



**COBB COMMUNITY
FOUNDATION**
A Strong Foundation Builds a Strong Community
For Good. Forever.

Fall 2009

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Navigating the New Normal

Robert R. Kiser, CPA • Partner, Moore Colson



In these turbulent times that some have termed “The New Normal,” we are all experiencing dramatic changes in how our communities, our regions, and even our country functions. So it is especially heartening to know that, according to the Giving USA 2008 report released in June, 2009, charitable giving by individuals and corporations in 2008 exceeded \$307 billion dollars, which was only a 2% decrease from the previous year. Even more significant is that this level of giving was occurring while the U.S. was mired in the worst recession since the Great Depression. **Individuals still comprise the largest group of charitable contributions, and those gifts totaled an estimated \$229.28 billion, or 75% of the total giving in the U.S.**

The Cobb Community Foundation (CCF) reflects many, but not all, of these same factors. One important difference is that both the total number of CCF donors as well as the total number of CCF Funds has continued to grow throughout 2008 and 2009. **Additionally, total grants distributed from all of the CCF Funds in 2009 are projected to reach and possibly exceed \$1MM dollars – a new CCF benchmark, despite the negative impact of the economy on our investment portfolio.** The good news is that the financial markets have been steadily improving over the last two quarters, and we’re hoping to end the year with positive returns on all of our Funds.

Community Foundations take pride in being the charitable giving partner for their donors, and working with them and their families in implementing specific giving plans. Establishing a CCF Fund is a very “user-friendly” process in which the donor or donors decide on the name of their Fund (including “Anonymous” if the donors wish to be protected from all recognition), the mission of the Fund, a succession plan, and what type of asset will be used to open the Fund.

Almost any kind of asset can be used to open a Fund – including cash, securities, real estate, life insurance, tangible personal property, and private foundation assets. Each gift is fully tax-deductible to the donor under CCF’s 501 c-3 tax status, and grants from donors’ Funds can be made as often as weekly. CCF handles all of the administrative functions, including investment management, regular reports to donors and the IRS, and assistance with grantmaking. Let us know how we can help you, your family, your business, or service organization whenever you’re ready for a charitable giving partner like CCF!

 Community Foundations 

~ Connecting People Who Care with Causes That Matter ~

Gifts of Appreciated Property

— Benefits and Savings for Donating Stock

Rick Hamilton, CCF Board Member • Principal, HLB Gross Collins, PC

With the end of tax year just around the corner, the time is right to review opportunities to deduct charitable contributions. Consider the benefits of **gifts of appreciated property**. Generally, a gift of appreciated property (such as stock) to a qualified charitable organization is deductible to the extent of the fair market value (FMV) of the property at the time of the gift. The appreciation in the property escapes tax.

Assume you wish to make a significant gift and you own stock that was acquired many years ago at a cost of \$10,000, which is now worth \$50,000. You could sell the stock and write a check to the organization for the amount of the after-tax proceeds or you could make a gift of the stock itself. By *selling* the stock, you will have to pay 20% tax on the \$40,000 capital gain which would equal \$8,000. Therefore, after paying the taxes you have \$42,000 to give the charity and you will get a tax savings of \$16,800 (40% of the \$42,000).

However, if you *donate* the stock at FMV of \$50,000 the charity ends up with the full \$50,000 and you get a tax savings of \$20,000 (40% of \$50,000). The net result is that the charity gets \$8,000 more, and you get the greater tax savings.

A bargain sale of appreciated property can also provide a tax benefit. The charitable deduction is determined as

the difference between the selling price and the fair market value of the property. The taxable gain is determined by prorating the basis in the property between the portion “sold” and the portion “gifted.”

The deduction for contributions of appreciated property by an individual is limited to 30% of adjusted gross income for the year. Certain exceptions apply to the ability to deduct the fair market value of property. For example, a contribution of tangible personal property is deductible only to the extent of the taxpayer’s basis in the property unless the recipient uses the property in furtherance of its exempt purpose.

Deducting appreciated property can be a win-win and should be considered as a valuable tax-saving opportunity.

Accrual by C corporation. Accrual basis Subchapter C corporations may accelerate the deduction for contributions made after year-end. The board of directors must authorize the contribution during the tax year, and the payment must be made by March 15 of the following year for calendar year corporations. The tax return must include a declaration signed by a principal officer and a copy of the board resolution.



Capital Markets Review—Third Quarter, 2009

**By Ernie Montford, President of Montford Associates
Independent Investment Consultant for The Community Foundation for
Cobb County and The Community Foundation for Northeast Georgia**

In early March the stock market reversed its downward spiral after six consecutive quarters of decline. Since then the S&P 500 Stock Index average has gained more than 50% from the low. Presently the stock market is up 15% for the year. The extent of the rebound has caught many investors (including us) by surprise.

The Cobb Community Foundation investments have added value in this period. Through 7-30-09 the fund return was +5.7%. The full third quarter will disclose a considerable increase in value for Cobb. The addition of Bay Resources as a new manager in early July has been very rewarding as the return is over +20% so far.

At this juncture the Dow Jones Industrial Average is over 9800. Quarterly earnings reports are again exceeding expectations. However the economic private and public debt issue remains. Bank lending has been contracting in spite of the Federal Reserve’s efforts to encourage banks to lend so the economic recovery is struggling to get started. We are grateful for the markup in stocks since March but remain cautious.

Ernie Montford has more than 30 years of experience in the investment business. His firm concentrates exclusively on investment consulting to institutional funds and accepts fees only from their clients. Ernie works closely with the Community Foundations’ Investment Committee and all reports are overseen by the Boards of both Foundations.



Consultants to Corporations,
Endowments, Foundations,
and Charitable Institutions.

DONOR SPOTLIGHT ON

Joni House — The Canopy Fund

Joni is a well-known Cobb County businesswoman who runs her own management consulting firm, The Grayfen Group, and also works tirelessly as a land conservation advocate. She is a co-founder of the Friends of Hyde Farm, a Cobb citizens organization which was a key player in completing the preservation of Hyde Farm in East Cobb, and she has served two terms as a member of the Cobb Parks Bond Citizens Committee helping the county select the best greenspace parcels to purchase with public bond funds. Her love of nature is evident in every part of her life from her community service to her recreational time. It was “natural” for her to create a Donor Advised Fund dedicated to helping learners of all ages develop a love for nature and the skills to conserve it by “funding projects that provide hands-on outdoor learning opportunities in environmental education, life sciences, earth sciences, river/water studies and conservation.” Joni researched several options for how to implement her plans for her philanthropic legacy before making the decision to establish her Fund at the Cobb Community Foundation. She appreciated the many services that CCF offers its donors, including insuring the permanence of her legacy, all of the administrative functions of grant-making, investment management, and quarterly donor reports. CCF is especially pleased to welcome Joni and The Canopy Fund to our family of philanthropists!



The Jean Simmons After-Divorce Scholarship Fund



CCF Donor Jean Simmons, first row, center; and CCF Executive Director, Sue Wootton, second row center, congratulate Jean Simmons Scholarship winners: first row left: Christine Longwell, Jennifer Shifflett, and Cherie Brackett

The Cobb Community Foundation (CCF) was pleased to partner with Donor Jean Simmons to award a 5th annual round of After-Divorce Scholarships to three deserving young women to assist them in completing their education. Jean understands very well the difficulties faced by single mothers – or fathers - with young children to raise while trying to finish their own education and job training. Her Scholarship Fund is a direct result of her personal experience as a young, divorced mother with four young children. While she was building her outstanding career as a real-estate agent in Cobb County, Jean knew that she wanted to develop a scholarship program for other young, divorced persons, but rather than start a private foundation which is burdened with many IRS requirements and policies, she turned to CCF for assistance in establishing her Fund.

As a 501c-3 public charity, CCF handles all of the administration, investment management, and grantmaking functions, thereby enabling donors to concentrate on their main interests – their philanthropic goals and grants.



Did You Know?

Walter Cronkite, often called “the most trusted man in America,” was also a community foundation donor. When it came to charitable giving, Walter Cronkite trusted a community foundation to handle his grantmaking through a Donor-Advised Fund to the many organizations he and his family supported. And he knew that, after his death in July, 2009, his succession plans for his Donor Advised Fund would be carried out exactly according to his wishes. A community foundation makes a trusted partner for both current and future charitable giving.



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Mission: To strengthen our community by assisting donors with their charitable giving;
To attract and manage charitable funds; To make effective grants;
To provide leadership to address community needs.



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FOUNDATION

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Community Foundations
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