u>	<u>563,318</u>	<u>5,303,519</u>
Expenses				
Program	4,366,228	-	-	4,366,228
Management and general	130,882	-	-	130,882
Fund raising	<u>24,832</u>	<u>-</u>	<u>-</u>	<u>24,832</u>
Total expenses	<u>4,521,942</u>	<u>-</u>	<u>-</u>	<u>4,521,942</u>
Increase in net assets	(6,108)	224,367	563,318	781,577
Net assets at beginning of year	<u>25,779,034</u>	<u>4,230,622</u>	<u>3,961,707</u>	<u>33,971,363</u>
Net assets at end of year	<u>\$ 25,772,926</u>	<u>\$ 4,454,989</u>	<u>\$ 4,525,025</u>	<u>\$ 34,752,940</u>

See notes to financial statements.

CENTRAL ALABAMA COMMUNITY FOUNDATION, INC.

Consolidated Statement of Cash Flows  
For the year ended December 31, 2007

Cash flow from operating activities:	
Increase in net assets	\$ 781,577
Adjustments to reconcile increase in net assets to net cash provided by operations	
Depreciation	5,572
Realized gain on investments	(1,524,681)
Unrealized loss on investments	1,074,649
Non-cash contributions	93,481
Increase in funds held as agent	25,434
Decrease in payroll liabilities	(4,529)
Net cash provided by operating activities	<u>451,503</u>
 Cash flows from investing activities:	
Purchase of furniture and equipment	(11,359)
Decrease in certificates of deposit	462,944
Proceeds from sale of investments	11,678,474
Purchases of investments	<u>(12,761,303)</u>
Net cash used by investing activities	<u>(631,244)</u>
 Net decrease in cash	(179,741)
 Cash and cash equivalents at beginning of year	<u>998,556</u>
 Cash and cash equivalents at end of year	<u>\$ 818,815</u>
 Supplemental information for cash flows:	
Interest paid	<u>\$ -0-</u>
Taxes paid	<u>\$ -0-</u>

See notes to financial statements.

CENTRAL ALABAMA COMMUNITY FOUNDATION, INC.

Consolidated Statement of Functional Expenses  
For the year ended December 31, 2007

	Program	Management and General	Fund Raising	Total
Grants and scholarships	\$ 3,095,888	\$ -	\$ -	\$ 3,095,888
Salaries	367,454	67,562	-	435,016
Payroll taxes	29,942	5,505	-	35,447
Bank charges	-	654	-	654
Trustee fees and management commissions	574,933	-	-	574,933
Insurance	32,659	2,687	-	35,346
Depreciation	-	5,572	-	5,572
Rent	21,325	3,921	-	25,246
Utilities	6,463	1,188	-	7,651
Office supplies and expenses	23,673	4,165	-	27,838
Development	24,565	-	-	24,565
Advertising	1,500	-	-	1,500
Retirement	9,753	1,793	-	11,546
Professional fees	-	8,250	-	8,250
Repairs and maintenance	2,122	390	-	2,512
Miscellaneous	-	594	-	594
Printing	4,950	-	-	4,950
Meeting expense	-	3,549	-	3,549
Dues and subscriptions	1,943	1,942	-	3,885
Other taxes	2,143	-	-	2,143
Equipment expense	3,921	-	-	3,921
Equipment rental	9,169	-	-	9,169
Postage	-	5,337	-	5,337
Professional development	-	11,267	-	11,267
Community initiatives	153,825	-	-	153,825
Special events	-	-	24,832	24,832
Telephone	-	6,506	-	6,506
	<u>\$ 4,366,228</u>	<u>\$ 130,882</u>	<u>\$ 24,832</u>	<u>\$ 4,521,942</u>

See notes to financial statements.

CENTRAL ALABAMA COMMUNITY FOUNDATION, INC.

Notes to Consolidated Financial Statements  
For the year ended December 31, 2007

NOTE 1 - Summary of significant accounting policies

Organization

Central Alabama Community Foundation, Inc. is a tax exempt, nonprofit corporation organized to solicit contributions from individuals, organizations and corporations and to provide support to various organizations in the community from those contributions and their related earnings.

Consolidated financial statements

The financial statements include the amounts of the Organization and its wholly owned subsidiaries, Wilbur Johnson Fund, LLC and CACF Acquisition Co., LLC. All significant intercompany transactions and accounts have been eliminated.

Basis of accounting

These financial statements are prepared on the accrual basis of accounting; consequently, certain revenues and the related assets are recognized when earned rather than when received and certain expenses are recognized when incurred rather than when the obligation is paid.

The consolidated financial statements have been prepared to focus on the Organization as a whole and to present balances and transactions according to the existence or absence of donor-imposed restrictions. This has been accomplished by classification of transactions into three classes of net assets - permanently restricted, temporarily restricted and unrestricted.

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on related investments for general or specific purposes.

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that may or will be met by actions of the Organization and/or the passage of time.

Unrestricted net assets - Net assets not subject to donor-imposed stipulations.

Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) or donor imposed restrictions placed on net assets (i.e., the donor gift stipulates a matching gift by the Foundation) are reported as reclassifications between the applicable classes of net assets.

CENTRAL ALABAMA COMMUNITY FOUNDATION, INC.

Notes to Consolidated Financial Statements (continued)  
For the year ended December 31, 2007

NOTE 1 - Summary of significant accounting policies (continued)

Basis of accounting (continued)

Certain funds have been designated by the Board of Directors for certain purposes. These funds have appropriately been included within the unrestricted net asset classification.

Contributions with restrictions met in the same year - Contributions received with donor-imposed restrictions that are met in the same year as received are reported as revenues of the temporarily restricted net asset class, and a reclassification to unrestricted net assets is made to reflect the expiration of such restrictions.

Accounting estimates

The preparation of financial statements in conformity with the accrual basis of accounting requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Property and equipment

Fixed assets are stated at cost at date of acquisition or fair value at date of donation in the case of gifts. Depreciable assets are being depreciated by the straight-line method over their estimated useful lives of three to forty years.

Contributed assets

Contributions of noncash assets are recorded at their fair values on the date received.

Tax status

The Organization is exempt from federal income tax under provisions of Section 501(c)(3) of the Internal Revenue Code and is not classified as a private foundation.

Funds held as agent

The Organization acts as fiscal agent for several other organizations. The funds of these organizations are classified on the consolidated statement of financial position as a liability.

CENTRAL ALABAMA COMMUNITY FOUNDATION, INC.

Notes to Consolidated Financial Statements (continued)  
For the year ended December 31, 2007

NOTE 1 - Summary of significant accounting policies (continued)

Cash and cash equivalents

Cash and cash equivalents are defined as cash on hand, checking accounts, interest-bearing money market accounts and certificates of deposit with initial maturities not exceeding three months.

Advertising costs

Costs for advertising are expensed when incurred.

Functional allocation of expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the consolidated statement of activities and in the consolidated statement of functional expenses. Accordingly, certain costs have been allocated among the program and supporting services benefited based on determinations by management.

NOTE 2 - Concentrations

The Organization maintains its cash in various bank deposit accounts, which, at December 31, 2007, had \$1,059,532 in excess of the FDIC insured amounts. The Organization has not experienced any losses in such accounts. Management believes it is not exposed to any significant credit risks on cash and cash equivalents.

NOTE 3 - Investment securities

The Organization has adopted SFAS No. 124, *Accounting for Certain Investments Held by Not-for-Profit Organizations*. Under SFAS No. 124, investments in marketable equity securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. The specific identification method is used to determine the cost of the securities sold.

Investments in marketable securities at December 31, 2007 consist of the following:

Money market	\$ 1,940,311
Equities	23,751,323
Fixed income	6,874,645
Other	<u>582,085</u>
	<u>\$ 33,148,364</u>

CENTRAL ALABAMA COMMUNITY FOUNDATION, INC.

Notes to Consolidated Financial Statements (continued)  
For the year ended December 31, 2007

NOTE 4 - Investment income

Investment income for the year ended December 31, 2007 is comprised of the following:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Interest and dividends	\$ 785,986	\$ 125,456	\$ 154,893	\$ 1,066,335
Net realized gain on marketable securities	974,944	151,238	398,498	1,524,680
Net unrealized loss on marketable securities	<u>(672,645)</u>	<u>(46,899)</u>	<u>(355,106)</u>	<u>(1,074,650)</u>
Total investment income	<u>\$ 1,088,285</u>	<u>\$ 229,795</u>	<u>\$ 198,285</u>	<u>\$ 1,516,365</u>

NOTE 5 - Interest in split interest trust agreements

The Organization is the remainder beneficiary of four charitable remainder trusts. Trust assets are reported at fair value in the same manner as all Organization assets. The liabilities payable to beneficiaries are adjusted annually through the Statement of Activities and are based on the Internal Revenue Service life expectancy tables.

NOTE 6 - Lease commitments

The Organization leases a copier under an operating lease which terminates in May 2009. Future minimum lease payments total \$269 per month.

Rent expense paid for the year ended December 31, 2007 was \$36,000.

The Organization has subleased a portion of the office building and received rent payments of \$13,500 in 2007. The subleases have annual renewal options.

NOTE 7 - CACF Acquisition Co., LLC

The Organization is the sole member of the CACF Acquisition Co., LLC, which was formed on May 10, 2001. The LLC's purpose is to acquire and hold real and personal property for investment purposes.

During the year ended December 31, 2007, the LLC had no significant transactions.

CENTRAL ALABAMA COMMUNITY FOUNDATION, INC.

Notes to Consolidated Financial Statements (continued)  
For the year ended December 31, 2007

NOTE 8 - Retirement Plan

During 2006, the Organization established a Simple IRA plan for the benefit of its employees. Under the plan all employees are immediately eligible to participate and benefits are fully and immediately vested. Retirement expense for 2007 was \$11,546.