

COMMUNITY FOUNDATION OF GREATER GREENSBORO, INC.
AND COMBINED SUPPORTING ORGANIZATIONS

COMBINED FINANCIAL REPORT

YEARS ENDED DECEMBER 31, 2010
AND 2009



the**community**foundation

**COMMUNITY FOUNDATION OF GREATER GREENSBORO, INC.
AND COMBINED SUPPORTING ORGANIZATIONS
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Independent Auditor's Report

To the Board of Directors
Community Foundation of Greater Greensboro, Inc.
Greensboro, North Carolina

We have audited the accompanying combined statements of financial position of Community Foundation of Greater Greensboro, Inc. and Combined Supporting Organizations (the "Community Foundation"), as of December 31, 2010 and 2009, and its related combined statements of activities and changes in net assets, and cash flows for the years then ended. These combined financial statements are the responsibility of the Community Foundation's management. Our responsibility is to express an opinion on these combined 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 combined financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the combined 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 combined financial statements referred to above present fairly, in all material respects, the combined financial position of Community Foundation at December 31, 2010 and 2009, and the results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Bernard Robinson & Company, L.L.P.

Greensboro, North Carolina
May 17, 2011

**COMMUNITY FOUNDATION OF GREATER GREENSBORO, INC.
AND COMBINED SUPPORTING ORGANIZATIONS
Combined Statements of Financial Position
December 31, 2010 and 2009**

	<u>Assets</u>	
	<u>2010</u>	<u>2009</u>
Assets:		
Cash and cash equivalents	\$ 9,271,963	\$ 12,463,723
Investments	102,255,458	88,198,446
Pledges receivable, net	2,496,112	2,817,082
Notes receivable	37,000	70,864
Real estate	4,707,745	3,786,502
Equipment and furniture, net	78,732	126,547
Other assets	460,015	43,003
	<u>460,015</u>	<u>43,003</u>
Total Assets	<u>\$ 119,307,025</u>	<u>\$ 107,506,167</u>

	<u>Liabilities and Net Assets</u>	
Liabilities:		
Accounts payable and accrued expenses	\$ 309,081	\$ 296,238
Notes payable	559,561	-
Grants payable	1,474,333	1,306,333
Deferred revenue	42,396	-
Liabilities under unitrust and annuity agreements	2,697,112	2,593,349
Funds held as organizational funds	22,269,962	18,840,731
Total Liabilities	<u>27,352,445</u>	<u>23,036,651</u>
Net Assets:		
Unrestricted	54,959,608	51,677,171
Temporarily restricted	12,974,466	10,320,506
Permanently restricted	24,020,506	22,471,839
Total Net Assets	<u>91,954,580</u>	<u>84,469,516</u>
Total Liabilities and Net Assets	<u>\$ 119,307,025</u>	<u>\$ 107,506,167</u>

See Notes to Combined Financial Statements

**COMMUNITY FOUNDATION OF GREATER GREENSBORO, INC.
AND COMBINED SUPPORTING ORGANIZATIONS**
Combined Statements of Activities and Changes in Net Assets
Years Ended December 31, 2010 and 2009

	2010				2009			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenue:								
Contributions	\$ 6,117,941	\$ 2,001,451	\$ 2,169,155	\$ 10,288,547	\$ 10,003,217	\$ 2,232,486	\$ 2,515,980	\$ 14,751,683
Less contributions to organizational funds	-	(1,548,792)	-	(1,548,792)	-	(1,095,175)	-	\$ (1,095,175)
	<u>6,117,941</u>	<u>452,659</u>	<u>2,169,155</u>	<u>8,739,755</u>	<u>10,003,217</u>	<u>1,137,311</u>	<u>2,515,980</u>	<u>13,656,508</u>
Interest and dividends	1,463,065	1,276,316	-	2,739,381	1,575,509	1,231,218	-	2,806,727
Investment gains (losses), net	4,600,980	5,765,735	-	10,366,715	7,484,455	8,392,536	-	15,876,991
Less (earnings) losses of organizational funds	-	(2,969,257)	-	(2,969,257)	-	(3,860,314)	-	(3,860,314)
	<u>6,064,045</u>	<u>4,072,794</u>	<u>-</u>	<u>10,136,839</u>	<u>9,059,964</u>	<u>5,763,440</u>	<u>-</u>	<u>14,823,404</u>
Change in value of unitrusts and annuities	-	(38,084)	-	(38,084)	-	(107,504)	-	(107,504)
Grants and other income, net	19,038	389,516	-	408,554	136,094	-	-	136,094
Accumulations and transfers to endowment funds	(119,659)	-	119,659	-	(86,158)	-	86,158	-
Net assets released from restrictions	2,222,925	(2,222,925)	-	-	4,213,475	(4,213,475)	-	-
	<u>2,122,304</u>	<u>(1,871,493)</u>	<u>119,659</u>	<u>370,470</u>	<u>4,263,411</u>	<u>(4,320,979)</u>	<u>86,158</u>	<u>28,590</u>
Total Revenue	<u>14,304,290</u>	<u>2,653,960</u>	<u>2,288,814</u>	<u>19,247,064</u>	<u>23,326,592</u>	<u>2,579,772</u>	<u>2,602,138</u>	<u>28,508,502</u>
Expenses:								
Grants for charitable purposes	10,505,812	-	-	10,505,812	12,186,808	-	-	12,186,808
Less grants of organizational funds	(1,223,148)	-	-	(1,223,148)	(1,094,767)	-	-	(1,094,767)
	<u>9,282,664</u>	<u>-</u>	<u>-</u>	<u>9,282,664</u>	<u>11,092,041</u>	<u>-</u>	<u>-</u>	<u>11,092,041</u>

See Notes to Combined Financial Statements

**COMMUNITY FOUNDATION OF GREATER GREENSBORO, INC.
AND COMBINED SUPPORTING ORGANIZATIONS
Combined Statements of Activities and Changes in Net Assets (Continued)
Years Ended December 31, 2010 and 2009**

	2010				2009			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Functional expenses:								
Program	\$ 1,025,067	\$ -	\$ -	\$ 1,025,067	\$ 1,279,727	\$ -	\$ -	\$ 1,279,727
Fund-raising	230,723	-	-	230,723	221,205	-	-	221,205
Administrative	492,232	-	-	492,232	820,043	-	-	820,043
Total functional expenses	1,748,022	-	-	1,748,022	2,320,975	-	-	2,320,975
Income rights distributions	311,831	-	-	311,831	248,539	-	-	248,539
Total Expenses	11,342,517	-	-	11,342,517	13,661,555	-	-	13,661,555
Changes in net assets	2,961,773	2,653,960	2,288,814	7,904,547	9,665,037	2,579,772	2,602,138	14,846,947
Net assets, beginning	51,677,171	10,320,506	22,471,839	84,469,516	38,757,750	31,557,383	-	70,315,133
Transfer of net assets to organizational funds, net	320,664	-	(740,147)	(419,483)	3,254,384	(23,816,649)	19,869,701	(692,564)
Net assets, ending	\$ 54,959,608	\$ 12,974,466	\$ 24,020,506	\$ 91,954,580	\$ 51,677,171	\$ 10,320,506	\$ 22,471,839	\$ 84,469,516

See Notes to Combined Financial Statements

**COMMUNITY FOUNDATION OF GREATER GREENSBORO, INC.
AND COMBINED SUPPORTING ORGANIZATIONS**

Combined Statements of Cash Flows

Years Ended December 31, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Cash flows from operating activities:		
Changes in net assets	\$ 7,904,547	\$ 14,846,947
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Depreciation	57,974	55,795
Gain on sale of closely-held businesses	-	(461,441)
Realized investment (gains) losses	(1,572,026)	819,066
Unrealized investment (gains) losses	(8,819,954)	(16,590,857)
Change in value of charitable remainder trusts and gift annuities	(38,084)	(107,504)
Reinvested earnings on investments	(1,810,430)	(1,887,355)
Changes in operating assets and liabilities:		
(Increase) decrease in:		
Pledges receivable	320,970	(1,777,788)
Other assets	(417,012)	11,307
Increase (decrease) in:		
Accounts payable and accrued expenses	12,843	212,042
Grants payable	168,000	1,306,333
Deferred revenue	42,396	-
Liabilities under unitrust and annuities agreements	103,763	238,856
Funds held as organizational funds	3,009,748	3,637,493
Net cash provided by (used in) operating activities	<u>(1,037,265)</u>	<u>302,894</u>
Cash flows from investing activities:		
Proceeds from the sale and maturity of investments	12,453,170	7,733,093
Purchase of investments	(14,269,688)	(13,273,971)
Purchase of property and equipment	(10,159)	(75,274)
Purchase of and improvements to real estate	(921,243)	-
Advances made on notes receivable	(25,000)	(48,750)
Payments received on notes receivable	58,864	57,250
Distributions received from interest in closely-held business	-	1,024,536
Net cash used in investing activities	<u>(2,714,056)</u>	<u>(4,583,116)</u>
Cash flows from financing activities:		
Issuance of notes payable	559,561	-
Net cash provided by financing activities	<u>559,561</u>	<u>-</u>
Net decrease in cash and cash equivalents	(3,191,760)	(4,280,222)
Cash and cash equivalents, beginning	<u>12,463,723</u>	<u>16,743,945</u>
Cash and cash equivalents, ending	<u>\$ 9,271,963</u>	<u>\$ 12,463,723</u>

See Notes to Combined Financial Statements

**COMMUNITY FOUNDATION OF GREATER GREENSBORO, INC.
AND COMBINED SUPPORTING ORGANIZATIONS**
Combined Statements of Cash Flows (Continued)
Years Ended December 31, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Supplemental disclosure of non-cash investing activities:		
Land received in distribution of closely-held business	<u>\$ -</u>	<u>\$ 275,000</u>
Reclassification of organizational funds from net assets to funds held as organizational funds due to adoption of SPMIFA	<u>\$ -</u>	<u>\$ 692,564</u>
Transfer of net assets to organizational funds, net	<u>\$ 419,483</u>	<u>\$ -</u>

**COMMUNITY FOUNDATION OF GREATER GREENSBORO, INC.
AND COMBINED SUPPORTING ORGANIZATIONS
Notes to Combined Financial Statements**

NOTE 1 - NATURE OF ORGANIZATION, BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

The Community Foundation of Greater Greensboro, Inc. ("Community Foundation") was established on August 1, 1983, as a charitable organization dedicated to strengthening its communities for present and future generations. The Foundation accepts contributions and bequests for current charitable distribution, builds and manages permanent endowments for emerging issues and opportunities, serves as a resource for achieving the philanthropic objectives of its donors, and provides leadership in addressing community issues.

As of December 31, 2010, the Community Foundation has three supporting organizations - The Community Foundation Real Estate Management Fund, Inc., The Stanley and Dorothy Frank Family Foundation and Gate City Company. The purpose of each is to serve exclusively as a supporting organization for the benefit of the Community Foundation by carrying out purposes which are consistent with and which support the purposes of the Community Foundation.

During 2010, the board of directors of the United Way of Greater Greensboro Foundation, previously a supporting organization of the Community Foundation, dissolved the foundation and executed organizational fund agreements for the benefit of the United Way of Greater Greensboro.

The Board of Directors of the Community Foundation appoints the entire board of directors of The Community Foundation Real Estate Management Fund, Inc., a majority of the board of directors of The Stanley and Dorothy Frank Family Foundation, one member of the board of directors of the United Way of Greater Greensboro Foundation, and the entire board of directors of Gate City Company.

Basis of Presentation

The financial statements include the accounts of the entities referred to above which have been combined in accordance with generally accepted accounting principles. As used hereafter, the "Community Foundation" includes the Community Foundation of Greater Greensboro, Inc. and its supporting organizations. All significant intercompany transactions have been eliminated in these combined financial statements.

A summary of the Community Foundation's significant accounting policies follows:

Cash and Cash Equivalents

The Community Foundation considers checking and money market accounts, which are not part of an investment portfolio, to be cash equivalents. Also, certain funds whose charitable objectives are best achieved through cash holdings with financial institutions are considered to be cash equivalents.

**COMMUNITY FOUNDATION OF GREATER GREENSBORO, INC.
AND COMBINED SUPPORTING ORGANIZATIONS**
Notes to Combined Financial Statements

NOTE 1 - NATURE OF ORGANIZATION, BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments and Credit Risk

Investments in marketable equity securities with readily determinable fair values and all investments in debt securities are measured in accordance with the *Fair Value Measurements and Disclosures Topic* of the FASB Accounting Standards Codification (ASC 820), which establishes a framework for measuring fair values for assets and liabilities using one of the following valuation measurements: quoted prices in active markets for identical assets (Level 1); significant other observable inputs (Level 2); or significant unobservable inputs (Level 3). Observable inputs reflect the assumptions market participants would use in pricing an asset or liability based on market data obtained from sources independent of the reporting entity, while unobservable inputs reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing an asset or liability developed based on the best information available in the circumstances.

The Community Foundation carries all investments in marketable debt, equity and other securities with readily determinable fair values at fair value in the combined statements of financial position. Changes in the fair value of investments are reflected as investment gains or losses in the accompanying combined statements of activities. Insurance revenue asset backed bonds are stated at face value. Investments in limited partnerships are stated at appraised value or tax-basis capital account value at the date of donation. Real estate is stated at the appraised fair value at the date of donation. Cash and cash equivalents and investments in marketable investments represent assets that are managed by the Community Foundation. Non-marketable investments represent assets, received by donor contributions, which are not managed under the Community Foundation's current investment strategies.

The Community Foundation maintains various types of investments that encompass many different investment funds and companies with varied industry and geographical characteristics designed to limit exposure to any one industry, company or geographical location. Most of the Community Foundation's investments are traded in public markets and are subject to general fluctuations in the markets' overall performance. The Community Foundation performs periodic evaluations of the relative credit standing of the companies, funds and financial institutions in which it invests.

The Community Foundation places its cash, cash equivalents, and certificates of deposit with financial institutions in the United States. These deposits are protected by either the Federal Deposit Insurance Corporation ("FDIC") or the Securities Investor Protection Corporation ("SIPC"). The SIPC insured coverage on all balances is \$500,000 including \$100,000 for cash balances. Under FDIC, all noninterest bearing transaction accounts are fully insured through December 31, 2012. This unlimited coverage is separate from, and in addition to, the insurance coverage provided to a depositor's other deposit accounts held at an FDIC-insured institution. The FDIC coverage is \$250,000 for substantially all other depository accounts. Deposit accounts, at times, may exceed federally insured limits.

**COMMUNITY FOUNDATION OF GREATER GREENSBORO, INC.
AND COMBINED SUPPORTING ORGANIZATIONS**
Notes to Combined Financial Statements

NOTE 1 - NATURE OF ORGANIZATION, BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributions

Contributions and unconditional promises to give are recognized as revenue or expenses when made or a written promise to give is conveyed, whichever is earliest. Contributions of assets other than cash are recorded at estimated fair value at the date of donation. Contributions received with donor stipulations that restrict the use of the assets and promises to give that are receivable in future periods are reported as temporarily restricted revenue. When the use or time restriction is met, the amount is reported as unrestricted revenue and a reduction in temporarily restricted revenue.

Endowments

The Community Foundation has adopted investment and spending policies for endowment assets that attempt to provide a stream of funding to programs supported by its endowments while seeking to maintain the purchasing power of the endowment assets. Under these policies, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to achieve an annualized total return, through appreciation and income, greater than the annual spending rate (payout and fees) plus inflation (as measured by the broad, domestic Consumer Price Index.) Actual returns in any given year may vary.

To satisfy its long-term rate-of-return objectives, the Community Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends), net of investment management fees and expenses. The Community Foundation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term objectives within prudent risk constraints.

Annually, the Community Foundation appropriates for distribution an amount equal to the target payout percentage times the endowment fund's average fair value on the last business day of each of the 12 preceding quarters or each quarter of the fund's existence, if the fund was established within the preceding 12 quarters.

In determining the target payout percentage for any given year, the Community Foundation exercises ordinary business care and prudence under the facts and circumstance prevailing at the time of the decision and considers the following factors: long-term and short-term needs of the Foundation in carrying out its charitable purposes, the present and anticipated financial requirements of the Foundation, expected total return on the investments of the Foundation, price level trends, and general economic considerations.

**COMMUNITY FOUNDATION OF GREATER GREENSBORO, INC.
AND COMBINED SUPPORTING ORGANIZATIONS**
Notes to Combined Financial Statements

NOTE 1 - NATURE OF ORGANIZATION, BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Real Estate, Equipment and Furniture

The Community Foundation generally capitalizes expenditures of \$750 or more for real estate, and for equipment and furniture which have expected lives exceeding one year. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful life of the asset.

Funds Held as Organizational Funds

The Community Foundation accepts contributions from nonprofit organizations and agrees to use those assets for the benefit of the nonprofit organization. The Community Foundation recognizes a liability to the nonprofit beneficiary at the time it recognizes the assets received, and adjusts the liability for related contributions, earnings, grants, and expenses.

Functional Classification of Expenses

The Community Foundation allocates its expenses on a functional basis between programs, fund-raising and administrative expenses. Expenses which can be identified with a specific area are directly allocated. Other expenses that are common to all areas are allocated based on various relationships.

Liabilities Under Unitrust or Annuity Agreements

Charitable remainder unitrusts and annuity agreements provide for the payment of distributions to designated beneficiaries over the specified terms. Initial donations to the unitrusts are recognized as contributions, measured at the present value of the Community Foundation's irrevocable remainder interest in the assets of the unitrust or annuity. The assets of the unitrusts and annuity agreements are reported at the related assets' fair value or present value based on the donor's life expectancy and discount rates ranging from 2.6% to 5.8%. Liabilities are reported for the beneficial and remainder interest of others in unitrusts or the future payments to others required under annuity agreements. These liabilities are measured at the present value of anticipated distributions to other beneficiaries. Present values for these liabilities are calculated based on the life expectancy of the donor or recipient and use discount rates ranging from 3.8% to 8.8%. The unitrust agreements primarily provide for quarterly or annual payments to beneficiaries ranging from 6% to 12% of the unitrusts' net fair market value. Annuity agreements call for a fixed payment, either quarterly or annually, to be paid to the beneficiaries.

Net Assets

Unrestricted net assets are those assets presently available for use by the Community Foundation at the discretion of the Board of Directors. Included in this category are donor-advised assets which consist of unrestricted contributions received from donors who may recommend the manner in

**COMMUNITY FOUNDATION OF GREATER GREENSBORO, INC.
AND COMBINED SUPPORTING ORGANIZATIONS
Notes to Combined Financial Statements**

NOTE 1 - NATURE OF ORGANIZATION, BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Assets (Continued)

which the assets may be spent. At December 31, 2010 and 2009, unrestricted net assets included \$37,408,940 and \$35,728,403, respectively, of donor-advised funds.

Temporarily restricted net assets are those assets or earnings on assets which have been donated with donor-imposed time or purpose restrictions. When a stipulated time restriction expires or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the combined statements of activities as net assets released from restrictions. Included in this category are net assets associated with charitable remainder trusts and charitable gift annuities, restricted due to the Community Foundation's limited ability to use these assets until the related trust or annuity agreement is terminated. At December 31, 2010, temporarily restricted net assets consisted of \$2,607,619 (\$2,418,837 at December 31, 2009) in split-interest agreements and \$6,120,508 (\$5,885,577 at December 31, 2009) in purpose restricted net assets and \$4,246,339 (\$2,192,644 at December 31, 2009) in time restricted net assets. Purpose restricted net assets represent real estate and investments to address housing, revitalization and related community needs.

Permanently restricted net assets are those contributions from donors which establish endowment funds, restricted in perpetuity, for specific nonprofit organizations, projects or areas of focus of the Community Foundation. The income earned by the investment of these donations enables the Community Foundation to make grants to various nonprofit organizations or for charitable purposes and is recorded as temporarily restricted net assets.

Tax Status

The Community Foundation of Greater Greensboro, Inc. and its supporting organizations are exempt from income tax, under Section 501(c)(3) of the Internal Revenue Code, except for unrelated business income tax. Contributions to the Community Foundation are tax deductible by the donor.

It is the Community Foundation's policy to evaluate all tax positions to identify any that may be considered uncertain. All identified material tax positions are assessed and measured by a "more-likely-than-not" threshold to determine if the tax position is uncertain and the impact, if any, the effect of the uncertain tax position may have on the combined financial statements.

No material uncertain tax positions were identified during 2010 and 2009. Currently, the statute of limitations remains open subsequent to and including 2007; however, no examinations are in progress or anticipated.

**COMMUNITY FOUNDATION OF GREATER GREENSBORO, INC.
AND COMBINED SUPPORTING ORGANIZATIONS
Notes to Combined Financial Statements**

NOTE 1 - NATURE OF ORGANIZATION, BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Estimates

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

Fair Value of Financial Instruments

The following methods and assumptions were used to estimate the fair value of the following financial instruments:

Cash and cash equivalents: The carrying amounts approximate fair value due to the short maturity of those instruments.

Pledges and notes receivable: The carrying amounts approximate fair value because they represent the present value of future expected cash flows under a Level 2 measurement input.

Other assets, accounts payable, accrued expenses, and funds held as organizational funds: The carrying amounts of these items approximate fair value due to their short-term nature.

Reclassifications

For financial statement presentation, balances previously reported may be reclassified to be consistent with the classifications used in the current year.

Subsequent Events

Management has performed an evaluation of subsequent events through May 17, 2011 which is the date the combined financial statements were available to be issued.

**COMMUNITY FOUNDATION OF GREATER GREENSBORO, INC.
AND COMBINED SUPPORTING ORGANIZATIONS
Notes to Combined Financial Statements**

NOTE 2 - INVESTMENTS

Investments consist of the following at December 31, 2010 and 2009:

	Reported Value	
	2010	2009
<i>Cash and equivalents:</i>		
Cash held for short-term investments	\$ 6,597,981	\$ 6,722,786
Certificate of deposit	302,833	288,728
<i>Subtotal of cash and equivalents</i>	6,900,814	7,011,514
<i>Marketable investments:</i>		
Equity security funds	63,459,891	52,437,132
Fixed income funds	18,167,762	14,826,313
Equity securities - common and preferred stocks	638,904	970,156
U.S. Government obligations	123,515	424,440
Corporate bonds	609,211	694,414
Hedge funds	9,089,703	8,560,140
Annuity contracts	712,898	662,658
<i>Subtotal of marketable investments</i>	92,801,884	78,575,253
<i>Non-marketable investments:</i>		
Limited partnership interests	694,760	753,679
Insurance revenue asset backed bonds	1,858,000	1,858,000
<i>Subtotal of non-marketable investments</i>	2,552,760	2,611,679
Total investments	\$ 102,255,458	\$ 88,198,446

Investments are allocated as follows at December 31, 2010 and 2009:

	2010	2009
Investments in debt, equity, and other marketable securities, hedge funds, and annuity contracts	\$ 97,666,806	\$ 84,350,869
Charitable remainder trusts and gift annuities held as trustee	4,588,652	3,847,577
	\$ 102,255,458	\$ 88,198,446

**COMMUNITY FOUNDATION OF GREATER GREENSBORO, INC.
AND COMBINED SUPPORTING ORGANIZATIONS**
Notes to Combined Financial Statements

NOTE 2 - INVESTMENTS (Continued)

Charitable remainder trust and gift annuity agreements held by the Community Foundation in trust are reflected in the accompanying combined financial statements at December 31, 2010 and 2009 as follows:

	<u>2010</u>	<u>2009</u>
Charitable remainder trust and gift annuities assets	\$ 4,588,652	\$ 3,847,577
Liability under unitrust and annuity agreements	(2,697,112)	(2,593,349)
Other assets (liabilities) of the trust	<u>63,909</u>	<u>68,378</u>
Split-interest agreements, net	<u>\$ 1,955,449</u>	<u>\$ 1,322,606</u>

NOTE 3 - FAIR VALUE MEASUREMENTS

All cash and cash equivalents and marketable securities are carried at fair value on a recurring basis as noted below.

	<u>2010</u>		
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments	<u>\$ 89,900,097</u>	<u>\$ 712,898</u>	<u>\$ 9,089,703</u>

	<u>2009</u>		
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments	<u>\$ 76,363,969</u>	<u>\$ 662,658</u>	<u>\$ 8,560,140</u>

The following is a reconciliation of beginning and ending balances for assets and liabilities measured using Level 3 technique:

	<u>Hedge funds</u>
Beginning Balance	\$ 8,560,140
Unrealized gain	529,563
Ending balance	<u>\$ 9,089,703</u>

All non-marketable securities are carried at cost and evaluated for impairment periodically. There was no impairment loss noted at December 31, 2010 and 2009.

NOTE 4 - PLEDGES RECEIVABLE

Pledges receivable includes amounts due from the following: (1) remainder interests in unitrusts for which the Community Foundation is not the trustee, (2) endowment campaigns in which written pledges have been received, (3) other pledges of which the Community Foundation has been notified.

**COMMUNITY FOUNDATION OF GREATER GREENSBORO, INC.
AND COMBINED SUPPORTING ORGANIZATIONS
Notes to Combined Financial Statements**

NOTE 4 - PLEDGES RECEIVABLE (Continued)

Pledges receivable at December 31, 2010 and 2009 are as follows:

	<u>2010</u>	<u>2009</u>
Amount receivable in one year	\$ 1,453,583	\$ 1,820,820
Amount receivable in two to five years	1,052,199	854,003
Amount due in greater than five years	<u>2,237,420</u>	<u>1,853,617</u>
Total unconditional promises to give	4,743,202	4,528,440
Discount to present value for future pledges	(1,739,680)	(1,341,358)
Allowance for doubtful pledges	<u>(507,410)</u>	<u>(370,000)</u>
Pledges receivable, net	<u>\$ 2,496,112</u>	<u>\$ 2,817,082</u>

NOTE 5 - NOTES RECEIVABLE

Notes receivable are generally unsecured and represent funds loaned to local not-for-profit organizations to further charitable programs in the community. The repayment terms vary for each note. Interest rates on the notes range from non-interest bearing to 2% per annum.

NOTE 6 - REAL ESTATE HELD

A real estate limited liability corporation (“LLC”), which is included in the Community Foundation's combined financial statements as a supporting organization, owns approximately 20% of Center City Park's land in downtown Greensboro. The other approximate 80% of land is owned by another local not-for-profit organization. Center City Park is operated by a third unrelated not-for-profit organization.

During 2010, the LLC executed a long term building lease, on contributed property, with an unrelated nonprofit corporation which will operate a community resource center to support the homeless population of Greensboro. Coincident with the lease, LLC entered a construction contract for the renovation of the building and was awarded grant funds from Guilford County and the City of Greensboro (“City”).

Also during 2010, the Gate City Company, under an agreement with the City, purchased residential housing within designated areas targeted for the City’s Neighborhood Stabilization Program. The City reimbursed Gate City Company for acquisition costs and Gate City Company executed non-interest bearing notes payable to the City due upon the sale of these properties to qualified buyers.

In addition, the Community Foundation owns other land, in Guilford County, North Carolina, which was contributed for future charitable programs.

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NOTE 7 - EQUIPMENT AND FURNITURE

Equipment and furniture at December 31, 2010 and 2009 consists of the following:

	<u>2010</u>	<u>2009</u>
Office equipment	\$ 221,172	\$ 236,111
Furnishings	84,297	84,297
Leasehold improvements	<u>18,608</u>	<u>18,608</u>
	<u>324,077</u>	<u>339,016</u>
Less accumulated depreciation	<u>(245,345)</u>	<u>(212,469)</u>
	<u>\$ 78,732</u>	<u>\$ 126,547</u>

NOTE 8 - ENDOWMENTS

The Community Foundation's endowments consist of donor-restricted funds established for a variety of charitable purposes that must be held in perpetuity. In March 2009, the State Prudent Management of Institutional Funds Act ("SPMIFA") became effective. The Board of Directors of the Community Foundation has interpreted SPMIFA as requiring the preservation of the fair value of contribution(s) as of the gift date(s) of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, the Community Foundation classifies as permanently restricted net assets (1) the original value of contributions donated to the permanent endowment, (2) the original value of subsequent gifts to the permanent endowment, and (3) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure in a manner consistent with the standard of prudence prescribed by SPMIFA.

In accordance with SPMIFA, the Community Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the fund; (2) the purpose of the Community Foundation and the donor-restricted endowment fund; (3) general economic conditions; (4) the possible effect of inflation and deflation; (5) the expected total return from income and the appreciation of investment; (6) other resources of the Community Foundation; and (7) the investment policies of the Community Foundation.

In all events, the actual accumulation or payout from any endowment fund shall be increased or reduced to the extent necessary to avoid a violation of the specific terms of the instrument by which the endowment fund was created.

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NOTE 8 - ENDOWMENTS (Continued)

From time to time, the fair value of assets associated with individual endowment funds may fall below the level that the donor or SPMIFA requires the Community Foundation to retain as a fund of perpetual duration. In accordance with generally accepted accounting principles, deficiencies of this nature are reported in unrestricted net assets. Permanently restricted endowment assets are less than the donor's basis by approximately \$306,000 as of December 31, 2010 (\$887,000 as of December 31, 2009). These deficiencies resulted from unfavorable market fluctuations over time and continued appropriations for certain programs that were deemed prudent by the Board of Directors.

The Community Foundation had the following activity in endowment net assets for 2010:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Beginning of the year	\$ (726,743)	\$ 1,688,214	\$ 22,471,839	\$ 23,433,310
Transfer of supporting organization endowments	63,989	-	(740,147)	(676,158)
Contributions	-	-	2,169,155	\$2,169,155
Interest and dividends	58,063	536,015	-	\$594,078
Net appreciation of assets, net of investment fees	297,062	2,448,164	-	\$2,745,226
Accumulations and transfers to endowments	-	-	119,659	\$119,659
Appropriations	323,298	(982,278)	-	(658,980)
End of the year	<u>\$ 15,669</u>	<u>\$ 3,690,115</u>	<u>\$ 24,020,506</u>	<u>\$ 27,726,290</u>

The Community Foundation had the following activity in endowment net assets for 2009:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Beginning of the year	\$ -	\$ 17,252,860	\$ -	\$ 17,252,860
Reclassifications of beginning balances due to adoption of SPMIFA	(2,967,555)	(16,902,146)	19,869,701	-
Contributions	-	-	2,515,980	2,515,980
Interest and dividends	257,423	280,545	-	537,968
Net appreciation of assets, net of investment fees	1,823,426	1,987,206	-	3,810,632
Accumulations and transfers to endowments	-	-	86,158	86,158
Appropriations	159,963	(930,251)	-	(770,288)
End of the year	<u>\$ (726,743)</u>	<u>\$ 1,688,214</u>	<u>\$ 22,471,839</u>	<u>\$ 23,433,310</u>

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NOTE 9 - OPERATING AND RETIREMENT EXPENSES

Operating expenses for the Community Foundation were as follows for years ended December 31:

	<u>2010</u>	<u>2009</u>
Salary and benefits	\$ 1,236,715	\$ 1,179,340
Rent and occupancy costs	122,543	128,232
Professional fees	64,464	85,535
Technology	96,751	90,319
Meetings, conferences and events	92,453	32,368
Office expense	91,236	91,116
Estimated tax liability (refund)	(30,550)	481,065
Allowance for uncollectible pledges	74,410	233,000
	<u>\$ 1,748,022</u>	<u>\$ 2,320,975</u>

The Community Foundation provides a defined contribution retirement plan covering substantially all its employees. Total expense related to the plan was \$64,286 and \$67,264 for the years ended December 31, 2010 and 2009, respectively.

NOTE 10 - LEASES AND COMMITMENTS

The Community Foundation leases office equipment under noncancelable operating leases which expire at various dates through 2015 and leases office space on a month-to-month basis. Rental expense for the years ended December 31, 2010 and 2009 was approximately \$130,000 and \$127,000, respectively.

Future minimum lease payments under the noncancelable operating leases as of December 31, 2010 are as follows:

<u>Year Ended</u>	<u>Amount</u>
2011	\$ 15,504
2012	15,504
2013	10,401
2014	8,700
2015	8,700
	<u>\$ 58,809</u>

As of December 31, 2010, the Community Foundation had an outstanding commitment of \$342,000 payable upon completion of building renovations for a community resource center.