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

COMBINED FINANCIAL REPORT

YEARS ENDED DECEMBER 31, 2007 AND 2006



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

	<u>Page No.</u>
Independent Auditor's Report	1
<i>Financial Statements</i>	
Combined Statements of Financial Position	2
Combined Statements of Activities and Changes in Net Assets	3
Combined Statements of Functional Expenses	4
Combined Statements of Cash Flows	5
Notes to Combined Financial Statements	6 - 14

Independent Auditor's Report

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 as of December 31, 2007 and 2006, and the related combined statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended. These combined financial statements are the responsibility of the 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 U.S. generally accepted auditing standards. 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 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 of Greater Greensboro, Inc. and Combined Supporting Organizations as of December 31, 2007 and 2006, and the changes in their combined net assets and cash flows for the years then ended, in conformity with U.S. generally accepted accounting principles.

Bernard Robinson & Company, LLP

Greensboro, North Carolina
July 18, 2008

**COMMUNITY FOUNDATION OF GREATER GREENSBORO, INC.
AND COMBINED SUPPORTING ORGANIZATIONS**
Combined Statements of Financial Position
December 31, 2007 and 2006

	<u>Assets</u>	
	<u>2007</u>	<u>2006</u>
Assets:		
Cash and cash equivalents	\$ 17,619,614	\$ 15,008,957
Investments	86,160,520	76,604,109
Investments held in split-interest agreements	3,542,090	3,625,674
Contributions receivable - split-interest agreements	1,309,584	1,420,121
Interest in closely-held corporations	2,845,743	2,829,187
Notes receivable	79,364	181,409
Land	2,621,502	2,621,502
Property and equipment, net of accumulated depreciation of \$129,964 - 2007 and \$90,467 - 2006	107,435	99,063
Other assets	43,521	61,850
Total Assets	<u>\$ 114,329,373</u>	<u>\$ 102,451,872</u>
	<u>Liabilities and Net Assets</u>	
Liabilities:		
Accounts payable	\$ 17,151	\$ 33,880
Accrued expenses	18,157	27,401
Beneficial interest of others in split-interest agreements	2,430,430	2,576,906
Funds held as organizational funds	19,578,526	15,286,298
Total Liabilities	<u>22,044,264</u>	<u>17,924,485</u>
Net Assets:		
Unrestricted:		
Donor-advised	37,103,682	32,412,416
Other	13,505,980	12,495,328
	<u>50,609,662</u>	<u>44,907,744</u>
Temporarily restricted:		
Quasi-endowments	33,981,873	32,473,813
Special purpose	5,503,798	5,185,045
Split-interest agreements	2,189,776	1,960,785
	<u>41,675,447</u>	<u>39,619,643</u>
Total Net Assets	<u>92,285,109</u>	<u>84,527,387</u>
Total Liabilities and Net Assets	<u>\$ 114,329,373</u>	<u>\$ 102,451,872</u>

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

Combined Statements of Activities and Changes in Net Assets
Years Ended December 31, 2007 and 2006

	2007		2006	
	Unrestricted	Temporarily Restricted	Unrestricted	Temporarily Restricted
Revenue:				
Contributions, gross	\$ 12,266,578	\$ 5,246,371	\$ 17,512,949	\$ 4,426,615
Less contributions to organizational funds	-	(3,751,178)	(3,751,178)	(2,507,497)
	12,266,578	1,495,193	13,761,771	1,919,118
Interest and dividends	2,491,178	2,786,636	5,277,814	2,194,322
Investment gains, net	1,387,334	1,628,150	3,015,484	2,993,224
Less organizational funds	-	(1,376,258)	(1,376,258)	(1,799,883)
	3,878,512	3,038,528	6,917,040	3,387,663
Change in value of split-interest agreements	33,402	202,538	235,940	32,199
Other, net	72,236	4,832	77,068	13,581
Net assets released from restrictions, donor purpose restrictions satisfied	2,685,287	(2,685,287)	-	(2,029,019)
	2,790,925	(2,477,917)	313,008	(1,983,239)
Total Revenue	18,936,015	2,055,804	20,991,819	3,323,542
Expenses:				
Gifts for charitable purposes, gross	11,652,797	-	11,652,797	-
Less organizational funds	(579,832)	-	(579,832)	-
	11,072,965	-	11,072,965	-
Functional expenses:				
Program	499,198	-	499,198	-
Fund-raising	356,520	-	356,520	-
Administrative	1,012,910	-	1,012,910	-
Income rights distributions	292,504	-	292,504	-
Total Expenses	13,234,097	-	13,234,097	-
Change in net assets	5,701,918	2,055,804	7,757,722	3,323,542
Net assets, beginning, as previously stated	44,907,744	39,619,643	84,527,387	37,170,264
Restatement of beginning fund balance	-	-	-	(874,163)
Net assets, beginning, as restated	44,907,744	39,619,643	84,527,387	36,296,101
Net assets, ending	\$ 50,609,662	\$ 41,675,447	\$ 92,285,109	\$ 39,619,643
				\$ 84,527,387

**COMMUNITY FOUNDATION OF GREATER GREENSBORO, INC.
AND COMBINED SUPPORTING ORGANIZATIONS**
Combined Statements of Functional Expenses
Years Ended December 31, 2007 and 2006

	2007				2006			
	Program Expenses	Fund-Raising	Administrative	Total	Program Expenses	Fund-Raising	Administrative	Total
Salaries	\$ 309,165	\$ 180,975	\$ 263,921	\$ 754,061	\$ 239,859	\$ 164,114	\$ 227,235	\$ 631,208
Payroll taxes and employee benefits	71,727	41,987	61,231	174,945	60,873	41,650	57,669	160,192
Investment expenses, net of organizational fund expenses of \$247,876 - 2007 and \$198,184 - 2006	-	-	333,772	333,772	-	-	308,699	308,699
Auditing and accounting	-	-	26,000	26,000	-	-	12,952	12,952
Professional fees	-	-	15,105	15,105	-	-	17,498	17,498
Rent	38,959	22,805	33,258	95,022	35,311	24,160	33,453	92,924
Telephone	7,342	4,298	6,268	17,908	4,044	2,767	3,831	10,642
Annual report	-	-	20,028	20,028	-	-	15,478	15,478
Newsletter	-	-	5,811	5,811	-	-	11,086	11,086
Supplies and printing	23,807	13,936	20,323	58,066	16,190	11,077	15,338	42,605
Parking and mileage	1,625	951	1,388	3,964	1,168	799	1,107	3,074
Staff and board development	-	-	34,808	34,808	-	-	34,598	34,598
Postage	3,823	2,238	3,263	9,324	3,555	2,433	3,368	9,356
Repairs and maintenance	12,974	7,595	11,076	31,645	11,427	7,818	10,826	30,071
Dues and subscriptions	-	-	20,919	20,919	-	-	17,517	17,517
Insurance	-	-	12,181	12,181	-	-	10,620	10,620
Donor life insurance	7,202	-	-	7,202	66,231	-	-	66,231
Meetings, travel and entertainment	6,380	3,735	5,446	15,561	5,957	4,076	5,643	15,676
Event expenses	-	68,521	25,781	94,302	-	34,791	-	34,791
Contract labor	-	-	6,777	6,777	-	-	15,658	15,658
Miscellaneous	-	-	44,441	44,441	-	-	56,813	56,813
	483,004	347,041	951,797	1,781,842	444,615	293,685	859,389	1,597,689
Alamance Foundation	-	-	17,319	17,319	-	-	13,602	13,602
Unitrusts	-	-	12,215	12,215	-	-	10,891	10,891
Other funds	-	-	11,300	11,300	49,190	-	13,413	62,603
Broker fees	-	-	6,455	6,455	-	-	9,296	9,296
Depreciation	483,004	347,041	999,086	1,829,131	493,805	293,685	906,591	1,694,081
	16,194	9,479	13,824	39,497	10,702	7,322	10,138	28,162
	\$ 499,198	\$ 356,520	\$ 1,012,910	\$ 1,868,628	\$ 504,507	\$ 301,007	\$ 916,729	\$ 1,722,243

**COMMUNITY FOUNDATION OF GREATER GREENSBORO, INC.
AND COMBINED SUPPORTING ORGANIZATIONS**
Combined Statements of Cash Flows
Years Ended December 31, 2007 and 2006

	<u>2007</u>	<u>2006</u>
Cash flows from operating activities:		
Change in net assets	\$ 7,757,722	\$ 10,599,562
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	39,497	28,162
Contributed investments	(755,722)	(432,339)
Realized investment (gains) losses	(4,450,724)	466,680
Unrealized investment (gains) losses	1,435,240	(6,055,450)
Reinvested earnings on investments	(3,339,655)	(2,234,430)
Changes in operating assets and liabilities:		
(Increase) decrease in:		
Contributions receivable	110,537	24,273
Other assets	18,329	(15,241)
Increase (decrease) in:		
Accounts payable	(16,729)	7,971
Accrued expenses	(9,244)	12,269
Beneficial interest of others in split-interest agreements	(146,476)	6,608
Funds held as organizational funds	4,292,228	3,458,423
Net cash provided by operating activities	<u>4,935,003</u>	<u>5,866,488</u>
Cash flows from investing activities:		
Proceeds from the sale and maturity of investments	15,174,101	15,348,759
Purchase of investments	(17,552,623)	(14,628,220)
Purchase of property and equipment	(47,869)	(33,128)
Advances made on notes receivable	(8,657)	(50,000)
Payments received on notes receivable	110,702	231,146
Net cash provided by (used in) investing activities	<u>(2,324,346)</u>	<u>868,557</u>
Net increase in cash and cash equivalents	2,610,657	6,735,045
Cash and cash equivalents, beginning	<u>15,008,957</u>	<u>8,273,912</u>
Cash and cash equivalents, ending	<u>\$ 17,619,614</u>	<u>\$ 15,008,957</u>

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

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

Nature of Activity:

Community Foundation of Greater Greensboro, Inc. ("Community Foundation") was established on August 1, 1983, and is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. The Community Foundation receives gifts and bequests for the purpose of making charitable donations to approved organizations.

The Community Foundation has four supporting organizations - The Community Foundation Real Estate Management Fund, Inc., The Stanley and Dorothy Frank Family Foundation, United Way of Greater Greensboro Foundation, and Gate City Company, all of which are tax exempt organizations under Section 501(c)(3) of the Internal Revenue Code. 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. 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 four supporting organizations.

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

Use of Estimates:

The preparation of 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 disclosure 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.

Cash and Cash Equivalents:

For purposes of reporting the combined statements of cash flows, the Community Foundation considers checking and money market accounts with financial institutions which are not part of an investment portfolio, to be cash equivalents.

Certain funds whose charitable objectives are best met through cash holdings are held in checking and money market accounts with financial institutions. Such accounts are also considered to be cash equivalents.

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

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

Contributions:

Contributions and unconditional promises to give are recognized as revenue or expenses when made or the promise 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. Contributions receivable or payable over more than one year are recorded at their discounted present value. Changes in discounts are recognized over the period of the promise as adjustments to contributions revenue or expense.

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 which the assets may be spent.

Temporarily restricted net assets are those 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. Quasi-endowments include gifts from donors to enable the Community Foundation to make grants, generally from net appreciation and income on investments, to various specific not-for-profit organizations or charitable purposes. Special purpose funds include gifts received for specific projects or areas of focus of the Community Foundation.

Split-Interest Agreements:

The Community Foundation serves as trustee for several unitrusts. The total assets of the unitrusts are reported at fair value. 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. A liability is reported for the beneficial interest of others in unitrusts, which includes amounts due to other beneficiaries of the unitrusts and portions of remainder interests in unitrusts that are revocable. This liability is measured at the present value of anticipated distributions to other beneficiaries. Present values are calculated based on the life expectancy of the donors and discount rates ranging from 6.2% to 8.8%. The unitrust agreements primarily provide for quarterly or annual payments to beneficiaries ranging from 6% to 8% of the unitrusts' net fair market value. Certain unitrusts specify other not-for-profit organizations as additional remainder beneficiaries with remainder interests ranging from 0% to 50%.

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

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

Property and Equipment:

The Community Foundation generally capitalizes expenditures of \$750 or more for property and equipment whose life exceeds 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.

Investments and Credit Risk:

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 family limited partnerships are stated at appraised value or tax-basis capital account value. Real estate is stated at the appraised fair value at the date of donation.

The Community Foundation's investments potentially subject it to concentrations of credit risk. Various types of investments are maintained 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. However, as most of the Community Foundation's investments are traded in public markets, they 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.

Funds Held as Organizational Funds:

The Community Foundation accepts contributions from donors where it agrees to use those assets for the benefit of a specified beneficiary not-for-profit organization. The Community Foundation recognizes a liability to the specified beneficiary at the time it recognizes the assets received from the donor.

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.

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

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

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 because of the short maturity of those instruments.

Notes receivable: The carrying amounts approximate fair value because they represent the present value of future expected cash flows.

Land: Land is carried at its purchase price, which approximates fair value.

Property and equipment: It is not practical to estimate the fair value of property and equipment because no reliable market data exists that reflects the market value of the property and equipment. Accordingly, property and equipment are carried at cost net of accumulated depreciation.

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.

NOTE 2 - INVESTMENTS

The Community Foundation's investments were comprised of the following at December 31, 2007 and 2006:

	<u>2007</u>	
	<u>Cost</u>	<u>Fair Value</u>
Cash held for investment and other short-term investments	\$ 1,624,384	\$ 1,624,384
Investment funds:		
Equity security funds	45,141,038	54,351,780
Fixed income funds	16,025,631	16,228,980
Equity securities, common stocks	2,864,399	3,223,948
Equity securities, preferred stocks	16,819	17,746
Debt securities:		
U.S. Government obligations	374,385	389,181
Corporate bonds	1,044,526	1,061,782
Insurance revenue asset backed bonds	1,858,000	1,858,000
Hedge funds	4,550,000	6,071,325
Limited partnership interests	1,070,970	1,070,970
Certificate of deposit	262,424	262,424
	<u>\$ 74,832,576</u>	<u>\$ 86,160,520</u>

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

NOTE 2 - INVESTMENTS (Continued)

	2006	
	Cost	Fair Value
Cash held for investment and other short-term investments	\$ 7,703,458	\$ 7,703,458
Investment funds:		
Equity security funds	34,430,473	43,678,585
Fixed income funds	13,668,421	13,469,111
Equity securities, common stocks	2,928,800	3,447,467
Equity securities, preferred stocks	33,251	36,520
Debt securities:		
U.S. Government obligations	352,714	354,370
Corporate bonds	691,113	690,189
Insurance revenue asset backed bonds	1,858,000	1,858,000
Hedge funds	4,000,000	4,364,931
Limited partnership interests	751,277	751,277
Certificate of deposit	250,201	250,201
	<u>\$ 66,667,708</u>	<u>\$ 76,604,109</u>

Investment income, including that derived from unitrusts discussed in Note 3 and investments in closely-held corporations, consists of the following components:

	2007	2006
Interest and dividend income	<u>\$ 5,277,814</u>	<u>\$ 4,258,121</u>
Investment gains, net:		
Realized gain (loss) on sales of investments	4,450,724	(466,680)
Unrealized gain (loss) in fair value	<u>(1,435,240)</u>	<u>6,055,450</u>
	<u>3,015,484</u>	<u>5,588,770</u>
Total investment income	<u>\$ 8,293,298</u>	<u>\$ 9,846,891</u>

Certain investments held by the Community Foundation are in unrealized loss positions at December 31, 2007. The Community Foundation's investments in equity security funds and fixed income funds consist primarily of investments in several mutual funds that invest in stock equity or debt instruments of various companies. The Community Foundation evaluated, with the assistance of their broker, the severity and duration of each unrealized loss. Based on that evaluation and the Community Foundation's ability and intent to hold these investments for a reasonable period of time sufficient to recover any fair value deficits, the Community Foundation does not consider those investments to be other-than-temporarily impaired at December 31, 2007.

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

NOTE 2 - INVESTMENTS (Continued)

Investments at year end include the following unrealized loss positions:

Description of securities	Fair Value	Unrealized Losses
Equity securities, common stock:		
Less than 12 months	\$ 408,100	\$ 64,646
Total	\$ 408,100	\$ 64,646
Investment funds, equity security funds:		
Less than 12 months	\$ 5,584,330	\$ 901,106
Total	\$ 5,584,330	\$ 901,106
Investment funds, fixed income funds:		
12 months or greater	\$ 964,550	\$ 39,931
Total	\$ 964,550	\$ 39,931

NOTE 3 - INVESTMENTS HELD IN SPLIT-INTEREST AGREEMENTS

Unitrusts for which the Community Foundation serves as trustee and other split-interest agreements were comprised of the following as of December 31, 2007 and 2006:

	2007	
	Cost	Fair Value
Cash held for investment and other short-term investments	\$ 24,660	\$ 24,660
Investment funds:		
Equity security funds	2,130,236	2,257,199
Fixed income funds	541,081	525,014
Annuity contracts	576,321	735,217
	\$ 3,272,298	\$ 3,542,090
	2006	
	Cost	Fair Value
Cash held for investment and other short-term investments	\$ 17,548	\$ 17,548
Investment funds:		
Equity security funds	2,012,429	2,322,008
Fixed income funds	610,667	582,721
Annuity contracts	576,321	703,397
	\$ 3,216,965	\$ 3,625,674

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

NOTE 3 - INVESTMENTS HELD IN SPLIT-INTEREST AGREEMENTS (Continued)

Split-interest agreements are reflected in the accompanying combined financial statements as of December 31, 2007 and 2006 as follows:

	<u>2007</u>	<u>2006</u>
Assets, investments held in split-interest agreements	\$ 3,542,090	\$ 3,625,674
Liabilities, beneficial interest of others in split-interest agreements	(2,430,430)	(2,576,906)
Other, cash and due from other funds	<u>1,078,116</u>	<u>912,017</u>
Net assets, split-interest agreements	<u>\$ 2,189,776</u>	<u>\$ 1,960,785</u>

NOTE 4 - CONTRIBUTIONS RECEIVABLE - SPLIT-INTEREST AGREEMENTS

The Community Foundation has been named as a beneficiary of a charitable lead annuity trust and several charitable remainder unitrusts for which others serve as trustees. Based on the donors' life expectancies and discount rates ranging from 5.4% to 5.8%, the present value of future benefits expected to be received by the Community Foundation is estimated to be **\$1,309,584** and \$1,420,121 as of December 31, 2007 and 2006, respectively. Gross contributions due of **\$3,178,252** and \$3,281,598 are shown net of discount to present value of **\$1,868,668** and \$1,861,477 as of December 31, 2007 and 2006, respectively. As of December 31, 2007 and 2006, contributions receivable include amounts currently due of **\$0** and \$66,804, amounts due in one to five years of **\$347,049** and \$309,268, and amounts due in over five years of **\$962,535** and \$1,044,049, respectively.

NOTE 5 - CONCENTRATION OF CREDIT RISK

The Community Foundation routinely maintains demand deposits with financial institutions which exceed the federally insured limits. The Community Foundation has not experienced any financial loss related to such deposits and believes it is not exposed to any significant credit risk on cash and cash equivalents.

NOTE 6 - NOTES RECEIVABLE

Notes receivable include funds loaned to local not-for-profit organizations for the purpose of providing affordable housing in the community. The terms of the notes range from being payable on demand to payable in three years, and the interest rates of the notes range from non-interest bearing to 4% per annum.

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

NOTE 7 - INTEREST IN CLOSELY-HELD CORPORATIONS

The Community Foundation holds shares of stock in closely-held corporations as of December 31, 2007 and 2006 as follows:

<u>2007</u>		
	<u>Original Value</u>	<u>Current Value</u>
14,091 shares of non-voting common stock, representing a 22.31% minority interest in a closely-held corporation.	\$ 3,300,000	\$ 2,101,184
196.92 shares of common stock, representing a 41.03% minority interest in a closely-held corporation.	<u>744,559</u>	<u>744,559</u>
	<u>\$ 4,044,559</u>	<u>\$ 2,845,743</u>
<u>2006</u>		
	<u>Original Value</u>	<u>Current Value</u>
14,091 shares of non-voting common stock, representing a 22.31% minority interest in a closely-held corporation.	\$ 3,300,000	\$ 2,084,628
196.92 shares of common stock, representing a 41.03% minority interest in a closely-held corporation.	<u>744,559</u>	<u>744,559</u>
	<u>\$ 4,044,559</u>	<u>\$ 2,829,187</u>

All values have been determined using a discounted book value approach as of the date of the valuation, which approximates fair value.

NOTE 8 - PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2007 and 2006 consists of the following:

	<u>2007</u>	<u>2006</u>
Office equipment	\$ 149,015	\$ 105,835
Furnishings	66,183	62,480
Leasehold improvements	<u>22,201</u>	<u>21,215</u>
	237,399	189,530
Less accumulated depreciation	<u>129,964</u>	<u>90,467</u>
	<u>\$ 107,435</u>	<u>\$ 99,063</u>

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

NOTE 9 - LAND

A real estate limited liability corporation, 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.

NOTE 10 - DEFINED CONTRIBUTION RETIREMENT PLAN

The Community Foundation provides a defined contribution retirement plan covering substantially all its employees. Total expense related to the plan was **\$40,139** and **\$42,613** for the years ended December 31, **2007** and 2006, respectively.

NOTE 11 - LEASE AND RENT EXPENSE

The Community Foundation leases office space under a noncancelable agreement expiring on December 31, 2008, with one five-year renewal option. Rental expense for the years ended December 31, **2007** and 2006 was **\$95,022** and **\$92,924**, respectively. Future minimum lease payments under this agreement for the year ending December 31, 2008 is **\$120,570**.

The Community Foundation leases office space to a tenant under a noncancelable sublease which expires December 31, 2008, with one five-year renewal option. Future minimum rentals under this agreement for the year ending December 31, 2008 is **\$21,936**.

NOTE 12 - RESTATEMENT OF PRIOR YEAR FINANCIAL STATEMENTS

During the current year, the Community Foundation discovered that it had not previously reported a liability for the present value of expected payments to lifetime beneficiaries under split-interest agreements. The 2006 combined financial statements have been restated to report the liability for future expected payments to these beneficiaries.

The effect of the restatement on the change in net assets for the year ended December 31, 2006 is a decrease in beginning temporarily restricted net assets - split-interest agreements of **\$874,163**, an increase in change in value of trusts and the change in temporarily restricted net assets - split-interest agreements of **\$101,146** and an increase in beneficial interest of others in unitrusts of **\$773,017**.

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

NOTE 13 - NEWLY ISSUED ACCOUNTING PRONOUNCEMENTS

In September 2006, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards No. 157 - *Fair Value Measurements* ("FAS 157") that is effective for fiscal years beginning after November 15, 2007. This standard defines fair value and establishes a framework for measuring fair value in generally accepted accounting principles.

In February 2007, FASB issued Statement of Financial Accounting Standards No. 159 - *The Fair Value Option for Financial Assets and Financial Liabilities* ("FAS 159") that is effective for fiscal years beginning after November 15, 2007. This standard permits the choice of using fair value to measure many financial instruments and certain other items at fair value.

The Community Foundation has not determined the effect that the adoption of these standards will have on its combined financial statements.

In June 2006, FASB issued Interpretation No. 48, *Accounting for Uncertainty in Income Taxes* - an interpretation of FASB Statement No. 109 ("FIN 48"). FIN 48 clarifies the accounting for uncertainty in income taxes recognized in a company's financial statements in accordance with FASB Statement No. 109 ("FAS 109"). It prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. FIN 48 also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. FIN 48 was to be effective for fiscal years beginning after December 15, 2006. On February 1, 2008, FASB issued FASB Staff Position ("FSP") FIN 48-2, *Effective Date of FASB Interpretation No. 48 for Certain Nonpublic Enterprises*. This FSP defers the effective date of FIN 48, for certain nonpublic enterprises to fiscal years beginning after December 15, 2007. The Community Foundation does not expect the implementation of FIN 48 to have an effect on its combined financial statements.