

STAUNTON AUGUSTA WAYNESBORO
COMMUNITY FOUNDATION
d/b/a COMMUNITY FOUNDATION OF THE
CENTRAL BLUE RIDGE

FINANCIAL STATEMENTS

December 31, 2007

STAUNTON AUGUSTA WAYNESBORO
COMMUNITY FOUNDATION
d/b/a COMMUNITY FOUNDATION OF THE
CENTRAL BLUE RIDGE

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Staunton Augusta Waynesboro
Community Foundation
d/b/a Community Foundation of the
Central Blue Ridge
Staunton, Virginia

We have audited the accompanying statements of financial position of Staunton Augusta Waynesboro Community Foundation d/b/a Community Foundation of the Central Blue Ridge as of December 31, 2007 and 2006, and the related statements of activities 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. The prior year summarized comparative information has been derived from Staunton Augusta Waynesboro Community Foundation's 2006 financial statements and, in our report dated June 18, 2007, we expressed an unqualified opinion on those financial statements.

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 Staunton Augusta Waynesboro Community Foundation d/b/a Community Foundation of the Central Blue Ridge as of December 31, 2007 and 2006, 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.

ELMORE, HUPP & COMPANY, P.L.C.

Staunton, Virginia
July 1, 2008

STAUNTON AUGUSTA WAYNESBORO COMMUNITY FOUNDATION
d/b/a COMMUNITY FOUNDATION OF THE CENTRAL BLUE RIDGE
STATEMENTS OF FINANCIAL POSITION
December 31, 2007
(Summarized Totals for 2006)

ASSETS

	2007	2006
Cash and cash equivalents	\$ 1,679,807	\$ 1,432,101
Marketable securities	7,850,222	6,420,045
Interest receivable	8,734	23,264
Land - held for sale	331,270	331,270
Investment in limited liability companies	335,064	569,768
Property and equipment, net	11,564	8,364
Special event receivable	-	26,700
Bequests receivable	600,000	950,000
	\$ 10,816,661	\$ 9,761,512

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts payable and accrued expenses	\$ 4,411	\$ 16,959
Deferred income	50,806	-
Annuities payable	58,984	71,346
Payable to beneficiary	331,270	331,270
Agency funds	546,858	569,127
	992,329	988,702

NET ASSETS

Unrestricted	778,016	516,273
Temporarily restricted	6,916,348	6,801,569
Permanently restricted	2,129,968	1,454,968
	9,824,332	8,772,810
TOTAL NET ASSETS	\$ 10,816,661	\$ 9,761,512

See notes to financial statements.

STAUNTON AUGUSTA WAYNESBORO COMMUNITY FOUNDATION
d/b/a COMMUNITY FOUNDATION OF THE CENTRAL BLUE RIDGE
STATEMENTS OF ACTIVITIES
Year Ended December 31, 2007
(Summarized Totals for 2006)

	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	2007 TOTALS	2006 TOTALS
PUBLIC SUPPORT, REVENUES, AND RECLASSIFICATIONS					
Contributions	\$ 353,802	\$ 268,625	\$ 675,000	\$ 1,297,427	\$ 1,888,801
Forfeiture of grants	-	8,601	-	8,601	-
Interest and dividends	24,923	224,908	-	249,831	178,289
Management fees	77,500	(71,403)	-	6,097	6,295
Services and equipment	26,766	-	-	26,766	13,795
Income (loss) from pass-through entities	-	(83,637)	-	(83,637)	243,751
Fundraising	-	-	-	-	29,396
Workshops and seminars	5,780	-	-	5,780	-
Other income	-	-	-	-	905
Net realized and unrealized gain on marketable securities	16,110	213,827	-	229,937	569,209
Net assets released from restrictions: Satisfaction of program restrictions	446,142	(446,142)	-	-	-
TOTAL PUBLIC SUPPORT, REVENUES, AND RECLASSIFICATIONS	951,023	114,779	675,000	1,740,802	2,930,441
EXPENSES					
Program expenses:					
Grants and donor directive funds	470,482	-	-	470,482	435,963
Workshops and seminars	9,490	-	-	9,490	-
	479,972	-	-	479,972	435,963
Administrative and development:					
Compensation and benefits	97,538	-	-	97,538	70,778
Printing and reproduction	1,503	-	-	1,503	3,597
Investment manager fees	20,204	-	-	20,204	14,070
Professional services	31,514	-	-	31,514	11,380
Fundraising	1,578	-	-	1,578	1,318
Office supplies and equipment	11,690	-	-	11,690	8,402
Postage	2,436	-	-	2,436	1,617
Utilities	1,351	-	-	1,351	2,924
Rent	10,116	-	-	10,116	4,250
Insurance	2,827	-	-	2,827	2,772
Development	11,080	-	-	11,080	4,974
Travel and training	3,145	-	-	3,145	2,175
Miscellaneous	8,999	-	-	8,999	5,269
Depreciation	5,327	-	-	5,327	3,007
	209,308	-	-	209,308	136,533
TOTAL ADMINISTRATIVE AND DEVELOPMENT	209,308	-	-	209,308	136,533
TOTAL EXPENSES	689,280	-	-	689,280	572,496
CHANGES IN NET ASSETS	261,743	114,779	675,000	1,051,522	2,357,945
NET ASSETS AT BEGINNING OF YEAR	516,273	6,801,569	1,454,968	8,772,810	6,414,865
NET ASSETS AT END OF YEAR	\$ 778,016	\$ 6,916,348	\$ 2,129,968	\$ 9,824,332	\$ 8,772,810

See notes to financial statements.

STAUNTON AUGUSTA WAYNESBORO COMMUNITY FOUNDATION
d/b/a COMMUNITY FOUNDATION OF THE CENTRAL BLUE RIDGE
STATEMENTS OF CASH FLOWS
Year Ended December 31, 2007
(Summarized Totals for 2006)

	2007	2006		2007	2006
CASH FLOWS FROM OPERATING ACTIVITIES					
Change in net assets	\$ 1,051,522	\$ 2,357,945			
Adjustments to reconcile change in net assets to net cash provided by operating activities:					
Non-cash contributions	(67,541)	(2,294)			
Loss (income) from pass-through entities	83,637	(243,751)			
Dividends reinvested	(46,553)	(17,970)			
Gain on marketable securities	(230,066)	(569,057)			
Depreciation	5,327	3,007			
Contributions restricted for endowment	(675,000)	-			
Decrease (increase) in special event receivable	26,700	(9,553)			
Decrease in interest receivable	14,530	3,031			
Decrease in pledge receivable	-	1,000			
Decrease (increase) in bequests receivable	350,000	(950,000)			
Decrease in agency funds	(22,269)	(27,592)			
Decrease in annuities payable	(12,362)	(12,362)			
Increase (decrease) in accounts payable and accrued expenses	(12,547)	15,449			
Increase in deferred income	50,806	-			
	516,184	547,853			
NET CASH PROVIDED BY OPERATING ACTIVITIES					
CASH FLOWS FROM INVESTING ACTIVITIES					
Distributions from investments in limited liability companies	151,067	50,000			
Purchase of property and equipment	(8,530)	(2,574)			
Purchase of marketable securities	(1,999,926)	(1,124,893)			
Proceeds from sale of marketable securities	913,911	1,334,782			
	(943,478)	257,315			
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES					
CASH FLOWS FROM FINANCING ACTIVITIES					
Contributions restricted for endowment	\$ 675,000	\$ -			
	675,000	-			
NET CASH PROVIDED BY FINANCING ACTIVITIES					
NET INCREASE IN CASH AND CASH EQUIVALENTS	247,706	805,168			
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	1,432,101	626,933			
END OF YEAR	\$ 1,679,807	\$ 1,432,101			

See notes to financial statements.

STAUNTON AUGUSTA WAYNESBORO COMMUNITY FOUNDATION
d/b/a COMMUNITY FOUNDATION OF THE CENTRAL BLUE RIDGE
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The Staunton Augusta Waynesboro Community Foundation d/b/a Community Foundation of the Central Blue Ridge, located in Staunton, Virginia, is organized under the laws of the Commonwealth of Virginia for the purpose of developing a permanent endowment to provide for the enrichment of the quality of life in the communities of Staunton and Waynesboro and the counties of Augusta, Nelson and Highland through assessing and responding to the changing community needs and to serve as a mechanism for donors at all levels of charitable giving to aid in supporting the community.

Public Support and Revenue

Contributions not subject to donor restrictions are available for unrestricted purposes.

If the Foundation receives contributions with donor stipulations that limit the use of the donated asset over a period of time, the contribution is reported as temporarily restricted support. When a donor restriction expires, that is when the purpose of the restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

Endowment contributions consist of gifts which are permanently restricted by the donor. Income and investment earnings generated from these funds are designated as temporarily restricted until the donor restriction is accomplished.

Contributions of donated non-cash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

STAUNTON AUGUSTA WAYNESBORO COMMUNITY FOUNDATION
d/b/a COMMUNITY FOUNDATION OF THE CENTRAL BLUE RIDGE
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES
(continued)

Cash and Cash Equivalents

The Foundation considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Marketable Securities

Investments in equity securities with readily determinable fair values and all investments in debt securities are reported at fair value. Unrealized gains and losses are included in the change in net assets.

Property and Equipment

It is the Foundation's policy to capitalize property and equipment over \$500. Lesser amounts are expensed. Purchased property and equipment is capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Property and equipment are depreciated using the straight-line method over estimated useful lives.

Bequests Receivable

Bequests receivable consists principally of a bequest from an individual's estate.

Deferred Income

Deferred income consists principally of funds received from the termination of a trust during 2007. However, court approval is still pending. Therefore, the Foundation will not recognize income until such time of court approval.

STAUNTON AUGUSTA WAYNESBORO COMMUNITY FOUNDATION
d/b/a COMMUNITY FOUNDATION OF THE CENTRAL BLUE RIDGE
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES
(continued)

Income Taxes

The Foundation is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

The most significant estimate is bequests receivable. The amounts shown in the statements of financial position are estimates of the future amounts receivable by the Foundation, based on available information. It is reasonably possible that the estimated amount of the receivable will differ from the amount ultimately received.

Summarized Prior Year Information

The financial statements include summarized comparative information from the prior year, which is not presented by net asset class and does not include sufficient detail to conform with generally accepted accounting principles. This information should be read in conjunction with the Foundation's financial statements for the year ended December 31, 2006, from which the comparative information was extracted.

Investment in Limited Liability Companies

This investment consists of ownership interests in limited liability companies. Under the equity method, the Foundation's share in earnings or losses of these companies is reflected in results of operations.

STAUNTON AUGUSTA WAYNESBORO COMMUNITY FOUNDATION
d/b/a COMMUNITY FOUNDATION OF THE CENTRAL BLUE RIDGE
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES
(continued)

Agency Funds

The Foundation has accepted funds, which have been invested in its investment pool, from charitable organizations. These funds, including allocable investment income and gains and losses, realized and unrealized, are reflected as liabilities in the statements of financial position.

NOTE 2 - CONCENTRATIONS OF CREDIT RISK AND FINANCIAL INSTRUMENTS

Financial instruments which potentially subject the Foundation to concentrations of credit risk consist principally of temporary cash investments and bequests receivable.

The Foundation places its temporary cash investments with high-credit-quality financial institutions. At times such investments may be in excess of FDIC insurance limits. The Foundation has not experienced any losses in such accounts.

Bequests receivable consists principally of a bequest from an individual's estate. The Foundation does not expect any difficulty in realizing the bequest.

NOTE 3 - MARKETABLE SECURITIES

Investments as of December 31, 2007, are summarized as follows:

	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Gain</u>
Available-for-sale:			
Equity securities	\$ 7,416,021	\$ 7,647,972	\$ 231,951
Debt securities	<u>201,250</u>	<u>202,250</u>	<u>1,000</u>
	<u>\$ 7,617,271</u>	<u>\$ 7,850,222</u>	<u>\$ 232,951</u>

STAUNTON AUGUSTA WAYNESBORO COMMUNITY FOUNDATION
d/b/a COMMUNITY FOUNDATION OF THE CENTRAL BLUE RIDGE
NOTES TO FINANCIAL STATEMENTS

NOTE 3 - MARKETABLE SECURITIES (continued)

The following schedule summarizes the investment return for marketable securities and its classification in the statement of activities for the year ended December 31, 2007.

	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	Permanently <u>Restricted</u>	<u>Total</u>
Interest and dividends	\$ 24,923	\$ 224,908	\$ -	\$ 249,831
Realized and unrealized gains, net	<u>16,110</u>	<u>213,827</u>	<u>-</u>	<u>229,937</u>
Total investment return	<u>\$ 41,033</u>	<u>\$ 438,735</u>	<u>\$ -</u>	<u>\$ 479,768</u>

NOTE 4 - LAND HELD FOR SALE

The Foundation received an undivided interest in real property, which is currently held as available for sale. Proceeds received from the sale are to be distributed to a local high school for enhancement of their athletic program.

NOTE 5 - INVESTMENT IN LIMITED LIABILITY COMPANIES

The Foundation has a 20% non-voting interest in High Country Associates, LLC, and a 3.34% interest in WS Properties. Both of these investments are accounted for by the equity method. The limited liability companies are pass-through entities for items of income and expense. The Foundation believes that the equity method is a better representation of the Foundation's investment.

Activity from these investments is summarized in the following table.

Balance, December 31, 2006	\$ 569,768
Net loss	(83,637)
Distributions received	<u>(151,067)</u>
Balance, December 31, 2007	<u>\$ 335,064</u>

STAUNTON AUGUSTA WAYNESBORO COMMUNITY FOUNDATION
d/b/a COMMUNITY FOUNDATION OF THE CENTRAL BLUE RIDGE
NOTES TO FINANCIAL STATEMENTS

NOTE 5 - INVESTMENT IN LIMITED LIABILITY COMPANIES (continued)

The carrying value of the Foundation's investments at December 31, 2007 approximates the Foundation's underlying equity in the net assets of the limited liability companies. Assets and liabilities of the limited liability companies from unaudited financial statements totaled \$2,398,070 and \$718,048 respectively, at December 31, 2007. Revenue and net loss for the year ended December 31, 2007 were \$335,000 and \$423,303, respectively.

NOTE 6 - PROPERTY AND EQUIPMENT, NET

Property and equipment consist of the following:

Equipment and furniture	\$ 15,464
Software	9,229
	<u>24,693</u>
Accumulated depreciation	<u>(13,129)</u>
	<u>\$ 11,564</u>

NOTE 7 - ANNUITIES PAYABLE

The Foundation has established a gift annuity program whereby donors may contribute assets in exchange for the right to receive a fixed dollar annual return during their lifetime. A portion of the transfer is considered to be a charitable contribution for income tax purposes. The difference between the amount provided for the gift annuity and the present value of the liability for future payments, determined on an actuarial basis is recognized as a contribution at the date of the gift. Because the liability for annuities payable is based upon actuarial estimates of life expectancy of donors, it is reasonably possible that the actual liability could differ from the recorded amount; however, the amount of difference cannot be estimated.

Income earned on annuity investments and distributions paid are credited and charged against unrestricted revenue unless the annuity agreement stipulates to the disposition of any remaining actuarial value. The asset value of these annuities is \$206,575.

STAUNTON AUGUSTA WAYNESBORO COMMUNITY FOUNDATION
d/b/a COMMUNITY FOUNDATION OF THE CENTRAL BLUE RIDGE
NOTES TO FINANCIAL STATEMENTS

NOTE 8 - DONATED SERVICES, EQUIPMENT, AND FACILITIES

The Foundation receives a significant amount of donated services from unpaid volunteers who assist in fundraising, projects, programs, and special events. No amounts have been recognized because the criteria for recognition under SFAS No. 116 have not been satisfied.

In-kind contributions are recorded as revenue and expenses at fair market value as follows for the year ended December 31, 2007:

Equipment	\$ 1,564
Building rent	6,516
Accounting services	<u>18,686</u>
	<u>\$ 26,766</u>

NOTE 9 - MAJOR CONTRIBUTORS

Contributions from two donors represent 62% of total contributions for the year ended December 31, 2007.

NOTE 10 - RELATED PARTY - OPERATING LEASE

The Foundation entered into a two-year lease on December 4, 2006 with a related party for office space at the rate of \$843 per month with \$300 payable at the beginning of the month and the balance of \$543 as an in-kind contribution. The tenant is responsible for general liability insurance.

NOTE 11 - RELATED PARTY - INVESTMENT ADVISOR

The Foundation agreed to honor a Donor Designated Investment Advisor agreement signed by a donor (now deceased) during her lifetime. The investment advisor is a Registered Investment Advisory firm of which a board member is one of the two principals. Fees paid for the administration of this fund were \$6,651 for the year ended December 31, 2007.

STAUNTON AUGUSTA WAYNESBORO COMMUNITY FOUNDATION
d/b/a COMMUNITY FOUNDATION OF THE CENTRAL BLUE RIDGE
NOTES TO FINANCIAL STATEMENTS

NOTE 12 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes as of December 31, 2007:

A. P. Boxley, Jr. and Rachel Barksdale Boxley Memorial Endowment	\$ 54,923
Buddy Bosserman Scholarship	9,220
Croushorn Endowment	10,035
Caroline E. Roberts Memorial Flower	13,375
Christopher DeWitt "Chris" Rockwell Scholarship	6,784
Ethel Driver Memorial Scholarship	103,095
Edward L. Dodge Memorial Scholarship	12,374
Morgan R. Funk Memorial Scholarship	9,666
A. Gordon Houff Memorial Scholarship	26,295
H. Dunlop "Buz" Dawbarn Award	397,259
Dawbarn II	1,105,495
INVISTA - Waynesboro Scholarship	13,285
J. B. "Gus" Stombock Memorial	105,085
J. B. "Gus" Stombock Family	2,063,773
King's Daughters' Endowment	13,153
Lawrence Transportation Systems Scholarship	8,974
Martin Lightsey Scholarship for Technical Education	92,281
Loesch-Augusta Regional Free Clinic Endowment	33,175
Lucy Coyner Endowment	268,233
Coyner Endowment for the Elderly	138,497
Montebello Scholarship	67,808
Nelson County Endowment	65,830
N. Carroll and Grace B. Guynn Scholarship	42,378
Fritz Stout Memorial Scholarship	14,958
Smyth Educational Award	218,678
Tyler James Grimm Memorial Scholarship	13,344
Stuarts Draft Academic Boosters Club	13,103
Shenandoah Valley Society for Human Resource Management Scholarship	26,670
Swett's "Welcome to Stuarts Draft" Sign	41,489
Valley Alliance for Education Endowment	6,871
Valley Pastoral Counseling Center Endowment	6,026
Waynesboro Rotary Club Foundation Fund	2,381
Waynesboro Family YMCA Endowment	11,611
William Perry Scholarship Fund	10,901
Gift Annuities	88,608
Leo A. Thralls Endowment Fund	54,442
Waynesboro High School Alumni Endowment	10,834
Ethel Driver Memorial Scholarship	3,250
Other	3,770
Nelson County Unrestricted	58,098
Roy B. Martin Memorial Endowment	364,436
L. Dal and Jane Simmons Unrestricted	738,032
High Country Associates	423,223
WS Properties	18,416
The Big Read	8,801
R. S. Yeago	22,588
Meadows Fund for the Intellectually Handicapped	50,250
Paul Flanagan Scholarship Fund	18,007
Nelson County Current Fund	4,192
Kenneth L. Jones Memorial Scholarship Fund	20,285
Walter and Mariela Dixon Current	2,091
	\$ 6,916,348