

CONSOLIDATED FINANCIAL STATEMENTS

The Community Foundation for Greater Atlanta, Inc.,
its Subsidiaries, and Supporting Organizations
For the Years Ended December 31, 2008 and 2007
With Report of Independent Auditors

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

Consolidated Financial Statements

For the Years Ended December 31, 2008 and 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 statements 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, 2008 and 2007, and the related consolidated statements of activities and changes in net assets and cash flows for the years 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 audits. We did not audit the financial statements of CF Foundation Inc. and Subsidiaries, a supporting organization, which statements reflect total assets of 23% and 25% and total net assets of 24% and 25% of the consolidated totals for The Community Foundation for the years ended December 31, 2008 and 2007, respectively. Those statements were audited by other auditors whose reports have 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 reports of the other auditors.

We conducted our audits 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 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 audits 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated 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, based on our audits and the reports of other auditors, the consolidated financial statements referred to in the first paragraph present fairly, in all material respects, the consolidated financial position of The Community Foundation, as of December 31, 2008 and 2007, and the consolidated changes in its net assets and its cash flows for the years then ended, in conformity with U.S. generally accepted accounting principles.

Ernst & Young LLP

September 14, 2009

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

Consolidated Statements of Financial Position

	December 31	
	2008	2007
Assets		
Cash and cash equivalents	\$ 19,744,981	\$ 42,751,649
Investments, at fair value:		
Short-term investment funds	98,376,124	58,555,503
Government agency obligations	41,414,020	50,476,346
Corporate notes and bonds	29,100,145	32,312,043
Institutional commingled funds, partnerships, limited liability and private equity companies, and investments in real estate	133,454,840	163,766,624
Corporate stocks and other investments	190,310,470	321,792,773
	492,655,599	626,903,289
Accrued investment income	31,473	116,711
Bequests and contributions receivable	5,044,273	8,364,689
Notes receivable	4,872,503	11,696,325
Real estate properties used in charitable activities net of accumulated depreciation of \$3,715,894 and \$3,453,680 at December 31, 2008 and 2007	9,527,679	9,789,893
Property and equipment, net of accumulated depreciation of \$15,920,043 and \$14,540,042 at December 31, 2008 and 2007	48,094,558	34,506,941
The King Collection	32,000,000	32,000,000
Other assets	9,192,830	5,521,944
Total assets	\$ 621,163,896	\$ 771,651,441
Liabilities and net assets		
Grants payable	\$ 10,771,397	\$ 12,714,840
Accrued expenses and other liabilities	8,258,754	10,656,737
Liabilities under split-interest agreements	6,122,760	7,833,919
Debt payable	11,667,045	15,572,200
Total liabilities	36,819,956	46,777,696
Net assets:		
Unrestricted:		
Field-of-interest	15,629,556	17,884,045
Designated	77,428,665	94,809,386
Donor advised	253,248,533	284,274,550
Discretionary	49,476,860	73,850,971
Supporting organizations	169,343,589	233,587,197
Total unrestricted	565,127,203	704,406,149
Temporarily restricted	19,216,737	20,467,596
Total net assets	584,343,940	724,873,745
Total liabilities and net assets	\$ 621,163,896	\$ 771,651,441

See accompanying notes.

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

Consolidated Statements of Activities and Changes in Net Assets

	Year Ended December 31	
	2008	2007
Changes in unrestricted net assets:		
Revenue and support:		
Contributions	\$ 115,484,928	\$ 100,765,264
Interest and dividends	15,955,057	22,621,948
Income from rents	868,684	874,775
Other investment income	(170,114)	490,657
Special projects revenue (loss), net	(2,014,760)	105,065
Administrative fees	248,549	321,902
Net realized gain (loss) on investment securities	(4,641,218)	26,672,011
Net unrealized depreciation on investment securities	(163,038,902)	(43,681,861)
	(37,307,776)	108,169,761
Net assets released from restrictions	8,261,619	2,540,008
Total contributions, gains (losses) and depreciation on investments, and other support	(29,046,157)	110,709,769
Expenses:		
Grants	96,121,637	74,491,445
Programs	7,290,371	7,296,917
Fund raising	292,609	268,268
General and administrative	6,528,173	3,651,454
Total expenses	110,232,790	85,708,084
Change in unrestricted net assets	(139,278,947)	25,001,685
Changes in temporarily restricted net assets:		
Revenue and support:		
Contributions	10,995,924	3,180,449
Change in value of split interest agreements	(2,350,837)	193,735
Interest and dividends	169,261	144,736
Net realized gain (loss) on investments	(119,553)	21,332
Net unrealized appreciation (depreciation) on investments	(1,684,034)	944,577
Net assets released from restrictions	(8,261,619)	(2,540,008)
Change in temporarily restricted net assets	(1,250,858)	1,944,821
Change in net assets	(140,529,805)	26,946,506
Net assets at January 1	724,873,745	697,927,239
Net assets at December 31	\$ 584,343,940	\$ 724,873,745

See accompanying notes.

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

Consolidated Statements of Cash Flow

	Year Ended December 31	
	2008	2007
Operating activities		
Change in net assets	\$ (140,529,805)	\$ 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	169,483,707	16,043,941
Change in value of split interest agreements	2,350,837	(193,735)
Donation of stock	(75,343,180)	(52,992,855)
Depreciation	1,642,215	1,405,322
Changes in operating assets and liabilities:		
Accrued investment income	85,238	(9,638)
Bequests and contribution receivable	3,320,416	(1,483,906)
Other assets	(3,670,887)	(1,343,422)
Grants payable and other liabilities	(4,341,426)	(544,254)
Liabilities under split-interest agreements	4,061,996	70,029
Net cash used by operating activities	(42,940,889)	(12,102,012)
Investing activities		
Proceeds from sale of investments in real estate	-	8,300
Purchase of property and equipment	(14,967,618)	(2,543,335)
Purchase of investment in securities	(438,092,011)	(169,814,640)
Proceeds from sale of investments in securities	470,075,183	198,369,761
Net cash provided by investing activities	17,015,554	26,020,086
Financing activities		
Payments of debt	(3,905,155)	(3,872,354)
Net change in notes receivable	6,823,822	(225,904)
Net cash used by financing activities	2,918,667	(4,098,258)
Net increase (decrease) in cash and cash equivalents	(23,006,668)	9,819,816
Cash and cash equivalents, beginning of period	42,751,649	32,931,833
Cash and cash equivalents, end of period	\$ 19,744,981	\$ 42,751,649
Supplemental cash flow data		
Cash received from contributions and bequests	\$ 54,458,084	\$ 52,994,653
Interest and dividends received	16,209,556	22,757,046
Cash paid to employees, suppliers and other service providers	16,509,136	18,441,862
Grants paid	98,065,080	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, 2008 and 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 CF Foundation, Inc., The Conlee Family Supporting Foundation, Inc., The F. T. Stent Family Foundation, Inc., The Redd Family Foundation, The RFP Fund, Inc. 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

Adoption of FSP 117-1

In 2008, the Foundation adopted FASB Staff Position No. 117-1, *Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosures for All Endowment Funds* (FSP or FSP 117-1). This FSP provides guidance on the net asset classification of donor-restricted endowment funds for a not-for-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA). UPMIFA was enacted by the State of Georgia on July 1, 2008. This FSP also requires additional disclosures about a not-for-profit organization's donor-restricted and board-designated endowment funds whether or not the organization is subject to UPMIFA. See Note 3 for supplemental disclosures related to the Foundation's investment and related spending policy.

Interpretation of Relevant Law

The board has determined that the Foundation is not subject to the net asset classification of funds requirements of FSP 117-1 because (1) the Foundation's board retains complete variance power pursuant to its governing instruments and fund agreements over the spending purpose and amount (including principal) for all assets owned by the Foundation, and (2) the Foundation's board has never earmarked or otherwise designated any portion of the Foundation's assets as a permanent or temporary endowment that is not subject to expenditure if circumstances warrant.

Classification of Net Assets

The Foundation does not accept contributions that are not wholly expendable by the institution on a current basis. The Foundation's governing documents and fund agreements give the Foundation's board variance power to modify donor instructions that are incapable of fulfillment or inconsistent with the charitable needs of the community. As a result of variance power most contributions are classified as unrestricted net assets for financial statement purposes.

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's temporarily restricted net assets are comprised of irrevocable charitable remainder trusts, charitable gift annuities, pooled income funds, bequests receivable and life insurance funds. These assets are classified as temporarily restricted due to time restrictions as the assets will not become available for the Foundation's use until the time a stated event occurs. Once the event occurs these assets are subject to the same variance power as those aforementioned and are reclassified to unrestricted and reported in the consolidated statements of activities and changes in net assets as net assets released from restrictions.

The Foundation's board and the boards of the associated supporting organizations have not taken action to declare any portion of the Foundation's assets as permanent or temporary endowment funds that are not subject to expenditure if circumstances warrant.

Consistent with the National Standards for U.S. Community Foundations, the Foundation classifies its unrestricted net assets (noting that all are subject to the aforementioned variance power) as follows:

Field-of-interest: Funds that are used for a specific charitable purpose.

Designated: Funds in which the beneficiaries are specified by the grantors.

Donor advised: Funds that have at least three characteristics (1) a donor or person appointed or designated by the donor has, or reasonably expects to have, advisory privileges with respect to the fund's distribution of investments, (2) the fund is separately identified by reference to contributions of the donors(s), and (3) the fund is owned and controlled by a sponsoring organization. A fund possessing these characteristics may be exempt from the donor advised fund classification if it grants to one single public charity or government unit or if the fund meets certain requirements applicable to scholarship funds.

Discretionary: Scholarship, administrative, and other funds available for the Foundation's unrestricted use.

Supporting organizations: Unrestricted net assets of the Foundation's supporting organizations.

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

Notes to Consolidated Financial Statements (continued)

1. Significant Accounting Policies (continued)

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 nonfinancial 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.

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 and Cash Equivalents

Cash equivalents are short-term, highly liquid marketable securities or investments with original maturities of three months or less.

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.

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

Notes to Consolidated Financial Statements (continued)

1. Significant Accounting Policies (continued)

Investment income is reported net of related expenses, such as investment management fees and custody fees. For the years ended December 31, 2008 and 2007, such expenses for The Community Foundation's consolidated investments were \$2,072,785 and \$2,116,131, respectively.

Investments Without Readily Determinable Values

Investments without readily determinable values consists of funds of funds, investments in private equity funds, direct investments in real estate, and direct investments in nonpublic entities. These investments 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 or by using recent appraisal or valuation. 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 Foundation had authorized commitments to purchase investments without readily determinable values of \$3,350,000 and \$2,775,000 at December 31, 2008 and 2007, respectively.

Receivables

Receivables represent unconditional promises to give. Upon determination of its legal rights, The Community 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.

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.

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

Notes to Consolidated Financial Statements (continued)

1. Significant Accounting Policies (continued)

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 their estimated useful lives ranging from 3 to 30 years.

Grants Payable and Commitments

Grants are recognized as expenses in the consolidated statements 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 approves a specific grant or when the grantee is notified. Each supporting organization has a similar process, in that grants are approved by the respective Board of Directors. Grants that are approved but contingent upon future conditions are accrued in the consolidated financial statements once the conditions are substantially met.

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 rates used in the calculation for this liability are derived from IRS actuarial tables, which consider market risk. The Foundation had \$9,466,626 and \$13,137,689 at December 31, 2008 and 2007, respectively, in assets held under split-interest agreements which are included in investments in securities in the accompanying consolidated statements of financial position.

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 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 Shumard Foundation, Inc., and The Waterfall Foundation are tax-exempt under Section 501(a) as organizations as described in Sections 501(c)(3), 509(a)(3).

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

Notes to Consolidated Financial Statements (continued)

1. Significant Accounting Policies (continued)

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 has invested in investments without readily determinable values which comprised 21% and 22% of total assets at December 31, 2008 and 2007, respectively. 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.

Reclassifications

Certain reclassifications have been made to prior year amounts to conform to the current year presentation.

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

Notes to Consolidated Financial Statements (continued)

2. Receivables

The receivables outstanding are due as follows at December 31, 2008 and 2007:

	Less Than One Year	One Year to Five Years	Greater Than Five Years	Total
2008				
Bequests and contributions receivable	\$ 3,776,724	\$ 184,602	\$ 1,082,946	\$ 5,044,273
Notes receivable	3,941,627	930,876	–	4,872,503
	<u>\$ 7,718,351</u>	<u>\$ 1,115,478</u>	<u>\$ 1,082,946</u>	<u>\$ 9,916,776</u>
	Less Than One Year	One Year to Five Years	Greater Than Five Years	Total
2007				
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>

The Foundation has discounted these receivables at rates ranging from 4.4% to 6%. The Foundation uses the specific identification method to determine its allowance for uncollectible pledges.

3. Investments

Investment Policy

The Foundation's board has the ultimate responsibility for the funds and related investment returns. The Foundation's funds are invested under an asset allocation policy that is expected to provide returns adequate to enable the Foundation to make grants and pay operating expenses. Under its current policy, the Foundation's funds are invested in a manner intended to produce results that exceed certain relevant market indices over a specified time horizon. To satisfy its long-term rate of return objectives, the Foundation exercises due care to diversify invested fund assets through its strategies to achieve the stated objectives for the Foundation in accordance with the asset allocation policy. Actual investment returns in any given year will fluctuate.

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

Notes to Consolidated Financial Statements (continued)

3. Investments (continued)

Spending Policy

The Foundation's Board sets an annual spending rate for certain funds included in the field of interest, designated, and discretionary fund classifications. The Foundation's annual spending rate for the net assets noted above is applied to a 12-quarter average of applicable fund balances calculated as of December 31st of the preceding year. The balance of these funds as of December 31, 2007, was approximately \$115 million. The current board approved spending rate is 5%. The spending policy and rate are subject to the discretion of the board, and can be changed at any time in order to meet the needs of the Foundation.

Fair Value Measurements

Effective January 1, 2008, the Foundation adopted SFAS No. 157, which 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 or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. FASB Staff Position FAS 157-2 delayed the effective date for all nonfinancial assets and liabilities until January 1, 2009, except those that are recognized or disclosed at fair value in the financial statements on a recurring basis. Management does not believe the adoption of SFAS 157 for nonfinancial assets and liabilities will have a material impact on the December 31, 2009 consolidated financial statements.

SFAS No. 157 establishes a three-level fair value hierarchy that prioritizes the inputs used to measure fair value. This hierarchy requires entities to maximize the use of observable inputs and minimize the use of unobservable inputs. The three levels of inputs used to measure fair value are as follows:

Level 1: Quoted market prices for identical assets or liabilities to which an entity has access at the measurement date.

Level 2: Inputs and information other than quoted market indices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include:

- a. Quoted prices for similar assets or liabilities in active markets;
- b. Quoted prices for identical or similar assets in markets that are not active;

The Community Foundation for Greater Atlanta, Inc.,
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Notes to Consolidated Financial Statements (continued)

3. Investments (continued)

- c. Observable inputs other than quoted prices for the asset or liability; and
- d. Inputs derived principally from, or corroborated by, observable market data by correlation or by other means.

Level 3: Unobservable inputs for the asset or liability. Unobservable inputs should be used to measure the fair value to the extent that observable inputs are not available.

Observable inputs reflect the assumptions market participants would use in pricing the asset or liability developed from sources independent of the reporting entity; and unobservable inputs reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

The Foundation's adoption of SFAS No. 157 did not have a material impact on its consolidated financial statements. The Foundation has segregated all financial assets and liabilities that are measured at fair value on a recurring basis (at least annually) into the most appropriate level within the fair value hierarchy based on the inputs used to determine the fair value at the measurement date in the table below.

The following table summarizes the levels in the SFAS No. 157 fair value hierarchy of the Foundation's investment funds at December 31, 2008:

	Level 1 Market Value	Level 2 Market Value	Level 3 Market Value	Total
Money market funds	\$ 103,636,201	\$ —	\$ —	\$ 103,636,201
U.S. treasury obligations	35,741,135	—	—	35,741,135
Corporate bonds and debenture	28,553,365	—	—	28,553,365
Corporate stocks	108,234,058	—	—	108,234,058
Mutual funds	74,807,351	—	—	74,807,351
Other	8,228,649	—	—	8,228,649
Alternative investments	—	—	133,454,840	133,454,840
	<u>\$ 359,200,759</u>	<u>\$ —</u>	<u>\$ 133,454,840</u>	<u>\$ 492,655,599</u>

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

Notes to Consolidated Financial Statements (continued)

3. Investments (continued)

The changes in investments classified as Level 3 are as follows for the year ended December 31, 2008:

Level 3 Reconciliation

Beginning balance on January 1, 2008	\$ 163,766,624
Purchases	29,981,505
Sales	(20,931,801)
Net realized and unrealized gains and losses	(39,361,488)
Ending balance on December 31, 2008	<u>\$ 133,454,840</u>

Subsequent Event

CF Foundation, a supporting organization of the Community Foundation, had a significant decline in the value of one of its investments in common stock for which it owns over three million shares. The stock's published selling price was \$13.85 per share as of December 31, 2008 and had declined to approximately \$8.70 per share as of August 19, 2009 which is the date of CF Foundation's audit report.

4. Property and Equipment

Property and equipment consist of the following at December 31, 2008 and 2007:

	<u>2008</u>	<u>2007</u>
Land	\$ 41,762,068	\$ 36,952,551
Land improvements	332,067	332,067
Buildings	31,556,939	21,165,433
Furniture and equipment	3,607,100	3,840,505
Total property and equipment	<u>77,258,174</u>	62,290,556
Accumulated depreciation	<u>(19,635,937)</u>	(17,993,722)
Net property and equipment	<u>\$ 57,622,237</u>	\$ 44,296,834

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

Notes to Consolidated Financial Statements (continued)

5. Restricted Net Assets

Temporarily restricted net assets consisted of the following at December 31, 2008 and 2007:

	2008	2007
Time restrictions	\$ 14,278,400	\$ 13,270,533
Charitable gift annuities, remainder trusts and pooled income funds with The Community Foundation as trustee	4,246,200	6,606,087
Life insurance policies	692,137	590,976
	\$ 19,216,737	\$ 20,467,596

6. Net Assets Released From Restrictions

Net assets released from restrictions consisted of the following during the year ended December 31, 2008 and 2007:

	2008	2007
Life insurance policies	\$ 39,332	\$ —
Time restrictions	8,222,287	2,540,008
	\$ 8,261,619	\$ 2,540,008

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% to 10% of eligible employee's salaries. The Foundation incurred \$191,638 and \$78,810 of expense under this plan for the 12-month period ended December 31, 2008 and 2007, respectively.

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

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

Notes to Consolidated Financial Statements (continued)

7. Employee Benefit Plan (continued)

The supporting organization recognized approximately \$87,000 and \$156,000 for employer contributions to the safe harbor plan, which is reflected in the consolidated Statements of Activities for the year ended December 31, 2008 and 2007, respectively.

8. Operating Lease Commitments

The Foundation leases its office space under an operating lease that terminates September 20, 2015. The lease provides for monthly payments of \$16,084 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 April 2012 and November 2021, respectively.

Consolidated rent expense to unrelated parties for the year ended December 31, 2008 and 2007, was \$361,741 and \$190,143, respectively.

Future minimum lease payments are as follows:

Fiscal year ended December 31,	
2009	\$ 349,988
2010	348,075
2011	357,625
2012	339,467
2013	341,261
Thereafter	1,435,779
	<u>\$ 3,172,195</u>

One of the supporting organizations rents property to unrelated parties. These leases will expire between January 2008 and April 2011. Future minimum lease payments to be received are as follows:

Fiscal year ended December 31,	
2009	\$ 176,618
2010	152,517
2011	109,597
2012	4,775
	<u>\$ 443,507</u>

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

Notes to Consolidated Financial Statements (continued)

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 contributions and a loan of up to \$35,000,000 from a bank at an interest rate of LIBOR plus 1.55%, payable monthly. The rate at December 31, 2008, was 3.45%. The loan was 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. The interest paid during the year ended December 31, 2008, was \$610,382.

On July 29, 2009, the loan was fully paid with proceeds from City of Atlanta Subordinate Lien Tax Allocation Bonds associated with the National Center for Civil and Human Rights, Inc. where portions of The King Collection will be exhibited. On July 30, 2009, ATLCF transferred its rights in The King Collection to Morehouse College.