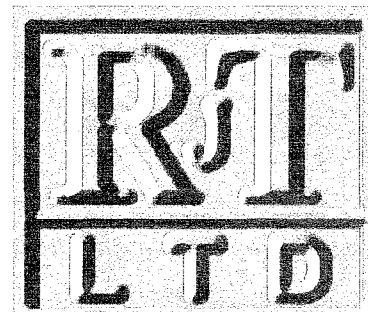


THE AMERICAN CENTER FOR PHILANTHROPY

FINANCIAL STATEMENTS

DECEMBER 31, 2008 AND 2007

Ryan J. Terry, LTD.
Certified Public Accountants
550 Main Street, Suite 220
St. Paul, Minnesota 55112
651-636-3806



THE AMERICAN CENTER FOR PHILANTHROPY, INC.

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CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT

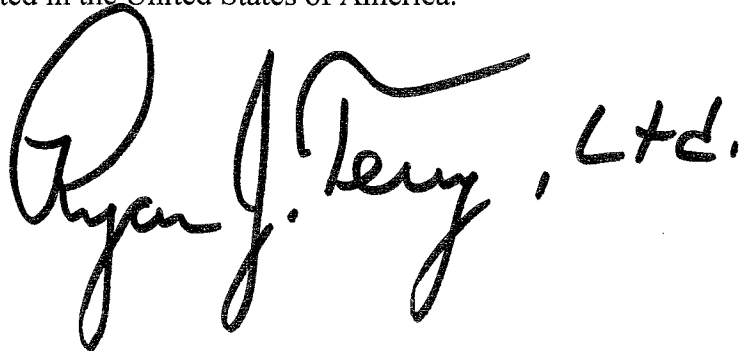
Board of Directors
The American Center for Philanthropy, Inc.
Northfield, Minnesota

We have audited the accompanying statements of financial position of The American Center for Philanthropy, Inc. as of December 31, 2008 and 2007, and the related statements of activities, functional expenses, and 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 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 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 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 The American Center for Philanthropy, Inc. as of December 31, 2008 and 2007, and the results of its activities and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

April 20, 2009

A handwritten signature in black ink that reads "Ryan J. Terry, Ltd." The signature is written in a cursive, flowing style.

THE AMERICAN CENTER FOR PHILANTHROPY, INC.

Statements of Financial Position

December 31, 2008 and 2007

	<u>2008</u>	<u>2007</u>
<u>ASSETS</u>		
Current Assets:		
Money market funds	\$ 784,283	1,242,203
Accounts receivable	3,350	2,136
Investments (note 2)	10,677,058	15,182,987
Land held for sale (note 4)	<u>133,125</u>	<u>153,625</u>
TOTAL ASSETS	\$ <u>11,597,816</u>	<u>16,580,951</u>
<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities:		
Accounts payable	\$ -	2,859
Grants payable	<u>4,250</u>	<u>-</u>
Total Current Liabilities	4,250	2,859
Unrestricted Net Assets	<u>11,593,566</u>	<u>16,578,092</u>
TOTAL LIABILITIES AND NET ASSETS	\$ <u>11,597,816</u>	<u>16,580,951</u>

See accompanying notes to financial statements.

THE AMERICAN CENTER FOR PHILANTHROPY, INC.

Statements of Activities
December 31, 2008 and 2007

	<u>2008</u>	<u>2007</u>
SUPPORT AND REVENUE:		
Contributions to donor advised funds	\$ 1,276,839	2,995,944
Investment income (loss), net (note 2)	(3,517,596)	684,847
Decrease in value of land held for sale	(20,500)	(23,875)
Special event, net	1,669	788
Total Support and Revenue	<u>(2,259,588)</u>	<u>3,657,704</u>
EXPENSES:		
Program	2,632,540	1,921,391
Support Services:		
Management & General	<u>92,398</u>	<u>94,145</u>
Total Expenses	<u>2,724,938</u>	<u>2,015,536</u>
CHANGE IN NET ASSETS	(4,984,526)	1,642,168
NET ASSETS - BEGINNING OF YEAR	<u>16,578,092</u>	<u>14,935,924</u>
NET ASSETS - END OF YEAR	<u>\$ 11,593,566</u>	<u>16,578,092</u>

See accompanying notes to the financial statements.

THE AMERICAN CENTER FOR PHILANTHROPY, INC.

Statements of Functional Expenses

December 31, 2008 and 2007

	2008			2007		
	Management &		2008	Management &		2007
	Program	General		Program	General	
Donor advised grants	\$ 2,579,569	-	2,579,569	1,865,272	-	1,865,272
Professional fees	47,855	89,707	137,562	53,279	90,686	143,965
Insurance	-	1,947	1,947	-	1,970	1,970
Miscellaneous	5,116	744	5,860	2,840	1,489	4,329
Total Expenses	\$ <u>2,632,540</u>	<u>92,398</u>	<u>2,724,938</u>	<u>1,921,391</u>	<u>94,145</u>	<u>2,015,536</u>

See accompanying notes to the financial statements.

THE AMERICAN CENTER FOR PHILANTHROPY, INC.

Statements of Cash Flows
December 31, 2008 and 2007

CASH FLOWS PROVIDED BY (USED FOR) OPERATING ACTIVITIES:	<u>2008</u>	<u>2007</u>
Change in Net Assets	\$ (4,984,526)	1,642,168
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by (Used For) Operating Activities:		
Unrealized losses on investments, net	3,895,462	880,282
Realized losses (gains) on sale of investments, net	69,120	(851,720)
Decrease in value of land held for sale	20,500	23,875
Change in Assets and Liabilities:		
Increase in accounts receivable	(1,214)	(606)
Decrease in accounts payable	(2,859)	(5,386)
Increase (decrease) in grants payable	4,250	(12,050)
Net Cash Provided By (Used For) Operating Activities	<u>(999,267)</u>	<u>1,676,563</u>
CASH FLOWS PROVIDED BY (USED FOR) INVESTING ACTIVITIES:		
Purchase of investments	(3,580,168)	(10,545,926)
Proceeds from sale of investments	4,121,515	7,449,494
Net Cash Provided By (Used For) Investing Activities	<u>541,347</u>	<u>(3,096,432)</u>
NET DECREASE IN CASH	(457,920)	(1,419,869)
CASH - BEGINNING OF YEAR	<u>1,242,203</u>	<u>2,662,072</u>
CASH - END OF YEAR	<u>\$ 784,283</u>	<u>1,242,203</u>

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

Cash is defined as cash held in money market funds.

See accompanying notes to the financial statements.

THE AMERICAN CENTER FOR PHILANTHROPY, INC.

Notes to Financial Statements

December 31, 2008 and 2007

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organizational Purpose

The American Center for Philanthropy, Inc. (the Center), is a non-profit organization established to increase charitable giving by providing donors with useful information, unbiased guidance, and advantageous ways to give. The mission of the Center is to support individuals, gatekeepers, and non-profit organizations in the transfer of social capital to a meaningful and effective purpose.

Basis of Presentation

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 Center 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. Presently, the Center has no temporarily or permanently restricted net assets.

Unrestricted, Temporarily Restricted and Permanently Restricted Revenue and Support

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted, depending on the existence and/or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

Restricted contributions whose restrictions are met in the same reporting period are recorded as restricted support and then released from restriction.

Donor Advised Grants

Donors are allowed to recommend a grant be made from their donor advised fund. The Board of Directors of the Center then approves or rejects the recommended grant. It is the policy of the Center that grants are to only be made to tax-exempt public charities or to U.S., state, or local government organizations qualified to receive tax-deductible charitable contributions, such as state colleges or universities.

THE AMERICAN CENTER FOR PHILANTHROPY, INC.

Notes to Financial Statements, Page Two

December 31, 2008 and 2007

(1) **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)**

Donated Material and Services

Donated material and services are recorded as a contribution when received, at their fair value, if significant and measurable. A number of volunteers have made significant contributions of time to the Center's program and support functions. The value of this contributed time does not meet the criteria for recognition of contributed services and, accordingly, is not reflected in the accompanying financial statements.

Grants Payable

Grants payable consist of grants approved by the Center in 2008, but not paid until 2009.

Income Tax

The Center has a tax-exempt status under Section 501(c)(3) of the Internal Revenue Code and Minnesota Statute 290.05. It has been classified as an organization that is not a private foundation under Section 509(a)(2) of the Internal Revenue Code and charitable contributions by donors are tax deductible.

It is the policy of the Center, in accordance with FASB Interpretation No. 48 (FIN 48) *Accounting for Uncertainty in Income Taxes*, to assess any uncertain tax positions and, if necessary, record a tax asset or liability, and the related income tax expense, for any uncertain tax positions. During 2008 and 2007, the Center did not have any uncertain tax positions or unrelated business income.

Functional Allocation of Expense

It is the Center's policy to allocate direct expenses to the specific functions of program, management and general, and fundraising. Expenses, other than salaries and related expenses, which are not directly identifiable by program or supporting services, are allocated based on the best estimates of management.

THE AMERICAN CENTER FOR PHILANTHROPY, INC.

Notes to Financial Statements, Page Three

December 31, 2008 and 2007

(1) **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)**

Concentrations of Credit Risk Due to Accounts Receivable

Financial instruments that potentially subject the Center to concentrations of credit risk consist of accounts receivable. Management believes concentrations of credit risk with respect to accounts receivable are limited in nature. Receivables consist of amounts owed for special events from individuals. As of December 31, 2008, management believes the Center has no significant concentrations of credit risk.

Special Event

The Center holds an annual Jingle Bell Run, which is a community function in which participants walk or run in 2K or 5K events. Gross proceeds from the event were \$6,461 and \$5,679 in 2008 and 2007, respectively.

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

(2) **INVESTMENTS**

Investments are recorded at fair value based on quoted market prices and consisted of the following at December 31, 2008 and 2007:

	<u>2008</u>	<u>2007</u>
Common Stock	\$ -	205,976
Equity Mutual Funds	6,405,979	10,427,501
Fixed Income Mutual Funds	695,532	629,732
Certificates of Deposit	222,680	-
Federal Home Loan Bank Obligations	<u>3,352,867</u>	<u>3,919,778</u>
Total	<u>\$ 10,677,058</u>	<u>15,182,987</u>

THE AMERICAN CENTER FOR PHILANTHROPY, INC.

Notes to Financial Statements, Page Four

December 31, 2008 and 2007

(2) **INVESTMENTS, (continued)**

The investments are subject to market and trading fluctuations. All investments are insured by the SIPC for up to \$500,000 per account held. Certificates of deposit are also insured by the FDIC for up to \$250,000 per institution. At December 31, 2008 the Center held four certificates of deposits with maturity dates ranging from twelve months to thirty-six months and interest rates ranging from 3.4% to 4.45%.

At December 31, 2008 and 2007, approximately 69% and 68%, respectively, of the Center's investments relate to two donor advised accounts. It is management's policy to report investments as current assets as the amount to be distributed in 2009 may vary depending of the level of grant requests from donor advisors and approvals by the Center. Subsequent to year end and as of March 31, 2009, the market value of the investments has decreased by approximately \$860,000.

Investment income consisted of the following at December 31, 2008 and 2007:

	<u>2008</u>	<u>2007</u>
Interest, Dividends, and Capital		
Gain Distributions	\$ 446,986	713,409
Realized Gains and (Losses), Net	(69,120)	851,720
Unrealized Gains and (Losses), Net	(3,895,462)	(880,282)
Total	\$ <u>(3,517,596)</u>	<u>684,847</u>

(3) **RELATED PARTY TRANSACTIONS**

The Center has entered into an agreement with Carlson Capital Management for administrative and investment services. Carlson Capital Management is to act as servicing agent, administrator, and investment manager of the Center. A board member of the Center is a shareholder of Carlson Capital Management.

Carlson Capital Management charges an annual administrative fee of \$200 for each donor advised account, and charges an annual investment advisory fee of 0.6%, which is charged quarterly and is based on the market value of the donor advised accounts. Fees paid for administrative services were \$24,350 and \$21,800 respectively, for 2008 and 2007. Fees paid for investment management were \$93,672 and \$96,408, respectively, for 2008 and 2007.

THE AMERICAN CENTER FOR PHILANTHROPY, INC.

Notes to Financial Statements, Page Five

December 31, 2008 and 2007

(4) **LAND HELD FOR SALE**

During 2006, the Center received a donation of a one-eighth interest in three pieces of land. The land had a total appraised value of \$1,420,000 on May 8, 2006. The Center's one-eighth interest was \$177,500. As of April 20, 2009, the land has not yet been sold. The Center has decreased its interest in the land to \$133,125, which management believes approximates its fair value based upon subsequent appraisals of two of the three pieces of land as of March 12, 2009.

(5) **FAIR VALUE MEASUREMENTS**

Fair values of assets measured on a recurring basis at December 31, 2008 and 2007 are as follows:

Fair Value Measurements at Reporting Date Using

	<u>Fair Value</u>	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<u>December 31, 2008</u>				
Investments	\$ 10,677,058	10,677,058	-	-
Land Held for Sale	<u>133,125</u>	<u>-</u>	<u>133,125</u>	<u>-</u>
	\$ <u>10,810,183</u>	<u>10,677,058</u>	<u>133,125</u>	<u>-</u>
<u>December 31, 2007</u>				
Investments	\$ 15,182,987	15,182,987	-	-
Land Held for Sale	<u>153,625</u>	<u>-</u>	<u>153,625</u>	<u>-</u>
	\$ <u>15,336,612</u>	<u>15,182,987</u>	<u>153,625</u>	<u>-</u>

Financial assets valued using level 1 inputs are based on unadjusted quoted market prices within active markets. Financial assets valued using level 2 inputs are based primarily on quoted prices for similar assets in active or inactive markets. Level 3 inputs are unobservable inputs for the asset or liability.