

CONSOLIDATED FINANCIAL STATEMENTS

The Community Foundation for Greater Atlanta, Inc.,
its Subsidiaries, and Supporting Organizations
For the Years Ended December 31, 2009 and 2008
With Report of Independent Auditors

Ernst & Young LLP



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

Consolidated Financial Statements

For the Years Ended December 31, 2009 and 2008

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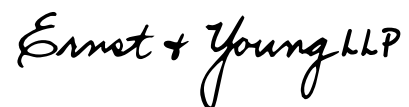
Report of Independent Auditors

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 subsidiaries (the Metropolitan Foundation of Atlanta, Inc., ATLCF Collections LLC, and TCF Charitable Real Estate Solutions LLC), and its supporting organizations, (collectively, The Community Foundation) as of December 31, 2009 and 2008, 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 and the reports of other auditors. We did not audit the financial statements of CF Foundation Inc. and Subsidiaries, a supporting organization, which statements reflect total assets of 20% and 23% and total net assets of 20% and 24% of the consolidated totals for The Community Foundation for the years ended December 31, 2009 and 2008, 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 and the reports of other auditors 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, 2009 and 2008, 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.



September 7, 2010

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

Consolidated Statements of Financial Position

	December 31	
	2009	2008
Assets		
Cash and cash equivalents	\$ 25,415,661	\$ 19,744,981
Investments, at fair value:		
Short-term investment funds	105,942,722	98,407,597
Corporate stocks and other investments	217,741,303	187,270,142
Government agency obligations	29,201,380	41,414,020
Corporate notes and bonds	31,097,168	33,600,145
Institutional commingled funds, partnerships, limited liability and private equity companies, and investments in real estate	174,623,080	136,495,168
	<u>558,605,653</u>	<u>497,187,072</u>
Bequests and contributions receivable	1,832,783	5,044,273
Notes receivable	4,439,633	4,872,503
Real estate properties used in charitable activities net of accumulated depreciation of \$3,970,219 and \$3,715,894 at December 31, 2009 and 2008	9,273,354	9,527,679
Property and equipment, net of accumulated depreciation of \$17,656,562 and \$15,920,043 at December 31, 2009 and 2008	47,129,096	48,094,558
The King Collection	–	32,000,000
Other assets	4,586,008	4,692,830
Total assets	<u>\$ 651,282,188</u>	<u>\$ 621,163,896</u>
Liabilities and net assets		
Grants payable	\$ 10,226,861	\$ 10,771,397
Accrued expenses and other liabilities	9,485,903	8,258,754
Liabilities under split-interest agreements	6,561,898	6,122,760
Debt payable	–	11,667,045
Total liabilities	<u>26,274,662</u>	<u>36,819,956</u>
Net assets:		
Unrestricted:		
Field-of-interest	16,877,344	15,629,556
Designated	76,557,724	77,428,665
Donor advised	287,868,367	253,248,533
Discretionary	56,632,923	49,476,860
Supporting organizations	171,573,011	169,343,589
Total unrestricted	<u>609,509,369</u>	<u>565,127,203</u>
Temporarily restricted	15,498,157	19,216,737
Total net assets	<u>625,007,526</u>	<u>584,343,940</u>
Total liabilities and net assets	<u>\$ 651,282,188</u>	<u>\$ 621,163,896</u>

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	
	2009	2008
Changes in unrestricted net assets:		
Revenue and support:		
Contributions	\$ 92,613,249	\$ 115,484,928
Interest and dividends	17,273,265	15,955,057
Income from rents	892,744	868,684
Other investment income	(148,382)	(170,114)
Special projects loss, net	(418,579)	(2,014,760)
Administrative fees	130,134	248,549
Net realized loss on investment securities	(19,254,491)	(4,641,218)
Net unrealized appreciation (depreciation) on investment securities	80,234,622	(163,038,902)
	171,322,562	(37,307,776)
Net assets released from restrictions	27,613,465	8,261,619
Total contributions, gains (losses) and depreciation on investments, and other support	198,936,027	(29,046,157)
Expenses:		
Grants	142,189,820	96,121,637
Programs	7,011,740	7,290,371
Fund raising	239,432	292,609
General and administrative	5,112,868	6,528,173
Total expenses	154,553,860	110,232,790
Change in unrestricted net assets	44,382,167	(139,278,947)
Changes in temporarily restricted net assets:		
Revenue and support:		
Contributions	23,682,448	10,995,924
Change in value of split interest agreements	986,746	(2,350,837)
Interest and dividends	240,347	169,261
Net realized loss on investments	(432,352)	(119,553)
Net unrealized depreciation on investments	(582,305)	(1,684,034)
Net assets released from restrictions	(27,613,465)	(8,261,619)
Change in temporarily restricted net assets	(3,718,581)	(1,250,858)
Change in net assets	40,663,586	(140,529,805)
Net assets at January 1	584,343,940	724,873,745
Net assets at December 31	\$ 625,007,526	\$ 584,343,940

See accompanying notes.

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

Consolidated Statements of Cash Flows

	Year Ended December 31	
	2009	2008
Operating activities		
Changes in net assets	\$ 40,663,586	\$ (140,529,805)
Adjustments to reconcile change in net assets to cash used by operating activities:		
Net unrealized and realized (appreciation) depreciation on investments in securities	(59,965,474)	169,483,707
Change in value of split interest agreements	(986,746)	2,350,837
Donation of investments/stock to or from the Foundation	(76,296,231)	(75,343,184)
Depreciation	1,990,844	1,642,215
Changes in operating assets and liabilities:		
Accrued investment income	-	116,711
Bequests and contribution receivable	3,211,489	3,320,416
King Collection	32,000,000	-
Other assets	106,822	829,114
Grants payable and other liabilities	682,613	(4,341,426)
Liabilities under split-interest agreements	439,138	(1,711,159)
Net cash used by operating activities	(58,153,959)	(44,182,574)
Investing activities		
Purchase of property and equipment	(771,057)	(14,967,618)
Purchase of investments in securities	(253,556,117)	(438,092,011)
Proceeds from sale of investments in securities	329,385,988	471,316,868
Net cash provided by investing activities	75,058,814	18,257,239
Financing activities		
Payments of debt	(11,667,045)	(3,905,155)
Net change in notes receivable	432,870	6,823,822
Net cash (used by) provided by financing activities	(11,234,175)	2,918,667
Net increase (decrease) in cash and cash equivalents	5,670,680	(23,006,668)
Cash and cash equivalents, beginning of period	19,744,981	42,751,649
Cash and cash equivalents, end of period	\$ 25,415,661	\$ 19,744,981
Supplemental cash flow data		
Cash received from contributors and bequests	\$ 43,210,956	\$ 54,458,084
Interest and dividends received	\$ 17,513,612	\$ 16,209,556
Cash paid to employees, suppliers and other service providers	\$ 11,136,851	\$ 16,509,136
Grants paid	\$ 142,734,356	\$ 98,065,080

See accompanying notes.

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

Notes to Consolidated Financial Statements

December 31, 2009 and 2008

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 subsidiaries 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 subsidiaries and supporting organizations 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.

Net Assets

Adoption of ASC 958-205

In 2008, the Foundation adopted ASC Subtopic 958-205 (formerly FASB Staff Position 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*). This ASC 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 ASC 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.

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

Notes to Consolidated Financial Statements (continued)

1. Significant Accounting Policies (continued)

Interpretation of Relevant Law

The Foundation's board has determined that the Foundation is not subject to the net asset classification of funds requirements of this ASC 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 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.

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

Notes to Consolidated Financial Statements (continued)

1. Significant Accounting Policies (continued)

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.

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.

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

Notes to Consolidated Financial Statements (continued)

1. Significant Accounting Policies (continued)

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.

Investment income is reported net of related expenses, such as investment management fees and custody fees. For the years ended December 31, 2009 and 2008, such expenses for The Community Foundation's consolidated investments were \$2,373,182 and \$2,072,785, respectively.

Investments Without Readily Determinable Values

Investments without readily determinable values, including alternative investments, consist 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 estimated fair value. Because alternatives are not immediately marketable given the nature of the underlying strategies and the terms of the governing agreements, the estimated fair value is subject to uncertainty and, therefore, may differ from the value that may be received if a ready market for these investments had been in existence, and the difference could be material. The Foundation's alternatives are recorded at fair value pursuant to the Accounting Standards Codification Topic (ASC) 820, *Fair Value Measurements and Disclosures*, as noted further below, after consideration of certain pertinent factors, including, but not limited to, liquidity features of the holdings, the underlying portfolio of holdings, the current market conditions for observable, corroborated, or correlated transactions, comparable or similar investments' fair valuations, third party valuation and the audit opinions from the independent auditors of the funds.

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

Notes to Consolidated Financial Statements (continued)

1. Significant Accounting Policies (continued)

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.

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 the estimated useful lives ranging from 3 to 39 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 Community 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 \$10,606,574 and \$9,446,626 at December 31, 2009 and 2008, respectively, in assets held under split-interest agreements which are included in investments in securities in the accompanying consolidated statements of financial position.

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

Notes to Consolidated Financial Statements (continued)

1. Significant Accounting Policies (continued)

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).

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.

On January 1, 2009, the Foundation adopted Accounting Standards Codification Topic 740 (formerly FASB Interpretation No. 48 (FIN 48), *Accounting for Uncertainty in Income Taxes, an interpretation of ASC 740 (formerly FASB Statement 109), Accounting for Income Taxes*). ASC 740 creates a single model to address uncertain tax positions and clarifies the accounting for income taxes by prescribing a “more likely than not” minimum recognition threshold that a tax position is required to meet before being recognized in the financial statements. Under the requirements of ASC 740, tax-exempt organizations may be required to record an obligation as the result of a tax position they have historically taken on various tax exposure items. Prior to ASC 740, the determination of when to record a liability for a tax exposure was based on whether a liability was considered probable and reasonably estimable in accordance with ASC 450 (formerly FASB Statement No. 5), *Accounting for Contingencies*. The adoption had no impact on the consolidated financial statements.

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 comprised 27% and 22% of total assets at December 31, 2009 and 2008, 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.

2. Receivables

The receivables outstanding are due as follows at December 31:

	Less Than One Year	One Year to Five Years	Greater Than Five Years	Total
2009				
Bequests and contributions receivable	\$ 311,157	\$ 207,784	\$ 1,313,842	\$ 1,832,783
Notes receivable	2,303,254	2,136,379	–	4,439,633
	<u>\$ 2,614,411</u>	<u>\$ 2,344,163</u>	<u>\$ 1,313,842</u>	<u>\$ 6,272,416</u>
	Less Than One Year	One Year to Five Years	Greater Than Five Years	Total
2008				
Bequests and contributions receivable	\$ 3,776,724	\$ 184,602	\$ 1,082,947	\$ 5,044,273
Notes receivable	3,941,627	930,876	–	4,872,503
	<u>\$ 7,718,351</u>	<u>\$ 1,115,478</u>	<u>\$ 1,082,947</u>	<u>\$ 9,916,776</u>

The Foundation has discounted these receivables at rates ranging from 4% to 6.5%. The Foundation uses the specific identification method to determine its allowance for uncollectible pledges.

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

Notes to Consolidated Financial Statements (continued)

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.

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, 2008 and 2007, was approximately \$114.3 million and \$115 million, respectively. The board approved spending rate for 2009 and 2008 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

ASC 820 (formerly FAS 157, *Fair Value Measurements*) defines fair value as 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. ASC 820 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 in active markets for identical assets or liabilities to which an entity has access at the measurement date.

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

Notes to Consolidated Financial Statements (continued)

3. Investments (continued)

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;
- c. Observable inputs other than quoted prices for the asset or liability;
- 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 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 Community Foundation for Greater Atlanta, Inc.,
its Subsidiaries, and Supporting Organizations

Notes to Consolidated Financial Statements (continued)

3. Investments (continued)

The following table summarizes the levels in the FASB ASC fair value hierarchy of the Foundation's investment funds at December 31, 2009:

	Level 1 Market Value	Level 2 Market Value	Level 3 Market Value	Total
Money market funds	\$105,942,722	\$ —	\$ —	\$105,942,722
U.S. treasury obligations	29,201,380	—	—	29,201,380
Corporate bonds and debenture	31,097,168	—	—	31,097,168
Corporate stocks and other investments	158,128,177	—	—	158,128,177
Mutual funds	59,613,126	—	—	59,613,126
Alternative investments	—	70,627,580	103,995,500	174,623,080
Alternative investments	<u>\$383,982,573</u>	<u>\$ 70,627,580</u>	<u>\$ 103,995,500</u>	<u>\$558,605,653</u>

The following table summarizes the levels in the FASB ASC 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	\$ 98,407,597	\$ —	\$ —	\$ 98,407,597
U.S. treasury obligations	41,414,020	—	—	41,414,020
Corporate bonds and debenture	33,600,145	—	—	33,600,145
Corporate stocks and other investments	112,462,791	—	—	112,462,791
Mutual funds	74,807,351	—	—	74,807,351
Alternative investments	—	—	136,495,168	136,495,168
	<u>\$360,691,904</u>	<u>\$ —</u>	<u>\$ 136,495,168</u>	<u>\$497,187,072</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 years ended December 31:

Level 3 Reconciliation	2009	2008
Beginning balance on January 1	\$ 136,495,168	\$ 166,806,952
Purchases	40,068,160	29,981,505
Sales	(57,486,623)	(20,931,801)
Total realized and unrealized gains and losses	20,653,620	(39,361,488)
Transfer in/out of Level 3 investments	(35,734,825)	–
Ending balance on December 31	<u>\$ 103,995,500</u>	<u>\$ 136,495,168</u>

During fiscal year 2009, the Foundation adopted the provisions of Accounting Standards Update (ASU) 2009-12, *Fair Value Measurements and Disclosures (ASC) Topic 820: Investments in Certain Entities that Calculate Net Asset Value per Share (or its Equivalent)* (ASU 2009-12), which allows the use of net asset value to estimate the fair values of investments in investment companies that calculate a net asset value per share (such as hedge funds, private equity funds, funds of funds, and certain collective trusts, common trusts and pooled separate accounts).

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Domestic equity funds ^(a)	\$ 31,760,171	\$ 2,647,500	Quarterly, annually	45 – 100 days
Equity international funds ^(b)	33,744,958	–	Monthly, quarterly	15 – 30 days
Hedge funds ^(c)	73,729,363	–	Quarterly, annually	60 – 100 days
Commodities funds ^(d)	10,877,163	–	Monthly	24 days
Global bond funds ^(e)	8,115,956	–	Monthly	10 days
High yield funds ^(f)	11,918,584	–		
Real estate & private equity ^(g)	4,476,885	–		
Private real estate ^(h)	–	4,000,000		
Total	<u>\$ 174,623,080</u>	<u>\$ 6,647,500</u>		

^(a) This category focuses on investments in a broadly diversified portfolio of U.S. companies. The fund maintains a broad exposure to the U.S. markets. Of the investments in this category, approximately 7% cannot be redeemed because the investments include restrictions that do not allow for redemption in the next three years and an additional 5% cannot be redeemed within 18 to 30 months.

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

Notes to Consolidated Financial Statements (continued)

3. Investments (continued)

- (b) This category focuses on investments in a broadly diversified portfolio of international companies. The fund maintains a broad exposure to the international markets.
- (c) This category includes investments in a broad range of hedge fund strategies that invest in both long and short term positions, utilizing domestic and global concentrations. Funds are diversified across types of security sectors, market capitalization segments, industries and regions. Of the investments in this category, 37% cannot be redeemed by the fund manager because the investments include restrictions that do not allow for the redemptions in the next three years, 11% cannot be redeemed within the next fifteen months, 7% cannot be redeemed within the next 21 months, and 4% cannot be redeemed within the next 27 months. For approximately 7% of the investments in this category a gate has been imposed by the fund manager.
- (d) This category is a multi-asset category, which invest in liquid assets, including commodities, core energy, metal equities, agriculture equities, global real estate equities, global climate change and Treasury Inflation Protected Securities.
- (e) This category includes high quality global fixed income investments that contain no leverage.
- (f) This category includes debt securities that are generally rated below investment grade. 100% of the investments in this category cannot be redeemed within the next 6 months.
- (g) This category includes the Foundation's direct investment in real estate and private equity. Distributions from these funds will be received as the underlying investments of the funds are liquidated.
- (h) This category includes the Foundation's investment in private real estate funds. These investments cannot be redeemed with the funds. Distributions from each fund will be received as the underlying investments of the funds are liquidated.

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 consisted of the following at December 31:

	<u>2009</u>	<u>2008</u>
Land	\$ 42,492,088	\$ 41,762,068
Land improvements	332,067	332,067
Buildings	31,561,877	31,556,939
Furniture and equipment	3,643,199	3,607,100
Total property and equipment	<u>78,029,231</u>	<u>77,258,174</u>
Accumulated depreciation	(21,626,781)	(19,635,937)
Net property and equipment	<u>\$ 56,402,450</u>	<u>\$ 57,622,237</u>

5. Restricted Net Assets

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

	<u>2009</u>	<u>2008</u>
Time restrictions	\$ 9,338,286	\$ 14,278,400
Charitable gift annuities, remainder trusts and pooled income funds with The Community Foundation as trustee	5,441,587	4,246,200
Life insurance policies	718,284	692,137
	<u>\$ 15,498,157</u>	<u>\$ 19,216,737</u>

6. Net Assets Released From Restrictions

Net assets released from restrictions consisted of the following during the years ended December 31:

	<u>2009</u>	<u>2008</u>
Life insurance policies	\$ —	\$ 39,332
Time restrictions	27,613,465	8,222,287
	<u>\$ 27,613,465</u>	<u>\$ 8,261,619</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 up to 10% of eligible employee's salaries. The Foundation incurred \$59,536 and \$191,638 of expense under this plan for the years ended December 31, 2009 and 2008, respectively.

Since January 1, 2006, a supporting organization had a contributory, defined contribution 401(k) 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 supporting organization recognized approximately \$116,000 and \$87,000 for employer contributions to the safe harbor 401(k) plan, which is reflected in the consolidated Statements of Activities for the years ended December 31, 2009 and 2008, 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 years ended December 31, 2009 and 2008, was \$404,729 and \$361,741, respectively.

Future minimum lease payments are as follows:

Fiscal year ended December 31,	
2010	\$ 361,934
2011	366,864
2012	339,467
2013	341,261
Thereafter	1,435,780
	<u>\$ 2,845,306</u>

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

Notes to Consolidated Financial Statements (continued)

8. Operating Lease Commitments (continued)

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,	
2010	\$ 152,846
2011	109,597
2012	4,775
	<u>\$ 267,218</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 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 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 years ended December 31, 2009 and 2008 was \$133,881 and \$610,382 respectively.

On July 29, 2009 the loan balance of \$11.5 million 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.

On July 30, 2009, ATLCF transferred its rights in The King Collection to Morehouse College.

All of the contributions received to pay off the loan, less outstanding receivables of approximately \$0.5 million as of July 29, 2009, were recorded as temporarily restricted contribution revenue in the Statement of Activities as of December 31, 2009. Similarly the transfer of the Collection to Morehouse College is included as grant expense in 2009.

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

Notes to Consolidated Financial Statements (continued)

10. Subsequent Events

The Foundation has evaluated subsequent events through the date of this report. All subsequent events, if any, requiring recognition as of December 31, 2009, have been incorporated into these consolidated financial statements.

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