THE SAVANNAH COMMUNITY FOUNDATION, INC.

FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

Holland, Bromley, Barnhill & Brett LLP
Certified Public Accountants and Business Advisors

THE SAVANNAH COMMUNITY FOUNDATION, INC.

TABLE OF CONTENTS

JUNE 30, 2019 AND 2018

Independent Auditor's Report 1-2

Statements of Financial Position 3

Statements of Activities 4

Statements of Cash Flows 5

Notes to Financial Statements 6-11

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Independent Auditor's Report

To the Board of Directors of
The Savannah Community Foundation, Inc.

We have audited the accompanying financial statements of The Savannah Community Foundation, Inc. (a Georgia nonprofit corporation), which comprise the statements of financial position as of June 30, 2019 and 2018, and the related statements of activities and of cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Note 2 to the financial statements, the Organization has adopted Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, "Presentation of Financial Statements for Not-for-Profit Entities" (Topic 958). Our opinion is not modified with respect to that matter.

Holland, Bromley, Barnhill & Brett, LLP
Savannah, Georgia
November 7, 2019

THE SAVANNAH COMMUNITY FOUNDATION, INC.
(a Georgia nonprofit corporation)

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2019 AND 2018

ASSETS	2019	2018
Cash and cash equivalents	$ 1,365,468	$ 4,236,695
Certificates of deposit	342,497	593,536
Prepaid expenses	55,000	-
Investments	30,109,281	25,777,815
Total assets	$31,872,246	$30,608,046
LIABILITIES AND NET ASSETS		
Accrued expenses	$ 15,782	$ -
Total liabilities	15,782	-
Without donor restrictions	31,856,464	30,608,046
Total net assets	31,856,464	30,608,046
Total liabilities and net assets	$31,872,246	$30,608,046

(The accompanying notes are an integral part of the financial statements.)

THE SAVANNAH COMMUNITY FOUNDATION, INC.
(a Georgia nonprofit corporation)

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

	2019	2018
REVENUES AND SUPPORT		
Contributions	$ 2,459,949	$ 4,636,448
Net investment income	651,367	543,961
Net realized and unrealized gains on investments	1,417,922	866,139
Total revenues and support	4,529,238	6,046,548
EXPENSES		
Grants awarded	2,901,846	3,084,593
General and administrative	378,974	243,106
Total expenses	3,280,820	3,327,699
Change in net assets before income tax expense	1,248,418	2,718,849
Income tax expense	-	351
Change in net assets	1,248,418	2,718,498
Net assets - beginning of year	30,608,046	27,889,548
Net assets - end of year	$31,856,464	$30,608,046

(The accompanying notes are an integral part of the financial statements.)

THE SAVANNAH COMMUNITY FOUNDATION, INC.
(a Georgia nonprofit corporation)

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

	2019	2018
Cash flows from operating activities:		
Change in net assets	$ 1,248,418	$ 2,718,498
Adjustments to reconcile change in net assets to net cash from operating activities:		
Net realized and unrealized gains on investments	(1,417,922)	(866,139)
Changes in:		
Prepaid expenses	(55,000)	-
Accrued liabilities	15,782	(41,294)
Net cash (used for) provided by operating activities	(208,722)	1,811,065
Cash flows from investing activities:		
Proceeds from maturing certificates of deposit	253,049	85,269
Purchases of certificates of deposit	-	(330,000)
Proceeds from sales and maturities of investments	20,030,016	22,595,880
Purchases of investments	(22,945,570)	(22,535,379)
Net cash used for investing activities	(2,662,505)	(184,230)
(Decrease) increase in cash and cash equivalents	(2,871,227)	1,626,835
Cash and cash equivalents - beginning of year	4,236,695	2,609,860
Cash and cash equivalents - end of year	$ 1,365,468	$ 4,236,695
Supplemental disclosure of cash flow information:		
Cash paid during the year for income taxes	$ -	$ 41,645

No cash was paid during either year for interest.

(The accompanying notes are an integral part of the financial statements.)

NOTE 1 - NATURE OF ORGANIZATION

The Savannah Community Foundation, Inc. (the "Foundation") 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. Contributions are generally received from businesses and individuals in Savannah and the surrounding areas.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The Foundation's financial statements are prepared in accordance with generally accepted accounting principles in the United States (U.S. GAAP). The Foundation is required to report information regarding its financial position and activities according to two classes of net assets: with donor restrictions and without donor restrictions. No net assets with donor restrictions existed at June 30, 2019 and 2018.

Use of estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures in the financial statements. Accordingly, actual results may differ from those estimates.

Cash and cash equivalents

For the purpose of the statement of cash flows, the Foundation considers cash and cash equivalents to include all certificates of deposits, money market funds, and investments purchased with an original maturity of ninety days or less.

Restricted and unrestricted revenue and support

Contributions received are recorded as "with donor restrictions" or "without donor restrictions," depending on the existence and/or nature of any donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or when the purpose of the restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities as net assets released from restrictions. Support that is restricted by the donor is reported as an increase in "without donor restrictions" if the restriction expires in the reporting year in which the support is recognized.

The Foundation has determined its net assets do not meet the definition of an endowment under the Uniform Prudent Management of Institutional Funds Act (UPMIFA).

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions are subject to the variance power established by the Foundation's governing documents. The variance provision gives the Board of Directors the authority, whenever any restriction or condition on the distribution of funds becomes, in effect, unnecessary or incapable of fulfillment, to modify any restriction or condition placed on the distribution of funds and to apply the whole or any part of the principal or income of funds that in its judgment is necessary to serve more effectively the charitable and educational purposes of the Foundation. Based on this provision, all contributions and assets are classified as without donor restrictions and are available to meet the Foundation's cash needs for general operating expenditures in the next twelve months.

The Foundation's assets consist of approximately 200 individual funds established by donors for a variety of purposes. As noted above, the Foundation classifies these funds net as assets without donor restrictions. The Foundation further classifies its net assets without donor restrictions into the following internal fund classifications:

Donor Advised - funds 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 or its designee is required to make final decisions on all grants.

Donor Designated - funds 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 established by or for nonprofit organizations for the purpose of generating income in perpetuity for their charitable purpose. Endowment funds may also receive gifts from the general public.

Scholarships - funds established to provide grants to qualifying students enrolled in various post-secondary education institutions.

Unrestricted/Discretionary - funds 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 - funds to be used at the discretion of the Foundation for a particular charitable endeavor such as literacy, social services, or preservation.

Income taxes

The Foundation is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code, except on net income, if any, derived from unrelated business activities. A tax position is recognized as a benefit only if it is "more likely than not" that the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. Once the threshold is met, the amount recognized in the financial statements is the largest amount of tax benefit likely realized on examination. For tax positions not meeting the "more likely than not" test, no tax benefit is recorded. The Foundation is no longer subject to examination by taxing authorities for the years ending before July 1, 2015.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Foundation does not expect the total amount of unrecognized tax benefits to significantly change in the next twelve months. If incurred, the Foundation would recognize interest and penalties related to unrecognized tax benefits in interest expense. The Foundation has no amounts accrued for interest or penalties as of June 30, 2019 and 2018. Additionally, no interest or penalties were recorded for the years then ended.

New accounting pronouncements

In August 2016, the Financial Accounting Standards Board ("FASB") issued ASU 2016-14, "Presentation of Financial Statements of Not-for-Profit Entities" (Topic 958). The ASU amends the current reporting model for nonprofit organizations and enhances the required disclosures. The major changes include: (a) requiring the presentation of only two classes of net assets now entitled "net assets without donor restrictions" and "net assets with donor restrictions", (b) modifying the presentation of underwater endowment funds and related disclosures, (c) requiring the use of the placed-in-service approach to recognize the expirations of restrictions on gifts used to acquire or construct long-lived assets absent explicit donor stipulations otherwise, (d) requiring that all nonprofits present an analysis of expenses by function and nature in either the statement of activities, a separate statement, or in the notes and disclose a summary of the allocation methods used to allocate costs, (e) requiring the disclosure of quantitative and qualitative information regarding liquidity and availability of resources, (f) presenting investment return net of external and direct internal investment expenses, and (g) modifying other financial statement reporting requirements and disclosures intended to increase the usefulness of nonprofit financial statements. In addition, ASU 2016-14 removes the requirement that not-for-profit entities that chose to prepare the statements of cash flows using the direct method must also present a reconciliation (the indirect method). The Foundation has implemented this ASU as of and for the year ended June 30, 2019.

Subsequent events

Management has evaluated subsequent events through November 7, 2019, the date the financial statements were available to be issued.

NOTE 3 - MARKET RISK

Cash

As of June 30, 2019 and 2018, the Foundation maintained cash deposits with one financial institution that exceeded amounts guaranteed by the Federal Deposit Insurance Corporation (FDIC). In order to eliminate any credit risk associated with these uninsured deposits, the financial institution has pledged, under a security agreement with the Foundation, U.S. government-sponsored enterprise debt securities as collateral.

Investments

The Foundation maintains various types of investments that encompass many different investment funds and companies with varied industry and geographical characteristics. Investment securities are subject to various risks, such as interest rate and overall market volatility. Due to the level of risk associated with such investments and the level of uncertainty related to changes in the value of investments, it is at least reasonably possible that changes in risks in the near term could materially affect investment balances and the amounts reported in the financial statements.

NOTE 4 - FAIR VALUE MEASUREMENTS

FASB Accounting Standards Codification (ASC) Topic 820, *Fair Value Measurements*, defines fair value as the price that would be received to sell an asset or paid to transfer a liability, in the principal or most advantageous market for the asset or liability, in an orderly transaction between market participants at the measurement date. ASC 820 also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The three levels of the fair value hierarchy are described below:

Level 1	Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access.
Level 2	Inputs to the valuation methodology include: • Quoted prices for similar assets or liabilities in active markets; • Quoted prices for identical or similar assets in inactive markets; • Inputs other than quoted prices that are observable for the asset or liability; • Inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.
Level 3	Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used should maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for financial instruments measured at fair value on a recurring basis and recognized in the accompanying statements of financial position at June 30, 2019 and 2018:

Common and preferred stocks, corporate obligations, and exchange traded funds are valued at the closing price reported on the active market on which the individual securities are traded.

Mutual funds are valued at the daily closing price as reported by the fund. Mutual funds held by the Foundation are open-end mutual funds that are registered with the SEC. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the Foundation are deemed to be actively traded.

Government agency obligations are valued using matrix pricing or market corroborated pricing and inputs such as yield curves.

Limited partnerships are valued by allocating the aggregate fair values of the underlying securities to each partner based on the number of units held by the partner.

NOTE 4 - FAIR VALUE MEASUREMENTS (CONTINUED)

The following tables set forth by level, within the fair value hierarchy, the Foundation's investments measured at fair value as of June 30, 2019 and 2018:

	June 30, 2019			
	Level 1	Level 2	Level 3	Total
Common and preferred stocks	$13,841,665	$ -	$ -	$13,841,665
Mutual funds	10,329,363	-	-	10,329,363
Fixed income:				
U.S. government agency obligations	-	2,701,434	-	2,701,434
U.S. corporate obligations	3,236,819	-	-	3,236,819
Total	$27,407,847	$ 2,701,434	$ -	$30,109,281

	June 30, 2018			
	Level 1	Level 2	Level 3	Total
Common and preferred stocks	$13,841,646	$ -	$ -	$13,841,646
Mutual funds	6,817,255	-	-	6,817,255
Fixed income:				
U.S. government agency obligations	-	1,698,975	-	1,698,975
U.S. corporate obligations	3,404,606	-	-	3,404,606
Limited partnerships	-	15,333	-	15,333
Total	$24,063,507	$ 1,714,308	$ -	$25,777,815

Investment expenses, including custodial and investment advisory fees, amounted to $186,514 and $179,657 for the years ended June 30, 2019 and 2018, respectively, and have been netted against investment income in the statements of activities.

NOTE 5 - MANAGEMENT SERVICES AGREEMENT

The Foundation entered into a management services agreement with Simpson Law, PC for administrative personnel services and office space, including utilities and various other office expenses, for a monthly fee of $15,606 and $15,300 for years ended June 30, 2019 and 2018, respectively. The total expense was $187,272 and $183,600 under this agreement during the years ended June 30, 2019 and 2018, respectively.

In July 2018, the monthly fee under the management services agreement with Simpson Law, PC increased to $15,606. In accordance with the agreement, the fee shall be increased by two percent in July of each calendar year, and the agreement is in effect until either the Board of Directors of the Foundation gives notice of termination at the annual meeting or the current President of the Foundation becomes unable to perform the duties. The sole principal of Simpson Law, PC serves on the Executive Committee of the Foundation, ex-officio as President of the Foundation, but is not a director of the Foundation.

NOTE 6 - REMAINDER BENEFICIARY IN A TRUST

The Foundation was named the remainder beneficiary of the Jack Golden Trust. The Trust was opened August 2016 with beginning value of $300,000. The income beneficiaries are entitled to all income and principal for their reasonable support, maintenance, and healthcare needs in their accustomed manner of living. Because this remainder beneficiary interest is not susceptible to valuation due to the possibility of exhaustion of the trust by principal distributions to the life beneficiaries, it is not reflected on the accompanying statements of financial position. The value of the Trust was $328,250 and $303,171 at June 30, 2019 and 2018, respectively.

NOTE 7 - GRANTS

Grants, including multi-year awards, are recorded as an expense and a payable when grants are approved and communicated to the grantees. Grant refunds are recorded as a reduction of grant expense at the time the Foundation receives the refund.