

**The Springfield Foundation
Financial Statements
December 31, 2008 and 2007**

**THE SPRINGFIELD FOUNDATION
FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007**

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INDEPENDENT AUDITORS' REPORT

Board of Trustees
The Springfield Foundation
Springfield, Ohio

We have audited the accompanying statements of financial position of The Springfield Foundation (a not-for-profit organization) as of December 31, 2008 and 2007, and the related statements of activities and changes in net assets, and statements of cash flows for the years 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. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. 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 statements 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 Springfield Foundation as of December 31, 2008 and 2007, and the results of its operations and its cash flows for the nine months then ended, in conformity with generally accepted accounting principles in the United States of America.

Taylor, Applegate, Hughes & Assoc., Ltd.

Taylor, Applegate, Hughes and Associates, LTD
March 2, 2009

THE SPRINGFIELD FOUNDATION
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2008 AND 2007

| | 2008 | 2007 |
|--|-----------------------------|-----------------------------|
| ASSETS | | |
| Cash and equivalents | | |
| Cash | \$ 1,350,265 | \$ 1,411,614 |
| Money market funds | <u>2,277,202</u> | <u>1,891,288</u> |
| Total cash and equivalents | 3,627,467 | 3,302,902 |
| Gifts receivable | 5,231 | 2,397,758 |
| Prepaid expenses | 9,944 | 11,070 |
| Investments | | |
| Certificate of deposit | 193,863 | 187,470 |
| Bonds | 8,834,660 | 9,567,275 |
| Stocks | 20,739,402 | 27,668,569 |
| Healthy City LLC | 400,000 | 400,000 |
| Insurance policies | 96,069 | 119,352 |
| Partnerships | <u>238,748</u> | <u>21,910</u> |
| Total investments | 30,502,742 | 37,964,576 |
| Fixed Assets | | |
| Office equipment net of depreciation | 11,237 | 11,232 |
| Leasehold improvements net of amortization | <u>13,520</u> | <u>15,247</u> |
| Total fixed assets | <u>24,757</u> | <u>26,479</u> |
| TOTAL ASSETS | <u><u>\$ 34,170,141</u></u> | <u><u>\$ 43,702,785</u></u> |

The accompanying notes are an integral part of the financial statements

**THE SPRINGFIELD FOUNDATION
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2008 AND 2007**

| | 2008 | 2007 |
|--|----------------------|----------------------|
| LIABILITIES AND NET ASSETS | | |
| Liabilities | | |
| Grants payable | \$ 793,325 | \$ 541,875 |
| Annuities payable | 782,430 | 762,435 |
| Agency funds payable | 10,592,745 | 12,802,033 |
| Trustee funds payable | 177,540 | 155,568 |
| P-16 payable | - | 788 |
| Accounts payable | 14,171 | 14,280 |
| Payroll & payroll taxes accrued and withheld | 7,757 | 5,890 |
| Compensated absences | 26,356 | 19,820 |
| Total Liabilities | 12,394,324 | 14,302,689 |
| Net Assets | | |
| Unrestricted | | |
| Operating | 409,923 | 346,443 |
| Discretionary funds | 5,705,570 | 7,888,704 |
| Total Unrestricted | 6,115,493 | 8,235,147 |
| Temporarily Restricted | | |
| Donor designated funds | 5,114,379 | 6,824,665 |
| Scholarship funds | 4,200,129 | 5,776,678 |
| Field of interest funds | 1,920,167 | 2,745,540 |
| Donor advised | 4,425,649 | 5,818,066 |
| Total Temporary Restricted | 15,660,324 | 21,164,949 |
| Permanently Restricted | - | - |
| Total Net Assets | 21,775,817 | 29,400,096 |
| TOTAL LIABILITIES AND NET ASSETS | \$ 34,170,141 | \$ 43,702,785 |

The accompanying notes are an integral part of the financial statements

THE SPRINGFIELD FOUNDATION
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2008
WITH COMPARATIVE TOTALS FOR 2007

| | Unrestricted | Temporarily | Total | Total |
|--|------------------------|--------------------------|------------------------|------------------------|
| | <u>12/31/08</u> | <u>Restricted</u> | <u>12/31/08</u> | <u>12/31/07</u> |
| REVENUES | | | | |
| Contributions | \$ 406,858 | \$ 1,602,668 | \$ 2,009,526 | \$ 2,747,059 |
| Operating endowment | 43,425 | \$ - | 43,425 | 41,838 |
| Administrative fee income | 412,576 | - | 412,576 | 413,291 |
| Interest income | 140,470 | 170,850 | 311,320 | 462,149 |
| Dividend income | 122,028 | 321,445 | 443,473 | 353,558 |
| Partners fees | 35,356 | - | 35,356 | 37,835 |
| Miscellaneous income | - | 6,000 | 6,000 | - |
| Realized gain (loss) on sale of assets | (145,834) | (441,942) | (587,776) | 330,615 |
| Unrealized gain (loss) on value of assets | (2,145,233) | (5,078,221) | (7,223,454) | 852,393 |
| Capital gains income | 14,456 | 29,933 | 44,389 | - |
| Total revenues collected | <u>(1,115,898)</u> | <u>(3,389,267)</u> | <u>(4,505,165)</u> | <u>5,238,738</u> |
| NET ASSETS RELEASED FROM RESTRICTIONS | 2,115,358 | (2,115,358) | | |
| EXPENSES | | | | |
| Grants distributed | 1,951,736 | - | 1,951,736 | 1,942,670 |
| Annuity payments | 168,089 | - | 168,089 | 162,951 |
| Personnel expenses | 281,504 | - | 281,504 | 290,525 |
| Operating expenses | 116,290 | - | 116,290 | 112,603 |
| Programmatic expenses | 52,687 | - | 52,687 | 54,704 |
| Administrative fee expenses | 353,286 | - | 353,286 | 377,473 |
| Investment management fee | 110,092 | - | 110,092 | 115,183 |
| Miscellaneous fund expense | 85,430 | - | 85,430 | 33,562 |
| Total expenses | <u>3,119,114</u> | <u>-</u> | <u>3,119,114</u> | <u>3,089,671</u> |
| EXCESS OF REVENUES OVER EXPENSES | (2,119,654) | (5,504,625) | (7,624,279) | 2,149,067 |
| NET ASSETS BEGINNING OF YEAR | <u>8,235,147</u> | <u>21,164,949</u> | <u>29,400,096</u> | <u>27,251,029</u> |
| NET ASSETS END OF YEAR | <u>\$ 6,115,493</u> | <u>\$ 15,660,324</u> | <u>\$ 21,775,817</u> | <u>\$ 29,400,096</u> |

The accompanying notes are an integral part of the financial statements

**THE SPRINGFIELD FOUNDATION
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDING DECEMBER 31, 2008 AND 2007**

| | <u>12/31/2008</u> | <u>12/31/2007</u> |
|---|---------------------|---------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Change in net assets | \$ (7,624,279) | \$ 2,149,067 |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: | | |
| Depreciation and amortization | 6,119 | 6,878 |
| Unrealized (gain)/loss on investments | 7,223,452 | (852,393) |
| Unrealized (gain)/loss on investments (Agency Funds) | 3,866,596 | 196,215 |
| Unrealized (gain)/loss on investments (Trustee Funds) | (21,972) | (15,312) |
| Realized (gain)/loss on sale of investments | 587,776 | (330,615) |
| Realized (gain)/loss on sale of investments (Agency Funds) | 265,028 | (271,292) |
| (Increase) decrease in gifts receivable | 2,392,527 | (2,365,444) |
| (Increase) decrease in prepaid expenses | 1,126 | (1,849) |
| (Decrease) increase in grants payable | 251,450 | 165,618 |
| (Decrease) increase in agency funds payable | (2,209,288) | 4,994,488 |
| (Decrease) increase in accounts payable | (105) | 2,440 |
| (Decrease) increase in payroll withholdings | 1,866 | 290 |
| (Decrease) increase in accrued compensated absences | 6,536 | (7,261) |
| (Decrease) increase in trustee funds payable | 21,972 | 15,312 |
| (Decrease) increase in annuities | 19,995 | (33,467) |
| (Decrease) increase in Funders Forum/P-16 payable | (788) | (17,518) |
| Net cash provided by operating activities | <u>4,788,011</u> | <u>3,635,157</u> |
| CASH FLOWS FROM INVESTING AND FINANCING ACTIVITIES | | |
| Purchase of equipment | - | (1,453) |
| Healthy City LLC investment | - | (400,000) |
| Non-cash gifts received | (1,934,643) | (69,177) |
| Non-cash gifts sold | 263,096 | (1,459,526) |
| Investments purchased | (21,040,643) | (16,211,594) |
| Investments sold | <u>18,248,744</u> | <u>13,323,801</u> |
| Net cash used by investing and financing activities | <u>(4,463,446)</u> | <u>(4,817,949)</u> |
| Net increase in cash and cash equivalents | 324,565 | (1,182,792) |
| Cash and cash equivalents at beginning of period | <u>3,302,902</u> | <u>4,485,694</u> |
| Cash and cash equivalents at end of period | <u>\$ 3,627,467</u> | <u>\$ 3,302,902</u> |

The accompanying notes are an integral part of the financial statements

THE SPRINGFIELD FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007

NOTE 1-ORGANIZATION

The Springfield Foundation, a charitable trust, is an Ohio not-for-profit corporation. The Foundation was established in 1948 for the purpose of financing charitable, benevolent or educational purposes in Springfield and Clark County, Ohio. The Springfield Foundation raises, strengthens, and distributes permanent charitable funds to benefit Clark County. The Foundation is primarily supported by local charitable giving, earnings on funds and long-term investments. It was determined to be exempt from federal income tax under the provisions of section 501(c)(3) of the Internal Revenue Code of 1986 (the Code) and has been classified as an organization which is not a private foundation as defined in sections 509(a)(1) and 170(b)(1)(A)(vi) of the Code.

The Foundation receives its primary support from individuals and estates in Springfield and Clark County donating to the organization.

NOTE 2-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of The Springfield Foundation have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Basis of Presentation

Financial statements presentation follows the recommendations of the Financial Accounting Standards Board in its Statements of Financial Accounting Standards (SFAS) No. 117, Financial Statements for Not-for-Profit Organizations. Under SFAS No. 117, The Springfield Foundation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Effective March 31, 2002, the Springfield Foundation adopted SFAS No. 136, *Transfers of Assets to a Not-For-Profit Organization That Raises or Holds Contributions for Others*. The Foundation is required to recognize the fair value of assets held to benefit another organization as a liability.

**THE SPRINGFIELD FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007**

NOTE 2-SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures 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. Estimates are used in calculating the present value of the payments expected to be made to beneficiaries relating to charitable gift annuity agreements.

Restricted and Unrestricted Revenue and Support

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support 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 purpose of the restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statements of Activities as net assets released from restrictions.

Cash and Cash Equivalents

For purposes of the Statements of Cash Flows, The Springfield Foundation considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Income Taxes

The Springfield Foundation has been granted tax-exempt status under section 501(c)(3) of the Internal Revenue Code and is, therefore, generally exempt from federal and state income taxes. The Springfield Foundation qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2).

Advertising/Promotions

Advertising/promotional costs, which are principally included in programmatic expenses, are expensed as incurred. Advertising/promotion expense was \$4,661 the year ended December 31, 2008 and \$5,859 for the year ended December 31, 2007.

**THE SPRINGFIELD FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007**

NOTE 2-SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments

The Springfield Foundation records investments in marketable securities with readily determinable market values and all investments in debt securities at their fair value. Unrealized gains and losses are included in the change in net assets in the accompanying statements of activities.

Gains and losses and investment income derived from investments, receivables, and the like are accounted for as unrestricted, temporarily restricted, or permanently restricted based on restrictions, if any, imposed by donors.

The Foundation invests in a hedge mutual fund to reduce the risk of market price fluctuation of certain investments. This hedge mutual fund is not designated as or accounted for as a hedge.

Fair Value of Financial Instruments

The carrying amounts of financial instruments including cash, gifts receivable and accounts payable approximated fair value as of December 31, 2008 and 2007. The carrying values of investments are generally based upon quoted market prices as of December 31, 2008 and 2007.

Investment in a Limited Liability Company

It is not practicable to estimate the fair value investment in a limited liability company because there is no established market for these investments and it is inappropriate to estimate future cash flows, which are largely dependent upon economic development.

Promises to Give

Unconditional promises to give are recognized as receivables and as revenues in the period in which The Springfield Foundation is notified by the donor of his or her commitment to make a contribution. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

**THE SPRINGFIELD FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007**

NOTE 2-SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment

Property and equipment are recorded at cost and depreciated using the straight-line method over the estimated useful lives of the assets (5 to 10 years). It is the Foundation's policy to expense equipment with initial cost of less than \$1,000. Depreciation expense was \$4,393 and \$5,152 in 2008 and 2007 respectively.

Leasehold improvements are amortized over their estimated useful life of 15 years using the straight line method. Amortization was \$1,726 in 2008 and 2007.

Funds

Unrestricted Funds

Operating - Incurs administrative costs in the operation of the organization's office, as well as facilitates all fixed assets and the related depreciation.

Discretionary Funds - Recipients selected by the Foundation

Temporarily Restricted Funds

Donor Designated Funds - Recipients designated by the donor in the instrument of conveyance.

Scholarship Funds - Benefiting students attending high school and college.

Field-of-Interest Funds - Benefiting activities preferred by donors.

Donor Advised Funds - Recipients recommended by the donor, with the final decision made by the Foundation.

The Penwell Trust Fund was organized as 509(a)(3) supporting organizations of the Springfield Foundation. It operates exclusively for the charitable and educational purposes of The Springfield Foundation. It is included in scholarship funds.

Permanently Restricted Funds

There are no permanently restricted funds.

**THE SPRINGFIELD FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007**

NOTE 2-SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Total Return Policy

As of April 1, 1998, the Foundation has adopted the total return policy, which utilizes a spending policy to allocate spendable grant balances. The current spending policy makes available on an annual basis a percentage of the 12-quarter moving average of the principal value of the Funds. The percentage is calculated at the end of the Foundation's fiscal year and is allocated among each Fund based upon each Fund's proportionate share of the total principal value at December 31. This establishes a spending budget for the upcoming year.

Unit Share Allocation

The donations received are compared with the current market value of all the funds and a "daily unit value" is assigned. The "daily unit value" is the basis for allocating income, realized gains or losses and unrealized gains or losses.

NOTE 3-GROWTH

Partners in Philanthropy, an auxiliary organization comprised of interested individuals, was created in 1995 to interpret the role of The Springfield Foundation as well as to increase its visibility. The auxiliary's administrative and promotional costs are covered by the dues contributed by the Partners.

NOTE 4 -LIFE INSURANCE AND ANNUITIES

The Springfield Foundation has received donations of life insurance policies and annuities on the lives of local residents as of December 31, 2008 and 2007. The fair value is the surrender value at December 31, 2008 and 2007 was \$96,062 and \$119,352, respectively.

**THE SPRINGFIELD FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007**

NOTE 5 -INVESTMENTS

Investments are initially recorded at cost when purchased or at fair market value at date of gift.

| | Cost <u>12/31/08</u> | Market Value at <u>12/31/08</u> |
|------------------------|-------------------------|---------------------------------------|
| Certificate of deposit | \$ 193,863 | \$ 193,863 |
| Bonds and notes | 9,129,555 | 8,834,660 |
| Corporate stocks | 25,987,531 | 20,739,402 |
| Partnerships | <u>365,837</u> | <u>238,748</u> |
| Total | <u>\$ 35,676,786</u> | <u>\$ 30,006,673</u> |

| | Cost <u>12/31/07</u> | Market Value at <u>12/31/07</u> |
|------------------------|-------------------------|---------------------------------------|
| Certificate of deposit | \$ 187,470 | \$ 187,470 |
| Bonds and notes | 10,093,548 | 9,567,275 |
| Corporate stocks | 22,316,745 | 27,668,569 |
| Partnerships | <u>20,724</u> | <u>21,910</u> |
| Total | <u>\$ 32,618,487</u> | <u>\$ 37,445,224</u> |

Bonds with a market value of \$170,540 and \$155,568 at December 31, 2008 and 2007 are restricted for use by two charities.

Due to the continued downturn of the stock market at the time of the issuance of these financial statements, the investments have a fair market value that is less than their value at December 31, 2008. The amount of this unrealized loss cannot be reasonably determined due to the daily changes in the market.

NOTE 6-EQUIPMENT AND LEASEHOLD IMPROVEMENTS

Depreciation is calculated using the straight-line method over the useful life. Depreciation expense for the years ended December 31, 2008 and 2007 was \$4,393 and \$5,152, respectively. Amortization of leasehold improvements is calculated using the straight-line method over 15 years. Amortization expense for the years ended December 31, 2008 and 2007 was \$1,726 in each year.

THE SPRINGFIELD FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007

NOTE 6-EQUIPMENT AND LEASEHOLD IMPROVEMENTS (CONTINUED)

Furniture and equipment, net of depreciation is summarized as follows:

| | <u>12/31/08</u> | <u>12/31/07</u> |
|--------------------------------|------------------|------------------|
| Furniture and equipment | \$ 99,151 | \$ 94,753 |
| Less: accumulated depreciation | (87,914) | (83,521) |
| Net | <u>\$ 11,237</u> | <u>\$ 11,232</u> |

Leasehold improvements, net of depreciation is summarized as follows:

| | <u>12/31/08</u> | <u>12/31/07</u> |
|--------------------------------|------------------|------------------|
| Leasehold improvements | \$ 25,890 | \$ 25,890 |
| Less: accumulated depreciation | (12,369) | (10,643) |
| Net | <u>\$ 13,521</u> | <u>\$ 15,247</u> |

NOTE 7-CUSTODIAL LIABILITY

The Springfield Foundation holds and disburses funds as an agent or trustee for several organizations. During the years ended December 31, 2008 and 2007, the following transactions occurred:

| | <u>12/31/08</u> | <u>12/31/07</u> |
|--|----------------------|--------------------|
| Contributions | \$2,118,843 | \$5,202,294 |
| Interest Income | 165,312 | 180,299 |
| Dividend income | 264,748 | 169,175 |
| Capital gain income | 65,247 | 0 |
| Realized gain (loss) on investments | (265,028) | 271,292 |
| Unrealized gain (loss) on investments | (3,866,596) | (180,903) |
| Total received on behalf of agency Organizations | (1,517,474) | 5,642,157 |
| Grants distributed | 552,193 | 564,685 |
| Trust and administration fees | <u>139,621</u> | <u>54,210</u> |
| Total disbursed on behalf of agency Organizations | <u>691,814</u> | <u>628,895</u> |
| Net increase (decrease) | <u>(\$2,209,288)</u> | <u>\$5,013,262</u> |

THE SPRINGFIELD FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007

NOTE 8-TRANSFERS

During the years ended December 31, 2008 and 2007, the temporarily restricted fund and agency funds transferred \$407,781 and \$399,798, respectively, to the unrestricted fund to cover administrative costs incurred by the Foundation.

NOTE 9-CREDIT RISK

The Foundation maintains cash and investment balances at five financial institutions. An account at a sixth financial institution was closed during 2008. These financial institutions are located in Ohio.

Bank accounts are insured by the Federal Deposit Insurance Corporation up to \$250,000 at December 31, 2008 and \$100,000 at December 31, 2007. At December 31, 2008 and 2007, the Foundation had uninsured cash balances totaling \$862,594 and \$1,974,322.

Investment accounts are insured by the Securities Investors Protection Corporation up to \$10,000,000 for brokerage firms. At December 31, 2008 and 2007, the Foundation had no uninsured balances in brokerage accounts.

NOTE 10-LEASE COMMITMENTS

The Foundation leases office space. At December 31, 2008 and 2007, the Foundation lease is month-to-month. At December 31, 2008 and 2007 the monthly rent was \$1,538. Rent expense was \$18,820 and \$17,267 for the years ending December 31, 2008 and 2007.

The Foundation leases office equipment under an operating lease, which expires in August 2012. Minimum future lease payments required under this lease as of December 31, 2008 are as follows:

| | |
|------|---------|
| 2008 | \$2,760 |
| 2009 | \$2,760 |
| 2010 | \$2,760 |
| 2011 | \$2,760 |
| 2012 | \$1,840 |

**THE SPRINGFIELD FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007**

NOTE 11-PENSION PLAN

The Foundation maintains a qualified cash or deferred compensation plan under section 403(b) of the Internal Revenue Code. This plan began during the year ended March 31, 2002. Under the plan, full time employees who meet length-of-service requirements may elect to defer a portion of their salary, subject to statutory limits.

The Foundation also maintains a SEP plan, which began during the year ended March 31, 2001. During the years ended December 31, 2008 and 2007, \$11,191 and \$12,730 was allocated to contributions.

NOTE 12-RELATED PARTY

The Foundation purchased health insurance and retirement benefits through an agent who is also a member of the Board of Trustees. The insurance and benefit cost for the years ended December 31, 2008 and 2007 was \$39,530 and \$40,747.

During the years ended December 31, 2008 and 2007, property, bonding and D & O insurance totaling \$4,045 and \$3,670 was purchased from an agent who is a member of the Board of Trustees.

During the years ended December 31, 2008 and 2007, an attorney who is a member of the Board of Trustees was consulted. These legal costs totaled \$265 and \$3,664.

During the year ended December 31, 2008, an individual who is a relative of a member of the Board of Trustees was consulted for web page services totaling \$425.

Members of the Board of Trustees are officers of financial institutions where the Foundation holds significant investments.

A member of the Board of Trustees is related to the trust officer overseeing the Foundation's investments at a financial institution.

Members of the Board of Trustees and two employees of the Foundation are related to individuals who have established Funds with the Foundation.

**THE SPRINGFIELD FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007**

NOTE 13-ECONOMIC DEPENDENCE

The Foundation receives the majority of its contributions from the Springfield and Clark County community; therefore the Foundation is dependent upon the economy of the area for future contributions.

The Foundation's operating budget is supported through endowment earnings; therefore the Foundation is dependent on financial markets and the United States economy for growth of the current endowments and funding of the operating budget.

NOTE 14-SIGNIFICANT EVENT

In February 2007, the Foundation's Executive Director left her position. A severance package was negotiated with her and was paid in 2007.

NOTE 15-RECLASSIFICATIONS

Certain reclassifications have been made to the prior period financial statements in order to make them conform to the classifications used for the current year.

INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTAL INFORMATION

Our report on our audit of the basic financial statements of The Springfield Foundation for December 31, 2008 and 2007 appears on page one. We conducted our audit in accordance with auditing standards generally accepted in the United States of America for the purpose of forming an opinion on the basic financial statements taken as a whole. The supporting schedules are presented for the purpose of additional analysis and are not a required part of the basic financial statements. This additional information has been subjected to the procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Taylor, Applegate, Hughes & Assoc., Ltd.

Taylor, Applegate, Hughes and Associates, LTD
March 2, 2009

**THE SPRINGFIELD FOUNDATION
SCHEDULE OF EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007**

| | 2008 | 2007 |
|--|-------------------|-------------------|
| Personnel Expenses | | |
| Salary and wages | \$ 225,442 | \$ 236,551 |
| Benefits | 38,228 | 33,813 |
| Taxes | <u>17,834</u> | <u>20,161</u> |
| Total personnel expenses | 281,504 | 290,525 |
| | | |
| Operating Expenses | | |
| Rent | 18,820 | 17,267 |
| Telephone | 1,577 | 1,777 |
| Equipment | 11,509 | 10,808 |
| Insurance | 4,045 | 3,670 |
| Memberships | 14,087 | 8,046 |
| Training | 10,455 | 11,848 |
| Legal | 9,779 | 9,027 |
| Accounting, audit, and payroll services | 13,440 | 12,490 |
| Office supplies, stationary, and postage | 11,880 | 11,757 |
| Other administrative expenses | 14,579 | 19,035 |
| Depreciation expense | <u>6,119</u> | <u>6,878</u> |
| Total operating expenses | 116,290 | 112,603 |
| | | |
| Programmatic Expenses | | |
| African American committee expenses | 5,412 | 7,573 |
| Board governance | 768 | 605 |
| Development committee | 38,948 | 45,450 |
| Distribution committee | 3,782 | 698 |
| Scholarship committee expenses | <u>3,777</u> | <u>378</u> |
| Total programmatic expenses | <u>52,687</u> | <u>54,704</u> |
| | | |
| TOTAL | <u>\$ 450,481</u> | <u>\$ 457,832</u> |

The accompanying notes are an integral part of the financial statements