



THE COMMUNITY FOUNDATION

Serving Richmond & Central Virginia

Combined Financial Statements

December 31, 2010 and 2009

THE COMMUNITY FOUNDATION
Serving Richmond and Central Virginia

Table of Contents

	<u>Page</u>
Report of Independent Accountants	1
Financial Statements:	
Combined Statements of Financial Position	2
Combined Statements of Activities	3
Combined Statements of Cash Flows	5
Notes to Combined Financial Statements	6
Supplemental Information:	
Combining Statement of Financial Position	26
Combining Statement of Activities	27



REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Governors of
The Community Foundation *Serving*
Richmond and Central Virginia:

We have audited the accompanying combined statements of financial position of The Community Foundation *Serving Richmond and Central Virginia* (the "Foundation") and affiliated organizations as of December 31, 2010 and 2009, and the related combined statements of activities 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 auditing standards generally accepted in the United States. 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 the Foundation and affiliated organizations as of December 31, 2010 and 2009, and the changes in their net assets and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States.

Our audits were conducted for the purpose of forming an opinion on the basic combined financial statements taken as a whole. The 2010 additional information on pages 26 through 27 is presented for the purpose of additional analysis and is not a required part of the basic combined financial statements. This additional information is the responsibility of the Foundation's management. Such information has been subjected to the auditing procedures applied in our audits of the basic combined financial statements and, in our opinion, is fairly stated in all material respects when considered in relation to the basic combined financial statements taken as a whole.

Keiter, Stephens, Hunter, Gary & Sheaves, P.C.

May 17, 2011
Glen Allen, Virginia

THE COMMUNITY FOUNDATION
Serving Richmond and Central Virginia

Combined Statements of Financial Position
 December 31, 2010 and 2009

<u>Assets</u>	<u>2010</u>	<u>2009</u>
Cash	\$ 4,945,291	\$ 4,162,108
Investments, at fair value	282,952,934	254,363,399
Pledges, notes and other receivables	3,692,640	2,734,825
Bequests receivable	-	1,999,892
Prepaid expenses	43,593	118,220
Real estate held for resale	257,027	257,027
Property and equipment, net	62,863	82,536
Cash surrender value of life insurance	14,556	12,886
Assets held in trust, at fair value	<u>75,161,287</u>	<u>65,121,190</u>
 Total assets	 <u>\$ 367,130,191</u>	 <u>\$ 328,852,083</u>
 <u>Liabilities and Net Assets</u>		
Accrued expenses	\$ 206,113	\$ 408,806
Distributions payable	4,884,735	8,350,852
Liability under gift annuities	392,230	405,569
Liability under trust agreements	48,364,498	39,839,073
Funds held as agency endowments	<u>3,589,284</u>	<u>2,885,223</u>
 Total liabilities	 <u>57,436,860</u>	 <u>51,889,523</u>
Net assets:		
Unrestricted	148,533,448	128,820,003
Temporarily restricted	44,704,188	37,177,768
Permanently restricted	<u>116,455,695</u>	<u>110,964,789</u>
 Total net assets	 <u>309,693,331</u>	 <u>276,962,560</u>
 Total liabilities and net assets	 <u>\$ 367,130,191</u>	 <u>\$ 328,852,083</u>

See accompanying notes to the combined financial statements.

THE COMMUNITY FOUNDATION
Serving Richmond and Central Virginia

Combined Statements of Activities
Year Ended December 31, 2010, With Summarized Financial Information for 2009

	2010			2009	
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Total
Support and revenue (losses):					
Contributions	\$ 16,388,807	\$ 2,039,891	\$ 5,106,871	\$ 23,535,569	\$ 24,060,033
Net change in value of investment in The Richmond Fund, LP	16,046,330	13,621,306	-	29,667,636	27,365,238
Net realized and unrealized (loss) gain on investments	(103,844)	(877)	413,990	309,269	(720,020)
Net investment income	390,583	770,557	-	1,161,140	966,198
Contributions from charitable trusts (net of the liability)	-	1,600,424	-	1,600,424	3,979,799
Miscellaneous revenue	29,840	272,528	48,269	350,637	1,797,049
Administrative fee income (expense)	92,165	(91,309)	(856)	-	-
Net assets released from restriction	<u>10,763,468</u>	<u>(10,686,100)</u>	<u>(77,368)</u>	<u>-</u>	<u>-</u>
Total support and revenue	<u>43,607,349</u>	<u>7,526,420</u>	<u>5,490,906</u>	<u>56,624,675</u>	<u>57,448,297</u>
Expenditures:					
Grant distributions	(20,725,009)	-	-	(20,725,009)	(25,191,189)
Administrative expenses	(2,848,293)	-	-	(2,848,293)	(2,430,092)
Excise tax (expense) refund on trust investment income	(70,422)	-	-	(70,422)	16,070
Other distributions	<u>(250,180)</u>	<u>-</u>	<u>-</u>	<u>(250,180)</u>	<u>(530,403)</u>
Total expenditures	<u>(23,893,904)</u>	<u>-</u>	<u>-</u>	<u>(23,893,904)</u>	<u>(28,135,614)</u>
Change in net assets	19,713,445	7,526,420	5,490,906	32,730,771	29,312,683
Net assets, beginning of year	<u>128,820,003</u>	<u>37,177,768</u>	<u>110,964,789</u>	<u>276,962,560</u>	<u>247,649,877</u>
Net assets, end of year	<u>\$ 148,533,448</u>	<u>\$ 44,704,188</u>	<u>\$ 116,455,695</u>	<u>\$ 309,693,331</u>	<u>\$ 276,962,560</u>

See accompanying notes to the combined financial statements.

THE COMMUNITY FOUNDATION
Serving Richmond and Central Virginia

Combined Statement of Activities, Continued
Year Ended December 31, 2009

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Support and revenue:				
Contributions	\$ 17,655,989	\$ 2,745,726	\$ 3,658,318	\$ 24,060,033
Net change in value of investment in The Richmond Fund, LP	15,004,320	12,360,918	-	27,365,238
Net realized and unrealized (loss) gain on investments	(1,386,996)	88,055	578,921	(720,020)
Net investment income	97,059	868,711	428	966,198
Contributions from charitable trusts (net of the liability)	-	3,979,799	-	3,979,799
Miscellaneous revenue	35,994	1,717,122	43,933	1,797,049
Administrative fee income (expense)	79,436	(78,453)	(983)	-
Net assets released from restriction	<u>14,887,049</u>	<u>(14,801,246)</u>	<u>(85,803)</u>	<u>-</u>
Total support and revenue	<u>46,372,851</u>	<u>6,880,632</u>	<u>4,194,814</u>	<u>57,448,297</u>
Expenditures:				
Grant distributions	(25,191,189)	-	-	(25,191,189)
Administrative expenses	(2,430,092)	-	-	(2,430,092)
Excise tax refund on trust investment income	16,070	-	-	16,070
Other distributions	<u>(530,403)</u>	<u>-</u>	<u>-</u>	<u>(530,403)</u>
Total expenditures	<u>(28,135,614)</u>	<u>-</u>	<u>-</u>	<u>(28,135,614)</u>
Change in net assets	18,237,237	6,880,632	4,194,814	29,312,683
Net assets, beginning of year	<u>110,582,766</u>	<u>30,297,136</u>	<u>106,769,975</u>	<u>247,649,877</u>
Net assets, end of year	<u>\$ 128,820,003</u>	<u>\$ 37,177,768</u>	<u>\$ 110,964,789</u>	<u>\$ 276,962,560</u>

See accompanying notes to the combined financial statements.

THE COMMUNITY FOUNDATION
Serving Richmond and Central Virginia

Combined Statements of Cash Flows
 Years Ended December 31, 2010 and 2009

	2010	2009
Cash flows from operating activities:		
Change in net assets	\$ 32,730,771	\$ 29,312,683
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	29,227	36,189
Net change in value of investment in The Richmond Fund, LP	(29,667,636)	(27,365,238)
Net realized and unrealized (gain) loss on investments	(309,269)	720,020
Unrealized loss on real estate held for resale	-	20,840
Change in assets and liabilities:		
Pledges, notes and other receivables	(957,815)	139,077
Bequests receivable	1,999,892	(1,299,892)
Prepaid expenses	74,627	(58,338)
Cash surrender value of life insurance	(1,670)	197,271
Accrued expenses	(202,693)	76,013
Distributions payable	(3,466,117)	721,235
Net cash provided by operating activities	229,317	2,499,860
Cash flows from investing activities:		
Proceeds from sale of investments, net	1,387,370	2,089,660
Purchase of property and equipment	(9,554)	(8,162)
Net cash provided by investing activities	1,377,816	2,081,498
Cash flows from financing activities:		
Increase in assets held in trust	(10,040,097)	(16,545,959)
Decrease in liability under gift annuities	(13,339)	(12,282)
Increase in liability under trust agreements	8,525,425	13,380,980
Increase in funds held as agency endowments	704,061	361,494
Net cash used in financing activities	(823,950)	(2,815,767)
Net change in cash	783,183	1,765,591
Cash, beginning of year	4,162,108	2,396,517
Cash, end of year	\$ 4,945,291	\$ 4,162,108

See accompanying notes to the combined financial statements.

THE COMMUNITY FOUNDATION
Serving Richmond and Central Virginia

Notes to Combined Financial Statements

1. Organization and Business:

The Community Foundation *Serving Richmond and Central Virginia* (the "Foundation") is a publicly-supported charity formed and existing exclusively to support charitable purposes primarily in, and for the benefit of, Richmond and Central Virginia. The Foundation is composed of two legal entities that operate as a single, consolidated organization: Greater Richmond Community Foundation, a charitable trust, and The Community Foundation, Inc., a charitable corporation. These entities share the same tax identification number and report their financial and program operations on a combined basis. The Foundation operates under the purpose and authority established by the Declaration of Trust, initially executed in 1968 and subsequently incorporated into the governing documents of the corporate entity which was established in 1993.

The accompanying combined financial statements include the resources and financial activities of the Foundation and six affiliated organizations, the Garland and Agnes Taylor Gray Foundation ("Gray Foundation"), the Sarah Hollins Foundation ("Hollins Foundation"), the Frances Campbell Foundation ("Campbell Foundation"), the Annabella R. Jenkins Foundation ("Jenkins Foundation"), the R.E.B. Foundation, and the Partnership for Nonprofit Excellence (the "Partnership"). These affiliated organizations, operated in connection with the Foundation, have elected to participate in the annual audit and financial reporting process. The programs conducted by the affiliated organizations are reflected in the unrestricted activities in the accompanying combined financial statements. All significant intercompany transactions and accounts are eliminated. Effective December 14, 2010, the boards of Hollins Foundation and the Campbell Foundation voted to terminate as supporting organizations and become donor-advised funds of The Community Foundation. The majority of their assets transferred to The Community Foundation on January 1, 2011.

Effective December 31, 2010, the Chesapeake Corporation Foundation, a Virginia nonstock corporation, merged with and into The Community Foundation. Assets transferred included a 1.1% interest in a limited liability company.

2. Summary of Significant Accounting Policies:

Basis of Accounting: The Foundation and affiliated organizations prepare their financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States.

Use of Estimates in the Preparation of Financial Statements: The preparation of financial statements in conformity with accounting principles generally accepted in the United States ("GAAP") 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 support and revenue and expenditures during the reporting period. Actual results could differ from those estimates.

THE COMMUNITY FOUNDATION
Serving Richmond and Central Virginia

Notes to Combined Financial Statements, Continued

2. Summary of Significant Accounting Policies, Continued:

Investments: The Foundation's investments are reported at fair value in the statements of financial position. The fair value of marketable equity and debt securities is determined using quoted market prices. Certain less marketable investments are generally carried at values determined by the respective investment managers. Fair value approximates carrying values. Investments are exposed to various risks, such as interest rate, market, and credit. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in the risks in the near term could materially affect amounts reported on the financial statements. Unrealized gains and losses are included in the statements of activities.

Property and Equipment and Depreciation: Property and equipment consists primarily of office furniture and equipment recorded at cost for purchased items and at fair value for contributed items. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets. Accumulated depreciation equaled \$316,250 and \$368,142 as of December 31, 2010 and 2009, respectively.

Net Assets: Under the terms of the governing documents, the Board of Governors has the ability to modify any restrictions or condition on the distribution of funds for any specified charitable purposes or to specified organizations if, in the sole judgment of the Board of Governors, the restriction or condition has become, in effect, unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the Greater Richmond community. As a result of the inability to distribute corpus unless certain restrictions or conditions have become unnecessary, incapable of fulfillment or inconsistent with the needs of the community, all contributions not classified as temporarily restricted or unrestricted are classified as permanently restricted net assets for financial reporting purposes.

Unrestricted net assets include all gifts that impose no restrictions on the Foundation as to their use or purpose. Such funds are expended for charitable purposes as deemed appropriate by the Board. The principal of some unrestricted funds is treated by the Board as endowed funds.

Temporarily restricted net assets consist of irrevocable charitable trusts, lead trusts, restricted contributions receivable, and the remaining portion of donor-restricted endowment funds that are not classified as permanently restricted net assets. When donor restrictions expire, that is, when a stipulated time restriction ends or a purpose restriction is fulfilled, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

Permanently restricted net assets represent the fair value of the original gift as of the gift date and the original fair value of subsequent gifts to donor-restricted endowment funds.

THE COMMUNITY FOUNDATION
Serving Richmond and Central Virginia

Notes to Combined Financial Statements, Continued

2. Summary of Significant Accounting Policies, Continued:

Funds Held as Agency Endowments: The Foundation is a recipient organization that accepts contributions from organizations and agrees to use those assets on behalf of a specified beneficiary and recognizes the fair value of those assets as a liability to the specified beneficiary. The Foundation maintains variance power and legal ownership of agency endowment funds and as such, continues to report the funds as assets of the Foundation.

Revenue Recognition: The Foundation and affiliated organizations report contributions as support when they are received or pledged by the donor. The Foundation and affiliated organizations report restricted contributions as temporarily restricted support if they are restricted for use in a subsequent year. When a donor restriction expires (i.e., when a stipulated time restriction ends or the purpose is met) temporarily restricted net assets are reclassified to unrestricted.

Non-Cash Contributions: Contributions of property are recorded by the Foundation and affiliated organizations at the fair value of the property at the date of gift as determined by appraisal, discounted as appropriate. Contributions of equity securities are recorded at the fair value of the stock at the date of gift based on quoted market values. If the gifted stock is sold, the Foundation and affiliated organizations recognize the expense of broker fees and commissions; however, if the stock is held for investment purposes, its carrying value is periodically adjusted for changes in market performance.

Concentrations of Credit Risk: Financial instruments that potentially subject the Foundation to concentrations of credit risk consist principally of cash and cash equivalents and pledges and notes receivable. The Foundation and affiliated organizations place their cash and cash equivalents with financial institutions located in Richmond, Virginia. At times, these balances are in excess of the FDIC insurance limit.

Receivables are from individuals, corporations and foundations located primarily in the Richmond metropolitan area. The Foundation and affiliated organizations believe their credit risk related to these receivables is limited due to the nature of their donors.

Income Taxes: In 1970, the Foundation received the original letter of tax exempt status from the Internal Revenue Service (the "IRS"). In 1993, the Foundation filed a ruling request with the IRS related to the Foundation's new organization, as described in Note 1. In its letter dated September 1, 1994, the IRS ruled that the Foundation, as designed and operated, is a qualifying public charity as defined in Section 501(c)(3) of the Internal Revenue Code ("IRC"), and therefore, is exempt from federal and state income taxes. As a result of certain investments, the Foundation is subject to unrelated business income tax. Certain affiliated trusts pay excise taxes on their investment income.

THE COMMUNITY FOUNDATION
Serving Richmond and Central Virginia

Notes to Combined Financial Statements, Continued

2. Summary of Significant Accounting Policies, Continued:

Income Tax Uncertainties: The Foundation has adopted Financial Accounting Standards Board (“FASB”) guidance related to accounting for uncertainty in income taxes, which clarifies the accounting for income taxes by prescribing the minimum recognition threshold that a tax position is required to meet before being recognized in the Foundation’s combined financial statements. The interpretation also provides guidance on derecognition, classification, interest and penalties, disclosure and transition.

In accordance with the interpretation, the Foundation discloses the expected future tax consequences of uncertain tax positions presuming the taxing authorities’ full knowledge of the facts of the Foundation’s position and records unrecognized tax benefits or liabilities for known, or anticipated tax issues based on the Foundation’s analysis of whether additional taxes would be due to the authority given their full knowledge of the tax position. The Foundation has completed its assessment and determined that there were no tax positions which would require recognition under the interpretation. The Foundation’s income tax returns for years since 2007 remain open for examination by tax authorities.

Reclassifications: Certain prior year balances have been reclassified to conform with current year presentation.

3. Investments:

As of December 31, 2010 and 2009, the cost of investments and their fair values were as follows:

	<u>2010</u>		<u>2009</u>	
	<u>At Cost</u>	<u>At Fair Value</u>	<u>At Cost</u>	<u>At Fair Value</u>
Unrestricted	\$ 133,413,165	\$ 147,033,118	\$ 121,488,436	\$ 118,308,748
Temporarily restricted	25,844,838	27,797,135	35,061,860	34,144,194
Permanently restricted	<u>100,528,817</u>	<u>108,122,681</u>	<u>104,649,420</u>	<u>101,910,457</u>
	<u>\$ 259,786,820</u>	<u>\$ 282,952,934</u>	<u>\$ 261,199,716</u>	<u>\$ 254,363,399</u>

THE COMMUNITY FOUNDATION
Serving Richmond and Central Virginia

Notes to Combined Financial Statements, Continued

3. Investments, Continued:

As of December 31, 2010 and 2009, the costs of investments and their related fair values by major investment type were as follows:

	2010		2009	
	Cost	Market	Cost	Market
Cash equivalents	\$ 12,125,858	\$ 12,125,858	\$ 20,047,845	\$ 20,047,845
Equity securities	2,774,767	4,185,984	3,496,626	4,589,482
Fixed income	-	-	135,000	134,935
Alternatives:				
Marketable	2,217,631	2,221,695	1,967,631	1,847,571
Non-marketable	482,235	545,522	526,285	697,330
Richmond Fund, LP	242,186,329	263,873,875	235,026,329	227,046,236
	\$ 259,786,820	\$ 282,952,934	\$ 261,199,716	\$ 254,363,399

The Foundation invests its assets to achieve a long-term rate of return that exceeds its payout rate, plus the rate of inflation. Volatility is minimized by investing globally in diverse, non-correlating classes of assets. Due in part to the University of Richmond's (the "University") performance record in accomplishing these objectives with its own endowment, in 2008, the Foundation and certain of its affiliated organizations entered into an investment partnership with the University called The Richmond Fund, LP (the "Richmond Fund"). The general partner of the Richmond Fund is the Richmond Fund Management Company, LLC, a subsidiary of Spider Management Company, LLC ("SMC"), the investment company for the University's endowment. A rate of return agreement is used to equalize the quarterly rate of return of the University's pooled endowment managed by SMC and the Richmond Fund's rate of return. As of December 31, 2010 and 2009, the ownership interests and summarized activity of the Foundation and its affiliated organizations for the years then ended are as follows:

	The Community Foundation	Jenkins Foundation	Gray Foundation	R.E.B. Foundation	Frances Campbell Foundation	Sarah Hollins Foundation	Total
Ownership percentage of The Richmond Fund, LP at December 31, 2010	21.0%	4.1%	2.3%	1.7%	0.3%	0.3%	29.7%
Balance, January 1, 2009	\$ 117,208,088	\$ 26,261,175	\$ 12,652,812	\$ -	\$ -	\$ -	\$ 156,122,075
Contributions	19,351,140	4,196,652	4,259,716	12,421,416	2,000,000	2,000,000	44,228,924
Distributions	-	(450,000)	-	-	(110,000)	(110,000)	(670,000)
Investment income	18,541,376	4,149,824	2,344,496	1,805,031	262,255	262,255	27,365,237
Balance, December 31, 2009	155,100,604	34,157,651	19,257,024	14,226,447	2,152,255	2,152,255	227,046,236
Contributions	10,500,000	-	-	-	150,000	150,000	10,800,000
Distributions	-	(1,800,000)	(800,000)	(680,000)	(180,000)	(180,000)	(3,640,000)
Investment income	20,795,079	4,187,282	2,376,583	1,750,889	278,903	278,903	29,667,639
Balance, December 31, 2010	\$ 186,395,683	\$ 36,544,933	\$ 20,833,607	\$ 15,297,336	\$ 2,401,158	\$ 2,401,158	\$ 263,873,875

THE COMMUNITY FOUNDATION
Serving Richmond and Central Virginia

Notes to Combined Financial Statements, Continued

3. Investments, Continued:

Net change in value of investment in The Richmond Fund, LP, net realized and unrealized (loss) gain on investments, and net investment income included in the accompanying combined statements of activities, in total, is shown net of investment expenses of \$3,235,565 for 2010 and \$2,377,579 for 2009.

4. Pledges, Notes, and Other Receivables:

Pledges, notes and other receivables consist of the following assets at December 31, 2010 and 2009:

	2010		2009	
	Current	Long-term	Current	Long-term
Pledges receivable	\$ 113,130	\$ 80,979	\$ 542,332	\$ 17,415
Receivable from charitable lead trusts	209,517	2,719,538	163,844	1,708,113
Other receivables	446,859	122,617	162,690	140,431
	\$ 769,506	\$ 2,923,134	\$ 868,866	\$ 1,865,959

5. Bequests Receivable:

During 2010, the Foundation received net proceeds of \$1,999,892 from all estates. There are no bequests receivable as of December 31, 2010.

During 2009, the Foundation received net proceeds of \$456,000 from all estates. The aggregate value of the three estate bequests for which the Foundation has a known value is estimated to be \$1,999,892 and is reflected on the combined statement of financial position as a receivable as of December 31, 2009.

6. Cash Surrender Value of Life Insurance:

Cash surrender value of life insurance is carried at its stated value which approximates its fair value.

The Foundation is the beneficiary under three life insurance policies as of December 31, 2010 and 2009. At December 31, 2010 and 2009, the face amount of these policies totaled \$200,000. During 2010, the Foundation received no proceeds from life insurance.

THE COMMUNITY FOUNDATION
Serving Richmond and Central Virginia

Notes to Combined Financial Statements, Continued

7. Distributions Payable:

Distributions payable, recorded at pledged amounts, consist of the following at December 31, 2010:

2011	\$ 3,150,308
2012	1,147,827
2013	411,639
2014	79,972
2015	52,605
Thereafter	<u>42,384</u>
Total	<u>\$ 4,884,735</u>

8. Charitable Trusts:

The Foundation is the named trustee under numerous charitable unitrust agreements ("Unitrusts"). Under the trust agreements, the Unitrusts pay an annual benefit to the trust beneficiaries throughout their lives based on a percentage of the fair value of the trust assets as defined by the trust agreement. The fair value of the assets of the Unitrusts is included on the combined statements of financial position as assets held in trust. Temporarily restricted contribution income is recognized to the extent that the fair value of the trust assets exceeds the present value of the future payments to the trust beneficiaries.

The Foundation is also the named trustee under several charitable annuity trust agreements. The terms of these trusts are similar to those of the Unitrusts except that the annual payout to the beneficiaries is a fixed amount.

The present value of the future payments to the trust beneficiaries is based on life span, actuarial factors derived from IRS Publication 1458, and discount rates of 1.8% and 3.5% as of December 31, 2010 and 2009, respectively, per IRC Section 7520(a).

The Foundation is the named trustee and beneficiary of four charitable lead trusts. Under the trust agreements, the lead trusts pay an annual benefit for a specified term based on a percentage of the fair value of the trust assets. The fair value of the assets of the lead trusts is included on the combined statements of financial position as assets held in trust. A liability for the present value of the future payout at termination is included on the combined statements of financial position as a liability under trust agreements.

THE COMMUNITY FOUNDATION
Serving Richmond and Central Virginia

Notes to Combined Financial Statements, Continued

8. Charitable Trusts, Continued:

For 2010 and 2009, the changes in value of split interest agreements were \$295,919 and \$650,286, respectively. These amounts are included on the combined statements of activities as net realized and unrealized gain on investments.

9. Line of Credit:

The Foundation has available a revolving line of credit with a bank providing for maximum borrowings of \$5,000,000 through September 30, 2011. Interest on funds advanced is payable monthly at the one-month LIBOR rate plus 1.75% (2.01% at December 31, 2010). There were no borrowings on the line of credit at December 31, 2010 and 2009.

10. Temporarily Restricted Net Assets:

Temporarily restricted net assets at year-end were available for the following purposes:

	2010	2009
Donor advised funds	\$ 10,419,778	\$ 6,775,453
Beneficial interest in trusts	13,844,776	14,682,167
Program specific funds	20,439,634	15,720,148
	\$ 44,704,188	\$ 37,177,768

11. Endowment Funds:

The Foundation's endowment consists of approximately 375 permanently endowed named funds established for a variety of purposes. Its endowment includes both donor-restricted endowment funds and funds designated by the Board of Governors to function as endowments. As required by GAAP, net assets associated with endowment funds, including funds designated by the Board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

THE COMMUNITY FOUNDATION
Serving Richmond and Central Virginia

Notes to Combined Financial Statements, Continued

11. Endowment Funds, Continued:

The Board of Governors of the Foundation has interpreted the Uniform Prudent Management of Institutional Funds Act (“UPMIFA”) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) 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 by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the organization and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the organization
- The investment policies of the organization

Endowment Investing and Spending Policies: The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Under this policy, as approved by the Board of Governors, the endowment funds are invested in a manner that is intended to produce stated investment results while assuming a moderate level of investment risk. The Foundation’s spending and investment policies work together to achieve this objective. The investment policy establishes an achievable return objective return through diversification of asset classes. The current long-term return objective is to earn 5% per year, plus the rate of inflation. Actual returns in any given year may vary from this amount.

To satisfy its long-term rate of return objectives, the 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). The Foundation targets a diversified asset allocation that places a greater value on equity-based investments to achieve its long-term return objectives within prudent risk parameters.

THE COMMUNITY FOUNDATION
Serving Richmond and Central Virginia

Notes to Combined Financial Statements, Continued

11. Endowment Funds, Continued:

The spending policy calculates the amount of money annually distributed from the Foundation's various endowed funds for grantmaking and administration. The current spending policy is to distribute an amount up to 5% of a moving twelve-quarter average, unless a different amount is stated in the fund agreement. This is consistent with the Foundation's objective to maintain the purchasing power of endowment assets as well as to provide additional real growth through new gifts and investment return.

Funds with Deficits: From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Foundation to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature that are reported in unrestricted net assets were (\$4,823,722) as of December 31, 2010 and (\$8,496,647) as of December 31, 2009.

Endowment net asset composition by type of fund was as follows as of December 31, 2010 and 2009:

	2010			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Donor-restricted endowment funds	\$ (4,823,722)	\$ 23,311,070	\$ 110,799,015	\$ 129,286,363
Board-designated funds	83,921,178	-	-	83,921,178
Total funds	\$ 79,097,456	\$ 23,311,070	\$ 110,799,015	\$ 213,207,541
	2009			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	\$ (8,496,647)	\$ 17,842,869	\$ 105,692,144	\$ 115,038,366
Board-designated funds	78,897,538	-	-	78,897,538
Total funds	\$ 70,400,891	\$ 17,842,869	\$ 105,692,144	\$ 193,935,904

THE COMMUNITY FOUNDATION
Serving Richmond and Central Virginia

Notes to Combined Financial Statements, Continued

11. Endowment Funds, Continued:

Changes in endowment net assets were as follows for the years ended December 31, 2010 and 2009:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Net assets, January 1, 2009	\$ 61,967,286	\$ 12,831,401	\$ 102,033,826	\$ 176,832,513
Investment gain	11,808,324	9,000,643	-	20,808,967
New gifts	540,398	-	3,658,318	4,198,716
Appropriation of endowment assets for expenditure	<u>(3,915,117)</u>	<u>(3,989,175)</u>	<u>-</u>	<u>(7,904,292)</u>
Net assets, December 31, 2009	70,400,891	17,842,869	105,692,144	193,935,904
Investment gain	9,482,070	14,110,677	-	23,592,747
New gifts	171,839	-	5,106,871	5,278,710
Appropriation of endowment assets for expenditure	<u>(957,344)</u>	<u>(8,642,476)</u>	<u>-</u>	<u>(9,599,820)</u>
Net assets, December 31, 2010	<u>\$ 79,097,456</u>	<u>\$ 23,311,070</u>	<u>\$ 110,799,015</u>	<u>\$ 213,207,541</u>

THE COMMUNITY FOUNDATION
Serving Richmond and Central Virginia

Notes to Combined Financial Statements, Continued

12. Fair Value Measurements:

In September 2006, the FASB issued guidance relating to fair value measurements. This FASB guidance establishes a framework for measuring fair value, clarifies the definition of fair value within that framework and expands disclosure requirements regarding the use of fair value measurements. The guidance became effective for financial statements issued for fiscal years beginning after November 15, 2007.

The guidance defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal and most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The guidance establishes a three-level hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the assets or liabilities fall within different levels of the hierarchy, the classification is based on the lowest level that is significant to the fair value measurement of the asset or liability. Classification of assets and liabilities within the hierarchy considers the market in which the assets or liabilities are traded and the reliability and transparency of the assumptions used to determine fair value. The hierarchy requires the use of observable market data when available. The levels of the hierarchy are defined as follows:

Level 1 – Unadjusted quoted prices that are available in active markets for the identical assets or liabilities at the measurement date.

Level 2 – Other observable inputs available at the measurement date, other than quoted prices included in Level 1, either directly or indirectly, including:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets in non-active markets;
- Inputs other than quoted prices that are observable for the asset or liability; and
- Inputs that are derived principally from or corroborated by other observable market data.

Level 3 – Unobservable inputs that cannot be corroborated by observable market data and reflect the use of significant management judgment. These values are generally determined using pricing models for which the assumptions utilize management's estimates of market participant assumptions.

THE COMMUNITY FOUNDATION
Serving Richmond and Central Virginia

Notes to Combined Financial Statements, Continued

12. Fair Value Measurements, Continued:

Assets and liabilities measured at fair value on a recurring basis at December 31, 2010 include the following:

	Fair Value Using			Assets/liabilities at Fair Value
	Level 1	Level 2	Level 3	
Assets:				
Investments:				
Cash equivalents	\$ 12,125,858	\$ -	\$ -	\$ 12,125,858
Equity securities	4,185,984	-	-	4,185,984
Alternatives	-	1,971,695	545,522	2,517,217
LLC interest	-	250,000	-	250,000
Richmond Fund, LP	-	-	263,873,875	263,873,875
Total investments	<u>16,311,842</u>	<u>2,221,695</u>	<u>264,419,397</u>	<u>282,952,934</u>
Pledges receivable	769,506	2,923,134	-	3,692,640
Real estate held for resale	-	257,027	-	257,027
Cash surrender value of life insurance	14,556	-	-	14,556
Beneficial interest in trusts	<u>74,232,525</u>	<u>404,630</u>	<u>524,132</u>	<u>75,161,287</u>
Total	<u>\$ 91,328,429</u>	<u>\$ 5,806,486</u>	<u>\$ 264,943,529</u>	<u>\$ 362,078,444</u>
Liabilities:				
Distributions payable	\$ -	\$ 4,884,735	\$ -	\$ 4,884,735
Liability under gift annuities	-	392,230	-	392,230
Liability under trust agreements	-	48,364,498	-	48,364,498
Funds held as agency endowments	-	<u>3,589,284</u>	-	<u>3,589,284</u>
Total	<u>\$ -</u>	<u>\$ 57,230,747</u>	<u>\$ -</u>	<u>\$ 57,230,747</u>

THE COMMUNITY FOUNDATION
Serving Richmond and Central Virginia

Notes to Combined Financial Statements, Continued

12. Fair Value Measurements, Continued:

Assets and liabilities measured at fair value on a recurring basis at December 31, 2009 include the following:

	Fair Value Using			Assets/liabilities at Fair Value
	Level 1	Level 2	Level 3	
Assets:				
Investments:				
Cash equivalents	\$ 20,047,845	\$ -	\$ -	\$ 20,047,845
Equity securities	4,589,482	-	-	4,589,482
Fixed income	134,935	-	-	134,935
Alternatives	-	1,847,571	697,330	2,544,901
Richmond Fund, LP	-	-	227,046,236	227,046,236
Total investments	<u>24,772,262</u>	<u>1,847,571</u>	<u>227,743,566</u>	<u>254,363,399</u>
Pledges receivable	868,866	1,865,959	-	2,734,825
Bequests receivable	297,092	1,702,800	-	1,999,892
Real estate held for resale	-	257,027	-	257,027
Cash surrender value of life insurance	12,886	-	-	12,886
Beneficial interest in trusts	<u>63,884,594</u>	<u>665,321</u>	<u>571,275</u>	<u>65,121,190</u>
Total	<u>\$ 89,835,700</u>	<u>\$ 6,338,678</u>	<u>\$ 228,314,841</u>	<u>\$ 324,489,219</u>
Liabilities:				
Distributions payable	\$ -	\$ 8,350,852	\$ -	\$ 8,350,852
Liability under gift annuities	-	405,569	-	405,569
Liability under trust agreements	-	39,839,073	-	39,839,073
Funds held as agency endowments	<u>-</u>	<u>2,885,223</u>	<u>-</u>	<u>2,885,223</u>
Total	<u>\$ -</u>	<u>\$ 51,480,717</u>	<u>\$ -</u>	<u>\$ 51,480,717</u>

THE COMMUNITY FOUNDATION
Serving Richmond and Central Virginia

Notes to Combined Financial Statements, Continued

12. Fair Value Measurements, Continued:

The following table provides a reconciliation between the beginning and ending balances of assets measured at fair value on a recurring basis in the table above that used significant unobservable inputs (Level 3):

	<u>Investments in Alternatives</u>	<u>Investment in Richmond Fund, LP</u>	<u>Beneficial Interest in Trusts</u>
Balance at January 1, 2009	\$ 1,279,065	\$ 156,122,075	\$ 705,759
Transfers out of Level 3	(582,967)	-	-
Purchases	-	44,228,924	-
Distributions	-	(670,000)	-
Net investment income	(4,252)	-	-
Net realized and unrealized gain on investments	<u>5,484</u>	<u>27,365,237</u>	<u>(134,484)</u>
Balance at December 31, 2009	697,330	227,046,236	571,275
Purchases	-	10,800,000	-
Distributions	(220,614)	(3,640,000)	-
Net investment income	123,033	-	-
Net realized and unrealized gain on investments	<u>(54,227)</u>	<u>29,667,639</u>	<u>(47,143)</u>
Balance at December 31, 2010	<u>\$ 545,522</u>	<u>\$ 263,873,875</u>	<u>\$ 524,132</u>

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

The investments in alternatives are valued by general partners of the funds based on several criteria established in the fund agreement. All exchange traded securities are measured at the listed price at a specified time. Financial instruments that are tied to an underlying exchange traded security are valued at the listed price provided that the general partner determines that the price accurately reflects fair value. All other assets and liabilities of the fund are valued based on a calculation of fair value based on supporting information by the general partner.

THE COMMUNITY FOUNDATION
Serving Richmond and Central Virginia

Notes to Combined Financial Statements, Continued

12. Fair Value Measurements, Continued:

The investment in the Richmond Fund is valued by the general partner based on several criteria established in the Richmond Fund agreement. The Richmond Fund operates as a fund of funds and as such the general partner reviews the fair values of each underlying fund based on available information. The Richmond Fund undergoes an annual independent audit.

The beneficial interest in trusts are managed investments and are valued by general partners of the investment funds based on several criteria established in the fund agreement. All exchange traded securities are measured at the listed price at a specified time. Financial instruments that are tied to an underlying exchange traded security are valued at the listed price provided that the general partner determines that the price accurately reflects fair value. All other assets and liabilities of the fund are valued based on a calculation of fair value based on supporting information by the general partners.

13. Supporting Organizations and Other Affiliated Entities:

Supporting Organizations and other affiliated entities not participating in the annual financial reporting and audit process:

During 1996, the Foundation received gifts to a component fund with the intent, if approved by the IRS, to transfer the net assets of the funds to supporting organizations which support the charitable purposes of the Foundation. During 1997, the supporting organizations were organized as tax-exempt organizations as defined by Section 501(c)(3) of the IRC and the related net assets were transferred to five supporting organizations. The Commonwealth Foundations held assets with a fair value of \$222,547,887 (unaudited) at December 31, 2010 and \$196,055,656 (unaudited) at December 31, 2009. The Foundation recorded contributions of \$247,700 and \$233,246 for 2010 and 2009, respectively, from the Commonwealth Foundations.

In 2002, the Commonwealth Foundation for Cancer Research was organized as a tax-exempt organization as defined by Section 501(c)(3) of the IRC, and became a supporting organization of The Community Foundation, Inc. The Commonwealth Foundation for Cancer Research held assets with a fair value of \$30,118,616 (unaudited) at December 31, 2010 and \$40,421,588 (unaudited) at December 31, 2009. This foundation has pledged substantially all of its assets to six institutions.

THE COMMUNITY FOUNDATION
Serving Richmond and Central Virginia

Notes to Combined Financial Statements, Continued

13. Supporting Organizations and Other Affiliated Entities, Continued:

Supporting Organizations and other affiliated entities participating in the annual financial reporting and audit process:

On December 6, 2006, the Partnership for Nonprofit Excellence (the "Partnership") was organized exclusively to support the charitable purposes of the Foundation, and 100% of the Partnership's Board of Directors is appointed by the Foundation. The Partnership applied for recognition as a tax-exempt public charity as defined by Sections 170 (b)(1)(A)(vi), 501(c)(3), and 509(a)1 of the IRC and was approved with an effective date of December 6, 2006. The advance ruling period for the Partnership ends December 31, 2010. The net assets and result of operations are reflected in the combined financial statements.

In 1988, the R.E.B. Foundation became a supporting organization of the Foundation. The R.E.B. Foundation is a tax-exempt organization as defined by Section 501(c)(3) of the IRC. The R.E.B. Foundation assists in supporting the educational purposes of the Foundation. As of January 1, 2001, the R.E.B. Foundation elected to participate in the annual audit and financial reporting process and its net assets and results of operations are reflected in the combined financial statements.

In August 1995, the Annabella R. Jenkins Foundation ("Jenkins Foundation") became a supporting organization of the Foundation. The Jenkins Foundation assists in supporting the charitable purposes of the Foundation, with an emphasis on health and medically related charitable purposes. In January 2000, the Jenkins Foundation elected to participate in the annual audit and financial reporting process and its net assets and results of operations are reflected in the combined financial statements.

During 1996, the Foundation received gifts to a component fund with the intent, if approved by the IRS, to transfer the net assets of the funds to supporting organizations which support the charitable purposes of the Foundation. During 1997, the Sarah Hollins Foundation and the Frances Campbell Foundation were organized as supporting organizations and the related net assets were transferred. At that time the Sarah Hollins Foundation and the Frances Campbell Foundation elected to participate in the annual audit and financial reporting process and their net assets and results of operations are reflected in the combined financial statements. Effective December 14, 2010, the boards of Hollins Foundation and the Campbell Foundation voted to terminate as supporting organizations and become donor-advised funds of The Community Foundation. The majority of their assets transferred to The Community Foundation on January 1, 2011.

In January 1997, the Garland and Agnes Taylor Gray Foundation became a supporting organization of the Foundation and elected at that time to participate in the annual audit and financial reporting process, and its net assets and results of operations are reflected in the combined financial statements.

THE COMMUNITY FOUNDATION
Serving Richmond and Central Virginia

Notes to Combined Financial Statements, Continued

13. Supporting Organizations and Other Affiliated Entities, Continued:

Unaudited, pro forma disclosures of the Foundation, as if combined with the supporting organizations and other affiliated entities described above, are as follows as of December 31, 2010 and 2009:

	<u>2010</u>	<u>2009</u>
Assets:		
Foundation and supporting organizations and other affiliated entities in the combined financial statements	\$ 367,130,191	\$ 328,852,083
Commonwealth Foundations I-V	222,547,887	196,055,656
Commonwealth Foundation for Cancer Research	<u>30,118,616</u>	<u>40,421,588</u>
Total combined assets	<u>\$ 619,796,694</u>	<u>\$ 565,329,327</u>
Liabilities:		
Foundation and supporting organizations and other affiliated entities in the combined financial statements	\$ 57,436,860	\$ 51,889,523
Commonwealth Foundations I-V	65,656,139	50,066,129
Commonwealth Foundation for Cancer Research	<u>3,165,000</u>	<u>2,187,500</u>
Total combined liabilities	<u>\$ 126,257,999</u>	<u>\$ 104,143,152</u>
Total combined net assets	<u>\$ 493,538,695</u>	<u>\$ 461,186,175</u>

THE COMMUNITY FOUNDATION
Serving Richmond and Central Virginia

Notes to Combined Financial Statements, Continued

14. Leases:

The Foundation leases office space and equipment under operating leases. During 2011, the Foundation extended its existing office space lease agreement and negotiated a new office lease agreement for additional space at its existing location. The new agreement requires rent payments of \$1,988,815 through March 2018. At December 31, 2010, future minimum payments under the existing operating lease obligations consisted of \$30,537 to be paid in 2011. Total operating lease expense was \$126,190 for 2010 and \$152,722 for 2009.

15. Retirement Plans:

Foundation employees are eligible to participate in a 403(b) thrift plan on the first day of the month following employment. Employees are eligible for the 403(b) thrift plan employer matching contribution after 12 months of service, a minimum of 1,000 hours of service, and attaining age 21. Under the terms of the plan, employees are entitled to contribute a portion of their total compensation, within limitations established by the IRC. At the discretion of the Board of Governors, the Foundation may make a matching contribution defined as the lesser of 100% of an employee's contributions or 4.5% of an employee's total annual compensation. Matching contributions amounted to \$56,190 for 2010 and \$53,494 for 2009.

The Foundation offers a defined benefit plan through United Way of Greater Richmond & Petersburg for employees meeting the eligibility requirements of age 21 and completing one year of service with a minimum of 1,000 hours worked. The plan pays retirees a fixed amount that is based on the number of years of service and compensation history. Benefits are fully vested after the employee has reached three years of service. Pension plan expense was \$18,450 for 2010 and \$31,964 for 2009. Effective December 31, 2008, the plan sponsor, United Way of Greater Richmond & Petersburg, decided to freeze all future benefit accruals for those who are active participants. The pension plan was also frozen to new participants as of that date. Based on actuarial assumptions, current interest rates, market conditions, requirements of the Pension Protection Act, and other factors, the Foundation is likely to be required to make future contributions to the Plan.

As of January 1, 2006, the Foundation established a nonqualified deferred compensation plan. The plan is designed and intended to comply with and to operate in accordance with Sections 457(f) and 409(A) of the IRC. The plan features cliff vesting at the end of each five-year contribution period. Currently, there is one plan participant. Benefits totaling \$134,180 vested during 2010. After a partial distribution in 2010, accrued vested benefits of \$74,483 and \$0, as of December 31, 2010 and 2009, respectively, are included in accrued expense in the accompanying combined statements of financial position.

THE COMMUNITY FOUNDATION
Serving Richmond and Central Virginia

Notes to Combined Financial Statements, Continued

16. Indemnification:

As permitted under their articles of incorporation, the Foundation and affiliated organizations have certain obligations to indemnify their current and former officers and directors for certain events or occurrences while the officer or director is, or was serving, at the Foundation's and affiliated organizations' request in such capacities. The maximum liability under these obligations is unlimited; however, the Foundation's and affiliated organizations' insurance policies serve to limit their exposure. The Foundation and affiliated organizations believe that the estimated fair value of these indemnification obligations is minimal.

17. Subsequent Events:

Management has evaluated subsequent events for potential recognition and/or other disclosure through May 17, 2011 in preparing the accompanying combined financial statements.

The Board of a local private foundation took action in May 2011 to convert to a Type I supporting organization of The Community Foundation, Inc., with an effective date of April 29, 2011.

SUPPLEMENTAL INFORMATION

THE COMMUNITY FOUNDATION
Serving Richmond and Central Virginia

Combining Statement of Financial Position
 December 31, 2010

	The Community Foundation	Partnership for Nonprofit Excellence	Gray Foundation	Hollins & Campbell Foundations	REB Foundation	Jenkins Foundation	Total	Combining Entries	Combined Total
<u>Assets</u>									
Cash	\$ 3,378,241	\$ 1,122,230	\$ 2,896	\$ 80,118	\$ 300,056	\$ 61,750	\$ 4,945,291	\$ -	\$ 4,945,291
Investments, at fair value	204,390,701	-	20,982,934	4,802,316	15,297,336	37,479,647	282,952,934	-	282,952,934
Pledges, notes and other receivables	3,511,317	215,943	122,616	1,384,023	-	-	5,233,899	(1,541,259)	3,692,640
Prepaid expenses	36,600	6,993	-	-	-	-	43,593	-	43,593
Real estate held for resale	257,027	-	-	-	-	-	257,027	-	257,027
Property and equipment, net	50,167	12,696	-	-	-	-	62,863	-	62,863
Cash surrender value of life insurance	14,556	-	-	-	-	-	14,556	-	14,556
Assets held in trust, at fair value	70,773,462	-	-	-	-	4,387,825	75,161,287	-	75,161,287
Total assets	\$ 282,412,071	\$ 1,357,862	\$ 21,108,446	\$ 6,266,457	\$ 15,597,392	\$ 41,929,222	\$ 368,671,450	\$ (1,541,259)	\$ 367,130,191
<u>Liabilities and Net Assets</u>									
Liabilities:									
Accrued expenses	\$ 1,527,445	\$ 77,997	\$ -	\$ -	\$ -	\$ 1,930	\$ 1,607,372	\$ (1,401,259)	\$ 206,113
Distributions payable	4,201,970	227,978	279,423	191,468	-	123,896	5,024,735	(140,000)	4,884,735
Liability under gift annuities	253,597	-	-	-	-	138,633	392,230	-	392,230
Liability under trust agreements	48,364,498	-	-	-	-	-	48,364,498	-	48,364,498
Funds held as agency endowments	3,589,284	-	-	-	-	-	3,589,284	-	3,589,284
Total liabilities	57,936,794	305,975	279,423	191,468	-	264,459	58,978,119	(1,541,259)	57,436,860
Net assets:									
Unrestricted	70,088,496	472,481	20,829,023	4,690,966	15,597,392	36,855,090	148,533,448	-	148,533,448
Temporarily restricted	42,318,911	579,406	-	1,384,023	-	421,848	44,704,188	-	44,704,188
Permanently restricted	112,067,870	-	-	-	-	4,387,825	116,455,695	-	116,455,695
Total net assets:	224,475,277	1,051,887	20,829,023	6,074,989	15,597,392	41,664,763	309,693,331	-	309,693,331
Total liabilities and net assets	\$ 282,412,071	\$ 1,357,862	\$ 21,108,446	\$ 6,266,457	\$ 15,597,392	\$ 41,929,222	\$ 368,671,450	\$ (1,541,259)	\$ 367,130,191

See Report of Independent Accountants.

THE COMMUNITY FOUNDATION
Serving Richmond and Central Virginia

Combining Statement of Activities
Year Ended December 31, 2010

	The Community Foundation	Partnership for Nonprofit Excellence	Gray Foundation	Hollins & Campbell Foundations	REB Foundation	Jenkins Foundation	Total	Combining Entries	Combined Total
Support and revenue (losses):									
Contributions	\$ 23,607,948	\$ 765,391	\$ -	\$ -	\$ 103,370	\$ 26,427	\$ 24,503,136	\$ (967,567)	\$ 23,535,569
Net change in value of investment in The Richmond Fund, LP	20,795,077	-	2,376,583	557,806	1,750,888	4,187,282	29,667,636	-	29,667,636
Net realized and unrealized gain (loss) on investments	(1,313)	-	63	17,702	(3,145)	295,962	309,269	-	309,269
Net investment income	1,155,835	-	3,080	685	2,308	(768)	1,161,140	-	1,161,140
Contributions from charitable trusts (net of the liability)	1,600,424	-	-	-	-	-	1,600,424	-	1,600,424
Miscellaneous revenue	80,406	47,596	-	-	-	208,850	336,852	13,785	350,637
Administrative fee income (expense)	-	(38,441)	(99,821)	(1,250)	(25,959)	(174,847)	(340,318)	340,318	-
Net assets released from restrictions	293,856	-	-	(126,198)	-	-	167,658	(167,658)	-
Total support and revenue (losses)	47,532,233	774,546	2,279,905	448,745	1,827,462	4,542,906	57,405,797	(781,122)	56,624,675
Expenses:									
Grant distributions	(17,615,230)	(208,934)	(1,028,056)	(413,443)	(613,464)	(1,627,004)	(21,506,131)	781,122	(20,725,009)
Administrative expenses	(2,366,517)	(443,954)	(4,216)	-	(1,460)	(32,535)	(2,848,682)	389	(2,848,293)
Excise tax expense on trust investment income	(70,422)	-	-	-	-	-	(70,422)	-	(70,422)
Other distributions	(100,930)	(132,854)	-	-	-	(16,007)	(249,791)	(389)	(250,180)
Total expenditures	(20,153,099)	(785,742)	(1,032,272)	(413,443)	(614,924)	(1,675,546)	(24,675,026)	781,122	(23,893,904)
Change in net assets	27,379,134	(11,196)	1,247,633	35,302	1,212,538	2,867,360	32,730,771	-	32,730,771
Net assets, beginning of year	197,096,143	1,063,083	19,581,390	6,039,687	14,384,854	38,797,403	276,962,560	-	276,962,560
Net assets, end of year	\$ 224,475,277	\$ 1,051,887	\$ 20,829,023	\$ 6,074,989	\$ 15,597,392	\$ 41,664,763	\$ 309,693,331	\$ -	\$ 309,693,331

See Report of Independent Accountants.