

The Byerly Foundation
Hartsville, South Carolina

Audited Financial Statements
As of and for the Years ended
September 30, 2009 and 2008

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The Byerly Foundation
Hartsville, South Carolina
(a non-profit organization)

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Independent Auditors' Report

To the Board of Directors
The Byerly Foundation
Hartsville, South Carolina

We have audited the accompanying statements of financial position of The Byerly Foundation (a non-profit organization) as of September 30, 2009 and 2008, and 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 audit.

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 audits 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 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 Byerly Foundation as of September 30, 2009 and 2008, and the results of its activities, and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Moore Beuston & Woodham L.L.P.

Hartsville, South Carolina
February 19, 2010



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The Byerly Foundation
 Statements of Financial Position
 As of September 30,

	2009	2008
<u>Assets</u>		
Cash and cash equivalents	\$ 496,509	\$ 1,044,456
Investments, at fair value	19,551,276	20,874,922
Prepaid assets	12,352	16,602
Property and equipment, net	173,240	186,070
Total Assets	\$ 20,233,377	\$ 22,122,050
<u>Liabilities</u>		
Accounts payable and accrued expenses	7,461	21,945
Grants payable	1,438,627	402,160
Total liabilities	1,446,088	424,105
<u>Net assets</u>		
Unrestricted	18,787,289	21,697,945
Total Liabilities and Net Assets	\$ 20,233,377	\$ 22,122,050

See accompanying notes and independent auditors' report.

The Byerly Foundation
 Statements of Activities
 For the Years ended September 30,

	2009	2008
Revenues, Gains, and Other Support		
Investment income	\$ 540,411	\$ 776,269
Realized (losses) gains on sale of investments	(2,194,557)	195,260
Unrealized gains (losses) gains investments	693,378	(4,071,797)
Gain on disposal of property	38,000	-
Total Revenues, Gains, and Other Support	(922,768)	(3,100,268)
Expenses		
Program services		
Grants and awards	1,729,486	1,201,683
Community relations expense	17,124	151,550
Salaries and payroll taxes	49,403	49,755
Legal and professional	17,017	7,564
Utilities and phone	6,703	5,337
Insurance	4,701	9,421
Office supplies and operating expenses	7,744	7,348
Repairs and maintenance	1,966	1,389
Community survey	-	3,250
Printing	149	1,905
Other program related expenses	80	190
Miscellaneous	1,791	2,514
Total program services	1,836,164	1,441,906
Management and supporting services		
Legal and professional	381	5,746
Salaries and payroll taxes	21,173	20,415
Utilities and phone	2,873	2,972
Travel and seminars	2,075	2,193
Investment related expense	93,988	143,962
Office supplies and operating expenses	5,331	5,595
Miscellaneous	8,700	2,407
Repairs and maintenance	1,068	790
Licenses, fees, and taxes	2,054	2,003
Depreciation	9,831	10,216
Federal excise tax	4,250	8,478
Total management and supporting services	151,724	204,777
Total Expenses	1,987,888	1,646,683
(Decrease) Increase in Net Assets	(2,910,656)	(4,746,951)
Unrestricted Net Assets at Beginning of Year	21,697,945	26,444,896
Unrestricted Net Assets at End of Year	\$ 18,787,289	\$ 21,697,945

See accompanying notes and independent auditors' report.

The Byerly Foundation
 Statements of Cash Flows
 For the Years ended September 30,

	2009	2008
Cash Flows from Operating Activities:		
Change in net assets	\$ (2,910,656)	\$ (4,746,951)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	9,831	10,216
Disposal of property, net	2,999	-
Realized and unrealized losses (gains) on investments, net	1,501,179	3,876,537
(Increase) decrease in prepaid expenses	4,250	(16,602)
(Decrease) increase in grants payable	1,036,467	(256,012)
Increase (decrease) in accounts payable and accrued expenses	(14,484)	20,251
Net cash (used) provided by operating activities	(370,414)	(1,112,561)
Cash Flows from Investing Activities:		
Decrease (increase) in investments	(177,533)	880,194
Net cash provided by investing activities	(177,533)	880,194
Net increase (decrease) in cash and cash equivalents	(547,947)	(232,367)
Cash and cash equivalents at beginning of year	1,044,456	1,276,823
Cash and cash equivalents at end of year	\$ 496,509	\$ 1,044,456
Supplemental Data:		
Cash paid for federal excise tax	\$ -	\$ 25,088

See accompanying notes and independent auditors' report.

The Byerly Foundation
Notes to the Financial Statements
September 30, 2009 and 2008

Note 1 - Summary of Significant Accounting Policies

Nature of Operations

The Byerly Foundation, the "Foundation" was formed for the purpose of serving the charitable needs and interests of the Hartsville, South Carolina community and surrounding area, and to benefit and promote the well being of the people who reside primarily in the principal community.

The Foundation began operations on September 1, 1995, as a result of the sale of certain assets of The Byerly Hospital to Hartsville H.A., Inc., a wholly owned subsidiary of Health Management Associates, Inc. Hartsville H.A. purchased all assets of the Hospital excluding cash, cash equivalents, investments, land, building, and building improvements and assumed certain liabilities included in the Hospital's statement of financial position as of August 31, 1995. Effective with the sale of these assets of the Hospital, the Hospital changed the name of the entity to The Byerly Foundation.

The Foundation's goal is to serve the charitable needs and interests of the Hartsville, South Carolina community and surrounding area. The Foundation makes grants to exempt organizations under section 501 (c) (3) of the Internal Revenue Code and the area schools. The grants are approved by the Board of Trustees. Its revenues are derived from financial investments of the Foundation.

Basis of Accounting

The accounts of the Foundation are maintained and the financial statements are prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Display of Net Assets by Class

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the Organization 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.

The Byerly Foundation
Notes to the Financial Statements (continued)
September 30, 2009 and 2008

Note 1 - Summary of Significant Accounting Policies (continued)

Cash Equivalents

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

Investments

Generally accepted accounting principles require that nonprofit organizations report certain investments at fair value. In accordance with that guidance, The Foundation accounts for its marketable equity and debt securities at fair value. Information about the fair value of investments and the unrealized gains and losses is discussed in Note 3.

Property, Furniture and Equipment

Property and equipment are stated at cost. Depreciation is provided using the straight line method. The Foundation has no formal capitalization policy other than assets with a life greater than one year are capitalized.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Income Taxes

The Foundation is exempt from federal income taxes under Section 501(a) of the Internal Revenue Code (IRC). The Code imposes an excise tax of 1% on net investment income of private foundations.

Subsequent events

Subsequent events have been evaluated through February 19, 2010, which is the date the financial statements were available to be issued.

Note 2 - Concentration of Credit Risk

Financial instruments that potentially subject the Foundation to concentrations of credit risk consist principally of cash, marketable securities and other investments with high-quality financial institutions; however, cash balances may periodically exceed federally insured limits. Marketable securities are generally placed in mutual funds administered by an investment manager in order to limit credit risk.

The Byerly Foundation
Notes to the Financial Statements (continued)
September 30, 2009 and 2008

Note 3 - Investments

Investments are reported on the basis of quoted market prices. The Foundation's unrestricted investments at September 30, 2009 and 2008 consisted of the following:

	2009		2008	
	Cost	Fair Value	Cost	Fair Value
Government securities	\$ 3,352,904	\$ 3,521,903	\$ 3,340,236	\$ 3,379,999
Corporate bonds	2,158,940	2,322,634	2,100,097	2,039,609
Equities	1,558,810	1,562,004	7,198,401	6,790,929
Mutual Funds/CEF/UIT	6,342,980	5,801,537	4,606,169	3,451,788
Other	6,506,419	6,288,821	4,803,289	5,153,576
Accrued interest		54,377		59,021
	\$ 19,920,053	\$ 19,551,276	\$ 22,048,192	\$ 20,874,922

Investment securities are exposed to various risks, such as interest rate, market risk, and credit risk. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in risks in the near term would materially affect the amounts reported in the statement of financial position.

Investment charges with Merrill Lynch are shown separately on the Statement of Activities as investment related expense. The charges consist of the following for 2009 and 2008:

	2009	2008
Foreign taxes	\$ 2,225	\$ 5,947
Fees	73,930	121,069
Amortization	17,833	16,946
	\$ 93,988	\$ 143,962

The Byerly Foundation
Notes to the Financial Statements (continued)
September 30, 2009 and 2008

Note 3 - Investments (continued)

Investment return is summarized as follows:

	2009	2008
Investment income	\$ 540,411	\$ 776,269
Net realized (losses) gains	(2,194,557)	195,260
Net unrealized (losses) gains	693,378	(4,071,797)
	<u>\$ (960,768)</u>	<u>\$ (3,100,268)</u>

Note 4 – Fair Value Measurements

Financial Accounting Standard Board No. 157, *Fair Value Measurements*, was adopted by the Foundation on October 1, 2008 and establishes a framework for measuring fair value of investments. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, and Level 3 inputs consist of unobservable inputs and have the lowest priority. No Level 2 or Level 3 inputs were available to the Foundation at September 31, 2009 or 2008.

The Foundation's investments are reported at fair value in the accompanying statements of financial position based upon quoted net asset value of the shares held by the Foundation at September 31, 2009 and 2008. They are as follows:

Description	Quoted Prices in Active Markets for Identical Assets (Level 1)		Significant Other Observable Inputs (Level 2)		Significant Unobservable Inputs (Level 3)	
	2009	2008	2009	2008	2009	2008
Government Securities	\$ 3,521,903	\$ 3,379,999	\$ -	\$ -	\$ -	\$ -
Corporate Bonds	2,322,634	2,039,609	-	-	-	-
Equities	1,562,004	6,790,929				
Mutual Funds/CEF/UIT	5,801,537	3,451,788				
Other	6,343,198	5,212,597	-	-	-	-
Total	<u>\$ 19,551,276</u>	<u>\$ 20,874,922</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The Byerly Foundation
Notes to the Financial Statements (continued)
September 30, 2009 and 2008

Note 5 - Property, Plant and Equipment

Property, furniture, and equipment include the following at September 30, 2009 and 2008:

	2009	2008
Land and land improvements	\$ 45,279	\$ 48,278
Buildings	251,385	251,385
Equipment	46,126	46,126
	<u>342,790</u>	<u>345,789</u>
Less accumulated depreciation	<u>(169,550)</u>	<u>(159,719)</u>
Net property, furniture, and equipment	<u>\$ 173,240</u>	<u>\$ 186,070</u>

Note 6 - Grants Payable

Grants payable in more than one year are discounted to their present value at the time the grants are made using an interest rate of 3%. Grants payable at September 30, 2009 and 2008 are summarized as follows:

	2009	2008
Payable in less than one year	\$ 743,637	\$ 281,726
Payable in one to five years	722,000	126,930
Grants authorized but unpaid	1,465,637	408,656
Less discounts on long term grants payable	<u>(27,010)</u>	<u>(6,496)</u>
Net grants authorized but unpaid	<u>\$ 1,438,627</u>	<u>\$ 402,160</u>

Grants and awards expense for each year are calculated as follows:

	2009	2008
New grants authorized	\$ 1,750,000	\$ 1,184,251
Net change in present value	(20,514)	17,432
Refunded or unused grant	-	-
	<u>\$ 1,729,486</u>	<u>\$ 1,201,683</u>

Note 7 - Net Assets

Due to the lack of donor-imposed restrictions, the Foundation's net assets are all considered unrestricted.

The Byerly Foundation
Notes to the Financial Statements (continued)
September 30, 2009 and 2008

Note 8 - Retirement Plan

The Byerly foundation is responsible for the Byerly Hospital's voluntary – fixed tax deferred annuity retirement plan. This plan was the plan that the hospital had when it existed. When the hospital's assets were transferred to the foundation, the retirement plan assets were included. The effective date of the plan was January 1, 1990. An annual 5500 form is filed each year. During the year, the Foundation resolved to terminate the plan. The plan was terminated after the fiscal year end.
