

CONSOLIDATED FINANCIAL STATEMENTS

The Community Foundation for Greater Atlanta, Inc.,
its Subsidiaries, and Supporting Organizations
For the Year Ended December 31, 2007
With Report of Independent Auditors

The Community Foundation for Greater Atlanta, Inc.,
its Subsidiaries, and Supporting Organizations

Consolidated Financial Statements

For the Year Ended December 31, 2007

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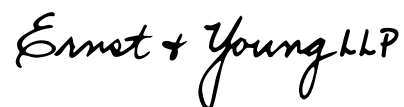
Report of Independent Auditors

The Board of Directors
The Community Foundation for Greater Atlanta, Inc.

We have audited the accompanying consolidated statement of financial position of The Community Foundation for Greater Atlanta, Inc., its supporting organizations, the Metropolitan Foundation of Atlanta, Inc., ATLCF Collections LLC, and TCF Charitable Real Estate Solutions LLC (collectively, The Community Foundation) as of December 31, 2007, and the related consolidated statements of activities and changes in net assets and cash flows for the year then ended. These consolidated financial statements are the responsibility of The Community Foundation's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We did not audit the financial statements of CF Foundation Inc. and Subsidiaries, a supporting organization, which statements reflect total assets of 25% and total net assets of 25% of the consolidated totals for The Community Foundation for the year ended December 31, 2007. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for CF Foundation, Inc. and Subsidiaries, is based solely on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. We were not engaged to perform an audit of The Community Foundation's internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of The Community Foundation's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall consolidated financial statement presentation. We believe that our audit and the report of other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audit and the report of other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of The Community Foundation as of December 31, 2007, and the consolidated changes in their net assets and their cash flows for the year then ended, in conformity with U.S. generally accepted accounting principles.



September 11, 2008

The Community Foundation for Greater Atlanta, Inc.,
Its Subsidiaries, and Supporting Organizations

Consolidated Statement of Financial Position

December 31, 2007

Assets

Cash and cash equivalents	\$ 42,751,649
Investments in securities, at fair value:	
Short-term investment funds	58,555,503
Government agency obligations	50,476,346
Corporate notes and bonds	32,312,043
Institutional commingled funds, partnerships, limited liability and private equity companies	166,311,740
Corporate stocks and other investments	<u>314,329,147</u>
	621,984,779
Accrued investment income	116,711
Bequests and contributions receivable	8,364,689
Notes receivable	11,696,325
Investments in real estate, property and equipment	4,918,510
Real estate properties used in charitable activities net of accumulated depreciation of \$3,453,680 at December 31, 2007	9,789,893
Property and equipment, net of accumulated depreciation of \$14,540,042 at December 31, 2007	34,506,941
The King Collection	32,000,000
Other assets	<u>5,521,944</u>
Total assets	<u><u>\$ 771,651,441</u></u>

Liabilities and net assets

Grants payable	\$ 12,714,840
Accrued expenses and other liabilities	10,656,737
Liabilities under split-interest agreements	7,833,919
Debt payable	<u>15,572,200</u>
Total liabilities	46,777,696
Net assets:	
Unrestricted:	
Field-of-interest	17,884,045
Designated	94,809,386
Donor advised	284,274,550
Discretionary	73,850,971
Supporting organizations	<u>233,587,197</u>
Total unrestricted	704,406,149
Temporarily restricted	<u>20,467,596</u>
Total net assets	<u>724,873,745</u>
Total liabilities and net assets	<u><u>\$ 771,651,441</u></u>

See accompanying notes.

The Community Foundation for Greater Atlanta, Inc.,
Its Subsidiaries, and Supporting Organizations

Consolidated Statement of Activities and Changes in Net Assets

Year Ended December 31, 2007

Changes in unrestricted net assets:	
Revenue and support:	
Contributions	\$ 100,765,264
Interest and dividends	22,621,948
Income from rents	874,775
Other investment income	490,657
Special projects revenue, net	105,065
Administrative fees	321,902
Net realized gain on investment securities	26,672,011
Net unrealized depreciation on investment securities	(43,681,861)
	<u>108,169,761</u>
Net assets released from restrictions	2,540,008
Total revenue and support	<u>110,709,769</u>
Expenses:	
Grants	74,491,445
Programs	7,296,917
Fund raising	268,268
General and administrative	3,651,454
Total expenses	<u>85,708,084</u>
Change in unrestricted net assets	<u>25,001,685</u>
Changes in temporarily restricted net assets:	
Revenue and support:	
Contributions	3,180,449
Change in value of split interest agreements	193,735
Interest and dividends	144,736
Net realized gain on investments	21,332
Net unrealized appreciation on investments	944,577
Net assets released from restrictions	(2,540,008)
Change in temporarily restricted net assets	<u>1,944,821</u>
Change in net assets	26,946,506
Net assets at January 1, 2007	<u>697,927,239</u>
Net assets December 31, 2007	<u>\$ 724,873,745</u>

See accompanying notes.

The Community Foundation for Greater Atlanta, Inc.,
Its Subsidiaries, and Supporting Organizations

Consolidated Statement of Cash Flows

Year Ended December 31, 2007

Operating activities

Change in net assets	\$ 26,946,506
Adjustments to reconcile change in net assets to cash used by operating activities:	
Net unrealized and realized loss on investments in securities	16,043,941
Change in value of split interest agreements	(193,735)
Donation of stock	(52,992,855)
Depreciation	1,405,322
Changes in operating assets and liabilities:	
Accrued investment income	(9,638)
Bequests and contribution receivable	(1,483,906)
Other assets	(1,343,422)
Grants payable and other liabilities	(544,254)
Liabilities under split-interest agreements	70,029
Net cash used by operating activities	(12,102,012)

Investing activities

Proceeds from sale of investments in real estate	8,300
Purchase of property and equipment	(2,543,335)
Purchase of investments in securities	(169,814,640)
Proceeds from sale of investments in securities	198,369,761
Net cash provided by investing activities	26,020,086

Financing activities

Payments of debt	(3,872,354)
Net change in notes receivable	(225,904)
Net cash used by financing activities	(4,098,258)
Net increase in cash and cash equivalents	9,819,815
Cash and cash equivalents, beginning of period	32,931,833
Cash and cash equivalents, end of period	\$ 42,751,648

Supplemental cash flow data

Cash received from contributors and bequests	\$ 55,994,653
Interest and dividends received	\$ 22,757,046
Cash paid to employees, suppliers and other service providers	\$ 18,441,862
Grants paid	\$ 75,573,209

See accompanying notes.

The Community Foundation for Greater Atlanta, Inc.,
its Subsidiaries, and Supporting Organizations

Notes to Consolidated Financial Statements

December 31, 2007

1. Significant Accounting Policies

Nature of Financial Statements

The Community Foundation for Greater Atlanta, Inc. (The Foundation) is a tax-exempt publicly supported charitable organization. The assets of the Foundation are devoted to charitable uses of a public nature primarily benefiting the residents of the metropolitan Atlanta area community. The accompanying consolidated financial statements are presented on the accrual basis of accounting and include the accounts of Metropolitan Foundation of Atlanta, Inc., ATLCF Collections LLC, TCF Charitable Real Estate Solutions LLC, and the following supporting organizations: The Cate Family Foundation, the CF Foundation, Inc., The Conlee Family Supporting Foundation, Inc., The F. T. Stent Family Foundation, Inc., The Redd Family Foundation, The RFP Fund, Inc. The Rockdale Fund for Social Investing, Inc., The Shumard Foundation, Inc., and The Waterfall Foundation. These supporting organizations, the Metropolitan Foundation of Atlanta, Inc., ATLCF Collections LLC, and TCF Charitable Real Estate Solutions LLC are consolidated with the financial statements of the Foundation (collectively, The Community Foundation) since it has both control and economic interest in these entities. All material interorganization transactions and balances have been eliminated in preparing the consolidated financial statements.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results may differ from estimates.

The Community Foundation for Greater Atlanta, Inc.,
its Subsidiaries, and Supporting Organizations

Notes to Consolidated Financial Statements (continued)

1. Significant Accounting Policies (continued)

Net Assets

The Community Foundation's net assets and its support and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions using two classifications: temporarily restricted and unrestricted. These two classifications are defined as follows:

- Unrestricted net assets include contributions with donor-imposed restrictions which are subject to the variance power established by The Community Foundation's governing documents. The variance power allows the Board of Directors to modify donor instructions that are incapable of fulfillment or inconsistent with the charitable needs of the community. As a result of the variance power, most contributions are classified as unrestricted net assets for financial statement purposes.
- Temporarily restricted net assets are comprised of irrevocable charitable remainder trusts, charitable gift annuities, pooled income funds, bequests receivable, and life insurance funds. 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 consolidated statement of activities and changes in net assets as net assets released from restrictions.

Revenue and Support Recognition

Unrestricted and temporarily restricted gifts, grants, and other income are recorded as revenue and support when received by The Community Foundation. Such revenue and support is recorded at fair value. The Community Foundation's policy is to record temporarily restricted revenue and support as temporarily restricted revenue and support and net assets released from restrictions if the restriction is satisfied in the year the revenue and support is recognized. Revenue and support is available for unrestricted use unless specifically restricted by the donor. Investment income is recognized when earned. Contributed services are recorded as contributions at their fair value if such services create or enhance non-financial assets, would have been purchased if not provided by contribution, or require specialized skills and are provided by individuals possessing such specialized skills. In addition, the appropriate value of donated services of individuals is recorded as an expense when such services qualify for cost reimbursement from third-party providers.

The Community Foundation for Greater Atlanta, Inc.,
its Subsidiaries, and Supporting Organizations

Notes to Consolidated Financial Statements (continued)

1. Significant Accounting Policies (continued)

Functional Allocation of Expenses

The expenses of The Community Foundation are allocated to functions in the accompanying consolidated statements of activities and changes in net assets based on the underlying purpose of the expense.

Cash Equivalents

Marketable securities or investments are considered cash equivalents if the remaining maturities are three months or less when purchased.

Investments in Securities

Marketable securities are reported at fair value (generally quoted market prices). The cost of marketable securities represents amounts paid for purchased securities or fair value as of the date of donation for contributed securities. The unrealized depreciation and appreciation on marketable securities represents the change in the difference between cost or previous year-end fair value and current value of investments, as determined at the end of each period. Gains and losses on sales of marketable securities are determined using the average cost method.

Investment income is reported net of related expenses, such as investment management fees and custody fees. For the year ended December 31, 2007, such expenses for The Community Foundation's consolidated investments were \$2,116,131.

Investments Without Readily Determinable Values

Investments without readily determinable values consists of funds of funds, investments in private equity companies, and partnerships and limited liability companies. These investments are included with Investments in Securities and the underlying assets are reflected at fair value. Depending on the underlying asset, the fair value is determined through national exchange price for securities with a readily determinable value or by valuations and estimates typically determined by the underlying asset's manager. Due to the inherent uncertainty of these estimates, these values may differ from the values that would have been used had a ready market for these investments existed and the differences could be material.

The Community Foundation for Greater Atlanta, Inc.,
its Subsidiaries, and Supporting Organizations

Notes to Consolidated Financial Statements (continued)

1. Significant Accounting Policies (continued)

The Foundation had authorized commitments to purchase investments without readily determinable values of \$2,775,000 at December 31, 2007.

Receivables

Upon determination of its legal rights, The Foundation records bequests as contributions at the fair value of assets expected to be received, upon notification of resolution of probate or other administrative proceedings. The discount rate used is 6%.

Real Estate Properties Used in Charitable Activities

These properties consist of land and buildings leased to other not-for-profit organizations, at nominal amounts, for use in their organizations' service activities. These properties are carried at cost if acquired or fair value at the date of donation to The Foundation and are depreciated using straight-line methods over their estimated lives ranging from 25 to 30 years.

Property and Equipment

Property and equipment are carried at cost if purchased. Donated property and equipment is carried at the estimated fair value on the date of the donation. Depreciation is computed using primarily the straight-line method over estimated useful lives ranging from 3 to 30 years.

Grants Payable and Commitments

Grants are recognized as expenses in the consolidated statement of activities and changes in net assets at the time recipients are entitled to such grants. Generally, this occurs when The Foundation's Board of Directors approve a specific grant or when the grantee is notified. Grants that are approved but contingent upon future conditions are accrued in the consolidated financial statements once the conditions are substantially met.

The Community Foundation for Greater Atlanta, Inc.,
its Subsidiaries, and Supporting Organizations

Notes to Consolidated Financial Statements (continued)

1. Significant Accounting Policies (continued)

Liabilities Under Split-Interest Agreements

Liabilities under split-interest agreements represent the net present value of the estimated amount due to other beneficiaries of charitable remainder trusts and charitable gift annuities when The Foundation acts as trustee. The discount rate used in the actuarial calculation was 6% in the year ended December 31, 2007. The Foundation had approximately \$13,137,689 in assets held under split-interest agreements which are included in investments in securities in the accompanying consolidated statement of financial position at December 31, 2007.

Income Taxes

The Internal Revenue Service has ruled that The Foundation, ATLCF Collections, Inc., TCF Charitable Real Estate Solutions LLC, and The Metropolitan Foundation of Atlanta, Inc., are tax-exempt under Section 501(a) as organizations described in Sections 501(c)(3), 509(a)(1), and 170(b)(1)(A)(vi) of the Internal Revenue Code (the Code). The Cate Family Foundation, the CF Foundation, Inc., The Conlee Family Supporting Foundation, Inc., The F. T. Stent Family Foundation, Inc., The Redd Family Foundation, The RFP Fund, Inc., The Rockdale Fund for Social Investing, Inc., The Shumard Foundation, Inc., and The Waterfall Foundation are tax-exempt under Section 501(a) as organizations as described in Sections 501(c) (3) and 509(a) (3) of the code.

Two subsidiaries of a supporting organization are tax-exempt under Section 501(c)(2). One subsidiary of a supporting organization (a C corporation) is liable for any taxable income.

Concentration of Credit Risk

Financial instruments that potentially expose The Community Foundation to concentrations of credit and market risk consist primarily of cash and cash equivalents and marketable securities. Cash and cash equivalents are maintained at large multi-state financial institutions and credit exposure is limited to the amount of deposits at any one institution in excess of the federally insured limit. The Community Foundation has not experienced any losses on its cash and cash equivalents. The Community Foundation's marketable securities do not represent significant concentrations of market risk inasmuch as The Community Foundation's marketable securities portfolio is diversified among issuers.

The Community Foundation for Greater Atlanta, Inc.,
its Subsidiaries, and Supporting Organizations

Notes to Consolidated Financial Statements (continued)

1. Significant Accounting Policies (continued)

The Community Foundation has invested in investments without readily determinable values which comprise 22% of total assets at December 31, 2007. These investments contain underlying funds, which may include limited partnerships, limited liability companies, or non-US corporations. These investments entail liquidity risks to the extent that they are difficult to sell or convert to cash quickly at favorable prices. The investment risk of these investments without readily determinable values with respect to each underlying investment will be limited to the capital committed to it by The Community Foundation.

2. Receivables

The receivables outstanding are due as follows at December 31, 2007:

	Less Than One Year	One Year to Five Years	Greater Than Five Years	Total
Bequests and contributions receivable	\$ 7,033,534	\$ 29,837	\$ 1,301,318	\$ 8,364,689
Notes receivable	3,881,280	3,802,795	4,012,250	11,696,325
	<u>\$ 10,914,814</u>	<u>\$ 3,832,632</u>	<u>\$ 5,313,568</u>	<u>\$ 20,061,014</u>

3. Investments in Securities

Appreciation on investments in securities for the year ended December 31, 2007, consisted of the following:

	Unrestricted	Temporarily Restricted
Net realized gain	\$ 26,672,011	\$ 21,332
Net unrealized appreciation (depreciation)	(43,681,861)	944,577
	<u>\$(17,009,850)</u>	<u>\$ 965,909</u>

The Community Foundation for Greater Atlanta, Inc.,
its Subsidiaries, and Supporting Organizations

Notes to Consolidated Financial Statements (continued)

4. Property and Equipment

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

Land	\$ 36,952,551
Land improvements	332,067
Buildings	21,165,433
Furniture and equipment	3,840,505
Total property and equipment	<u>62,290,556</u>
Accumulated depreciation	<u>(17,993,722)</u>
Net property and equipment	<u><u>\$ 44,296,834</u></u>

5. Restricted Net Assets

Temporarily restricted net assets consisted of the following at December 31, 2007:

Time restrictions	\$ 13,270,533
Charitable gift annuities, remainder trusts and pooled income funds with The Community Foundation as trustee	6,606,087
Life insurance policies	590,976
	<u><u>\$ 20,467,596</u></u>

6. Net Assets Released From Restrictions

Net assets released from restrictions consisted of the following during the year ended December 31, 2007:

Time restrictions	\$ 2,540,008
	<u><u>\$ 2,540,008</u></u>

The Community Foundation for Greater Atlanta, Inc.,
its Subsidiaries, and Supporting Organizations

Notes to Consolidated Financial Statements (continued)

7. Employee Benefit Plan

Eligible employees participate in The Foundation's Simplified Employee Pension (SEP). Annual contributions are based on a stipulated percentage of 5% of eligible employee's salaries. The Foundation incurred \$78,810 of expense under this plan year period ended December 31, 2007.

One of the supporting organizations from July 1, 2005 to December 31, 2005, had a contributory, defined contribution 401(k) profit sharing plan (the Plan) covering all employees. The supporting organization made matching contributions after one year of service equal to 25% of an employee's pretax contributions, up to a maximum of 5% of an employee's compensation. The supporting organization also made discretionary profit sharing contributions. The supporting organization's contribution is 100% vested after the fifth year of employment.

Since January 1, 2006, a supporting organization had a contributory, defined contribution 401(k) safe harbor plan which covered all employees. The supporting organization made matching contributions equal to 100% of the first 3% of an employees deferred compensation and equal to 50% of the next 2% of such compensation. The supporting organization also makes discretionary profit sharing contributions. The supporting organization's contribution is 100% vested immediately.

The supporting organization recognized approximately \$156,000 for employer contributions to the safe harbor plan 401(k), which is reflected in the consolidated statement of activities and changes in net assets for the year ended December 31, 2007.

8. Operating Lease Commitments

The Foundation leases its office space under an operating lease that terminates September 20, 2025. The lease provides for monthly payments of \$14,420 and its share of the building's operating costs. One of the supporting organizations has entered into various operating leases for machinery and equipment expiring between January 2007 and April 2010.

Consolidated rent expense to unrelated parties for the year ended December 31, 2007, was approximately \$190,143.

The Community Foundation for Greater Atlanta, Inc.,
its Subsidiaries, and Supporting Organizations

Notes to Consolidated Financial Statements (continued)

8. Operating Lease Commitments (continued)

Future minimum lease payments follow:

Fiscal year ended December 31,	
2008	\$ 314,186
2009	314,186
2010	314,186
2011	314,186
2012	305,130
Thereafter	1,761,542
	<u>\$ 3,323,416</u>

One of the supporting organizations rents property to unrelated parties. These leases are in effect until April 2007 and January 2021. Future minimum lease payments to be received follow:

Fiscal year ended December 31,	
2008	\$ 166,579
2009	56,215
2010	20,004
2011	414
	<u>\$ 243,212</u>

9. The King Collection

On June 23, 2006, ATLCF Collections LLC (ATLCF), a Georgia limited liability company wholly owned by The Foundation, acquired all rights, title, and interest to a collection of original papers and library of Dr. Martin Luther King, Jr. (known as The King Collection) for \$32,000,000 from the Estate of Martin Luther King, Jr. Inc. The Foundation financed the acquisition with a loan of up to \$35,000,000 from a bank. The loan is fully secured by guarantees and pledges from a diverse group of public-spirited individuals and local and national institutions. The original term of the loan was for two years, maturing June 23, 2008, however it was renewed for an additional year, maturing June 23, 2009. It can be prepaid at any time and bears interest at a rate of LIBOR plus 2% payable monthly. The rate at December 31, 2007, was 7.225%. The loan balance was \$15,572,200 at December 31, 2007. The interest paid during the year ended December 31, 2007, was \$1,265,834. ATLCF has received \$22,744,208 in contributions with pledges outstanding of \$2,438,334. ATLCF has the right to transfer its rights in the King Collection to certain preapproved sublicensees and has agreed to such a transfer upon retirement of the loan.