

**AUDITED CONSOLIDATED FINANCIAL
STATEMENTS WITH SUPPLEMENTAL
INFORMATION**

**THE COMMUNITY FOUNDATION
FOR THE NATIONAL
CAPITAL REGION
AND AFFILIATES**

MARCH 31, 2011 AND 2010

THE COMMUNITY FOUNDATION FOR THE NATIONAL CAPITAL REGION AND AFFILIATES

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS
WITH SUPPLEMENTAL INFORMATION**

MARCH 31, 2011 AND 2010

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
The Community Foundation for the National Capital Region
Washington, D.C.

We have audited the accompanying consolidated statements of financial position of The Community Foundation for the National Capital Region and affiliates (collectively referred to as the Foundation) as of March 31, 2011 and 2010, and the related consolidated statements of activities and change in net assets, and of cash flows for the years then ended. These consolidated financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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. 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 consolidated financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of The Community Foundation for the National Capital Region and affiliates as of March 31, 2011 and 2010, and the change in their net assets and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The supplemental consolidating schedules as of and for the years ended March 31, 2011 and 2010 are presented for the purpose of additional analysis and are not a required part of the basic consolidated financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic consolidated financial statements taken as a whole.

Argy, Wiltse & Robinson, P.C.

McLean, Virginia
November 16, 2011

THE COMMUNITY FOUNDATION FOR THE NATIONAL CAPITAL REGION AND AFFILIATES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

MARCH 31, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
ASSETS		
Cash and cash equivalents	\$ 46,163,051	\$ 48,901,435
Investments	311,367,417	300,909,270
Investments held for others	5,116,178	2,899,176
Pledges and contributions receivable, net	1,960,160	2,996,986
Notes receivable, net of present value discount of \$31,875 and \$123,482	813,709	939,173
Charitable remainder trusts receivable	2,216,905	2,216,905
Interest and other receivables	441,853	482,762
Prepaid expenses and other assets	<u>279,052</u>	<u>256,807</u>
 Total assets	 <u>\$ 368,358,325</u>	 <u>\$ 359,602,514</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 1,411,855	\$ 1,243,384
Grants and appropriations payable, net of present value discount of \$52,481 and \$239,375	11,187,403	17,142,316
Funds held in trust for others	<u>5,116,178</u>	<u>2,899,176</u>
 Total liabilities	 <u>17,715,436</u>	 <u>21,284,876</u>
Commitments	<u> </u>	<u> </u>
Net assets		
Unrestricted		
Operating funds	5,560,026	6,230,167
Supporting organization funds	33,430,674	32,327,701
Donor-advised and other funds	<u>304,341,454</u>	<u>291,459,469</u>
 Total unrestricted	 343,332,154	 330,017,337
Temporarily restricted	<u>7,310,735</u>	<u>8,300,301</u>
 Total net assets	 <u>350,642,889</u>	 <u>338,317,638</u>
 Total liabilities and net assets	 <u>\$ 368,358,325</u>	 <u>\$ 359,602,514</u>

The accompanying notes are an integral part of these consolidated financial statements.

THE COMMUNITY FOUNDATION FOR THE NATIONAL CAPITAL REGION AND AFFILIATES

CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGE IN NET ASSETS

YEARS ENDED MARCH 31, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
Change in unrestricted net assets		
Support and revenue		
Contributions	\$ 55,381,316	\$ 61,424,771
Federal grants	251,924	267,385
Investment income	25,218,155	48,689,011
Other income	509,042	469,678
Net assets released from restrictions	<u>1,080,000</u>	<u>1,080,233</u>
Total unrestricted support and revenue	<u>82,440,437</u>	<u>111,931,078</u>
Expenses		
Program grants and appropriations	<u>62,969,894</u>	<u>50,364,592</u>
Supporting services		
General and administrative	3,721,295	3,232,434
Fundraising	<u>2,434,431</u>	<u>2,621,085</u>
Total supporting services	<u>6,155,726</u>	<u>5,853,519</u>
Total expenses	<u>69,125,620</u>	<u>56,218,111</u>
Increase in unrestricted net assets	<u>13,314,817</u>	<u>55,712,967</u>
Change in temporarily restricted net assets		
Contributions	90,434	4,385,902
Change in value of charitable remainder trusts receivable	0	2,521
Increase in allowance for doubtful receivables	0	(577,131)
Net assets released from restrictions	<u>(1,080,000)</u>	<u>(1,080,233)</u>
(Decrease) increase in temporarily restricted net assets	<u>(989,566)</u>	<u>2,731,059</u>
Change in net assets before transfer	12,325,251	58,444,026
Net assets transferred to funds held for others	<u>0</u>	<u>(797,041)</u>
Change in net assets	12,325,251	57,646,985
Net assets at the beginning of the year	<u>338,317,638</u>	<u>280,670,653</u>
Net assets at the end of the year	\$ <u>350,642,889</u>	\$ <u>338,317,638</u>

The accompanying notes are an integral part of these consolidated financial statements.

THE COMMUNITY FOUNDATION FOR THE NATIONAL CAPITAL REGION AND AFFILIATES

CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED MARCH 31, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
Cash flows from operating activities:		
Change in net assets	\$ <u>12,325,251</u>	\$ <u>57,646,985</u>
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Realized and unrealized gains on investments	(19,821,395)	(44,958,890)
Change in value of charitable remainder trusts receivable	0	(2,521)
Change in value of notes receivable	31,875	0
Change in allowance for doubtful receivables	0	577,131
Donated investments received	(18,376,047)	(17,119,222)
Changes in operating assets and liabilities:		
Pledges and contributions receivable	1,036,826	(839,320)
Interest and other receivables	40,909	132,305
Prepaid expenses and other assets	(22,245)	(39,807)
Accounts payable and accrued expenses	168,471	(323,198)
Grants and appropriations payable	(5,954,913)	(11,109,831)
Funds held in trust for others	<u>2,217,002</u>	<u>1,082,598</u>
 Total adjustments	 <u>(40,679,517)</u>	 <u>(72,600,755)</u>
 Net cash used in operating activities	 <u>(28,354,266)</u>	 <u>(14,953,770)</u>
Cash flows from investing activities:		
Purchases of investments	(99,842,208)	(93,675,320)
Proceeds from sales of investments	125,364,501	111,111,436
Payments received under notes receivable	<u>93,589</u>	<u>75,589</u>
 Net cash provided by investing activities	 <u>25,615,882</u>	 <u>17,511,705</u>
 Net (decrease) increase in cash and cash equivalents	 (2,738,384)	 2,557,935
 Cash and cash equivalents at the beginning of the year	 <u>48,901,435</u>	 <u>46,343,500</u>
 Cash and cash equivalents at the end of the year	 <u>\$ 46,163,051</u>	 <u>\$ 48,901,435</u>

The accompanying notes are an integral part of these consolidated financial statements.

THE COMMUNITY FOUNDATION FOR THE NATIONAL CAPITAL REGION AND AFFILIATES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2011 AND 2010

NOTE 1 - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

The Community Foundation for the National Capital Region (The Community Foundation) was organized in December 1973 as The Community Foundation of Greater Washington pursuant to the District of Columbia Nonprofit Corporation Act, and commenced operations in January 1974. The Community Foundation has a single program, to strengthen the Washington metropolitan region by encouraging and promoting effective giving and by taking leadership on critical issues in its service area.

The Community Foundation is recognized as a not-for-profit, tax-exempt organization under Section 501 (c)(3) of the Internal Revenue Code. The Internal Revenue Service (IRS) has classified The Community Foundation as a publicly supported organization.

The Community Foundation is comprised of a collection of component funds established by donors to The Community Foundation or internally designated by The Community Foundation. The Community Foundation's service area is the greater Washington, D.C. geographical region. To provide specific services to sub-parts of its service area, The Community Foundation maintains an "area affiliate" organizational structure with two "area affiliate" designations, known as the Montgomery County Community Foundation (MCCF) and the Prince Georges Community Foundation (PGCF), to localize its exempt activities in Montgomery and Prince Georges counties, Maryland.

Through March 31, 2009, The Community Foundation maintained a third area affiliate, known as the Alexandria Community Trust (ACT). Effective April 1, 2009, ACT established itself as a separate, independent tax-exempt, non-profit corporation. Therefore, effective April 1, 2009, The Community Foundation reclassified discretionary, unrestricted funds previously established by ACT totaling \$797,041 from unrestricted net assets to funds held in trust for others in the liability section of the accompanying consolidated statement of financial position. Effective March 31, 2011, discretionary funds and donor-advised funds where grant recommendations were received from the respective advisors have been transferred to the separate entity.

The Summit Fund of Washington (the Summit Fund), and The Kristin and David Steinberg Foundation (the Steinberg Foundation), both District of Columbia nonprofit corporations, are supporting organizations in which The Community Foundation has significant control over the functions of the organizations. Each organization benefits The Community Foundation through support of their missions. The Summit Fund and the Steinberg Foundation have been recognized by the IRS as not-for-profit, tax-exempt organizations under Section 501(c)(3) of the Internal Revenue Code.

The consolidated financial statements include the accounts of The Community Foundation, the Summit Fund and the Steinberg Foundation (collectively referred to as the Foundation). All material inter-organization balances and transactions have been eliminated in consolidation.

The significant accounting policies followed by the Foundation are described below.

Basis of accounting

The consolidated financial statements of the Foundation have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Use of estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, upon settlement, actual results could differ from those estimates.

Revenue recognition

The Foundation records gifts of cash and marketable securities as contribution revenue when the gift is pledged or received (if not pledged). Certain gifts of real estate, non-marketable securities or other business ownership interests are subject to an approval process prior to the acceptance of the asset. Gifts which are not accompanied by a current, independent third party fair market valuation are recorded at a nominal value of \$1, per the Foundation's gift acceptance policy, until such time that the gift can be valued.

The Foundation reports contributions as temporarily restricted support if they are received with a time or purpose restriction that limits the use of the donated assets. When the restriction is met, temporarily restricted net assets are reclassified to unrestricted net assets and are reported in the consolidated statements of activities and change in net assets as net assets released from restrictions.

Revenue related to federal grants is recognized as the related costs are incurred. Other income is recognized when earned.

Cash equivalents

The Foundation considers short-term investments with initial maturities of three months or less to be cash equivalents, excluding cash equivalents held temporarily for long-term investment purposes by investment custodians. Temporary cash positions in the investment portfolio are considered investments and are not included in cash and cash equivalents in the accompanying consolidated statements of financial position.

Investments

Investments are recorded at fair value. Gains and losses on investments, including changes in market value, are reported in the consolidated statements of activities and change in net assets as increases or decreases in unrestricted net assets unless their use is temporarily or permanently restricted by donor stipulation.

As of March 31, 2011 and 2010, a portion of the Foundation's investments are comprised of shares held in investment funds without readily determinable fair values. These investment funds may invest in foreign and domestic equity and debt instruments, derivative instruments such as hedges and foreign currency contracts, and also certain leveraged arrangements. Any significant changes in the fair value of these investment funds could significantly affect the overall value of the Foundation's investment portfolio and its net assets.

Pledges and contributions receivable

Pledges and contributions receivable are recorded at face value, and then discounted to present value using interest rates appropriate to the estimated length of time for realization. All pledges and contributions receivable are reviewed annually for future collectability. Management determines the allowance for doubtful receivables by regularly evaluating individual receivables and considering donor's financial condition and current economic conditions.

Notes receivable

Notes receivable are stated at the amount of unpaid principal, adjusted for a present value discount and an allowance for loan losses, when deemed appropriate. The Foundation records an allowance when management determines that collectability of all amounts is unlikely. Management's estimate is based on review of the loans comprising the notes receivable balance and considers known and inherent risks, the estimated fair value of the underlying collateral, and current economic conditions.

Charitable remainder trusts receivable

Charitable remainder trusts receivable are recorded at fair value, which is estimated based on various assumptions using the present value of estimated future lump-sum cash flows. The net present value of these receivables is determined using investment returns consistent with the composition of the asset portfolios of the trusts, single or joint life expectancy from published tables, and discount rates

commensurate with the risks involved. The estimation of the net present value of these receivables is subjective and requires significant judgment. Due to uncertainties inherent in the estimation process, it is possible that future events in either the near- or long-term could materially affect the amounts reported in the consolidated statements of financial position.

Grants and appropriations payable

Grant commitments are recognized when the Board of Trustees approves specific grants. When grant commitments are to be paid over several years, the Foundation records such liabilities at their estimated present values. Grants and appropriations payable are recorded at face value, and then discounted to present value using interest rates appropriate to the estimated length of the payable.

Net assets

The Foundation classifies net assets into two categories: unrestricted and temporarily restricted. All contributions and grants are considered to be available for unrestricted use unless specifically restricted by the donor.

Unrestricted net assets consist of the following types of internally-designated funds:

Operating funds - Funds used for the general operation of The Community Foundation.

Supporting organization funds - Unrestricted net assets of the Summit Fund and the Steinberg Foundation.

Donor-advised and other funds - Funds established by donor contributions that enable donors to make recommendations from time to time about the distributions from the funds. The donors' advice in the grant-making process is considered by the Board of Trustees in making grants from these resources. Other funds include field of interest funds used to support particular interests to the donor, designated funds intended to benefit designated charitable organizations, and scholarship funds intended to assist students in obtaining an education.

Temporarily restricted net assets are contributions or grants with temporary, donor-imposed time and/or program restrictions. Temporarily restricted net assets are reported in the consolidated statements of activities and change in net assets as net assets released from restrictions when the time restrictions expire or the funds are used for their restricted purpose. Temporarily restricted net assets are subject to the Foundation component fund requirements, including a variance power provision, but are considered temporarily restricted until funds are available for use. Temporarily restricted net assets consist of funds that are unavailable for use in the current period due to donor-imposed time restrictions that would otherwise be classified as unrestricted donor-advised funds or other funds.

The Foundation's consolidated financial statements are prepared in accordance with the current authoritative guidance issued by the Financial Accounting Standards Board (the FASB). These standards provide that if the governing body of an organization has the ability to remove a donor restriction, the contributions should be classified as unrestricted net assets. Under District of Columbia law and the Foundation's governing instruments, certain assets are held as endowment funds until such time (if ever) as the governing body deems it prudent and appropriate to expend some part of the principal or appreciation. Accordingly, the consolidated financial statements classify all net assets as unrestricted unless there is a time restriction.

Functional expense allocations

The costs of providing the various programs and other activities are summarized in the accompanying consolidated statements of activities and change in net assets on a functional basis. Accordingly, certain costs have been allocated among the programs and activities benefitted.

Income taxes

The Community Foundation, the Summit Fund and the Steinberg Foundation are exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC) and from District of Columbia franchise tax under applicable tax regulations, except for income from activities not related to their tax-

exempt purpose, which primarily includes unrelated business income from certain investments that are subject to federal and state income taxes. No provision for income taxes was recorded during the years ended March 31, 2011 or March 31, 2010 since the Foundation had no significant unrelated business income. The Foundation has no temporary timing differences that would give rise to deferred tax assets or liabilities; therefore, the Foundation has no deferred tax provision at March 31, 2011 and 2010. The Community Foundation, the Summit Fund and the Steinberg Foundation are not private foundations pursuant to section 509(a)(1) of the IRC.

In accordance with authoritative guidance issued by the FASB, the Foundation recognizes tax liabilities when, despite the management's belief that tax return positions are supportable, the Foundation believes that certain positions may not be fully sustained upon review by tax authorities. Benefits from tax positions are measured at the largest amount of benefit that is greater than 50% likely of being realized upon settlement. To the extent that the final tax outcome of these matters is different than the amounts recorded, such differences impact income tax expense in the period in which such determination is made. Interest and penalties, if any, related to accrued liabilities for potential tax assessments are included in income tax expense. With few exceptions, The Community Foundation, the Summit Fund, and the Steinberg Foundation are no longer subject to income tax examinations by the U.S. federal, state or local tax authorities for years ended March 31, 2007 and prior. Management has evaluated the tax positions of The Community Foundation, the Summit Fund, and the Steinberg Foundation and has concluded that no material uncertain tax positions have been taken that require adjustment to the consolidated financial statements to comply with the provisions of this guidance.

Fair value of financial instruments

The fair value of the Foundation's short-term financial instruments, including cash and cash equivalents, pledges and contribution receivable, accounts payable and accrued expenses, approximate their carrying amounts due to the short maturity of these instruments.

Concentrations of credit risk

The Foundation is subject to credit risk concentrations principally from cash and cash equivalents, investments, pledges and contributions receivable, notes receivable, and charitable remainder trusts receivable. The Foundation believes the risk of loss associated with cash and cash equivalents is very low since cash and cash equivalents are maintained in financial institutions. The Foundation believes the risk of loss associated with cash and cash equivalents is very low since cash and cash equivalents are maintained in financial institutions. However, at times, the Foundation had cash and cash equivalents on deposit with financial institutions that exceeded federally insured limits. Investment securities are exposed to various risks such as interest rate, market, and credit risks. The Foundation's charitable remainder trusts receivable are due from donor trusts that hold investments that are subject to the same types of investment risks. Due to the level of risk associated with certain investments securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the investment and charitable remainder trusts receivable balances and the amounts reported in the consolidated statement of financial position. The Foundation's pledges, contributions, and notes receivable balances consist primarily of amounts due from individuals and corporations. Historically, the Foundation has not experienced significant losses related to the notes and pledges receivable balances and, therefore, believes that the credit risk related to them is minimal.

Subsequent events

The Foundation has evaluated its March 31, 2011 consolidated financial statements for subsequent events through November 16, 2011, the date the consolidated financial statements were available to be issued. The Foundation is not aware of any subsequent events which would require recognition or disclosure in the consolidated financial statements.

Recently adopted authoritative guidance

On April 1, 2010, the Foundation adopted guidance issued by the FASB related to the amendment of disclosure requirements related to fair value measurements. The guidance requires the disclosure of roll forward activities on purchases, sales, issuance, and settlements of the assets and liabilities measured

using significant unobservable inputs (Level 3 fair value measurements). The Foundation adopted the requirements of the new guidance effective March 31, 2011, and has retrospectively applied them to the fair value disclosures (see Note 11).

Recent accounting pronouncements not yet adopted

In May 2011, the FASB issued guidance to amend the accounting and disclosure requirements on fair value measurements. The new guidance limits the highest-and-best-use measure to nonfinancial assets, permits certain financial assets and liabilities with offsetting positions in market or counterparty credit risks to be measured at a net basis, and provides guidance on the applicability of premiums and discounts. Additionally, the new guidance expands the disclosures on Level 3 inputs by requiring quantitative disclosure of the unobservable inputs and assumptions, as well as description of the valuation processes and the sensitivity of the fair value to changes in unobservable inputs. The new guidance will be effective for years beginning after December 15, 2011, and will be applied prospectively. Other than requiring additional disclosures, the adoption of this new guidance is not expected to have a material impact on the accompanying consolidated financial statements.

Reclassifications

Certain other amounts presented in the 2010 consolidated financial statements have been reclassified to conform to the 2011 presentation. These reclassifications had no effect on the change in net assets, as previously reported.

NOTE 2 - INVESTMENT INCOME

Investment income is comprised of the following for the years ended March 31:

	<u>2011</u>	<u>2010</u>
Net realized and unrealized gains	\$ 19,821,395	\$ 44,958,890
Dividends and interest	6,396,179	4,476,520
Less: investment management fees	<u>(999,419)</u>	<u>(746,399)</u>
	<u>\$ 25,218,155</u>	<u>\$ 48,689,011</u>

Investment income for the year ended March 31, 2010 includes an impairment loss of \$11,480,000 related to one of The Community Foundation's limited partnership investments that management determined had a fair market value of zero at March 31, 2010. Effective December 31, 2010, The Community Foundation notified the general partner of its desire to surrender the gifted interest in this limited partnership for zero value. In addition, in January 2011, The Community Foundation filed IRS Form 8282 (Donee Information Return) to reflect the disposition of the gift at zero value.

NOTE 3 - PLEDGES AND CONTRIBUTIONS RECEIVABLE

Pledges and contributions receivable consist of the following at March 31:

	<u>2011</u>	<u>2010</u>
Due in less than one year	\$ 1,979,344	\$ 2,480,154
Due in one to five years	0	1,046,336
Due in greater than five years	<u>0</u>	<u>90,000</u>
	1,979,344	3,616,490
Less: allowance for doubtful receivables	0	(577,131)
Less: discount to present value (from 1.02% to 4.74%)	<u>(19,184)</u>	<u>(42,373)</u>
	<u>\$ 1,960,160</u>	<u>\$ 2,996,986</u>

NOTE 4 - NOTES RECEIVABLE

As of March 31, 2011, notes receivable consists of one note with an initial face value of \$1,500,000, which is non-interest bearing and matures in August 2022. As of March 31, 2010, notes receivable consists of three notes with combined face values of \$1,568,000, all of which were non-interest bearing and have varying maturities from one year to fifteen years. The notes are recorded at the present value of the estimated future cash flows, utilizing an imputed interest rate of 1.93%.

NOTE 5 - CHARITABLE REMAINDER TRUSTS RECEIVABLE

During fiscal year 2006, The Community Foundation received a \$3,910,500 pledge to be received from the assets of a charitable remainder unitrust, payable on the termination date of the unitrust, or ten years from the date that the underlying assets were transferred to the trust. The underlying agreement calls for payments of 9.5% of the net fair market value of the trust assets to be paid quarterly to the income and/or successor beneficiary of the trust during the period of the trust. The Community Foundation does not have control over the underlying assets and is not a trustee. The amount receivable from this trust is revalued at its estimated fair value annually. The recorded estimated fair value of the pledge totaled \$536,749 at March 31, 2011 and 2010, and is included in the charitable remainder trusts receivable in the accompanying consolidated statements of financial position.

During fiscal year 1994, The Community Foundation received a \$3 million pledge to be received from the assets of a charitable remainder trust upon the termination of life interests retained by the donor. The amount receivable from this trust is revalued at its estimated fair value annually. The recorded estimated fair value of the pledge totaled \$1,680,156 at March 31, 2011 and 2010, and is included in the charitable remainder trusts receivable in the accompanying consolidated statements of financial position. Upon receipt of the ultimate pledge, up to \$3,000,000 will be reflected as an unrestricted endowment fund, and any remaining amount will be reflected as an unrestricted donor-advised fund in accordance with the donor's agreement and the variance powers of the Board of Trustees.

The estimated fair values of the charitable remainder trusts receivable are considered to be temporarily restricted until the funds are received.

NOTE 6 - GRANTS AND APPROPRIATIONS PAYABLE

The Foundation generally makes grants to fund organizations that promote charitable, educational, civic and cultural needs primarily of the greater Washington metropolitan area. Scheduled future minimum payments for these grants as of March 31, 2011 are as follows:

<u>Years ending March 31,</u>	
2012	\$ 8,929,801
2013	1,606,083
2014	264,000
2015	240,000
2016	100,000
Thereafter	<u>100,000</u>
	11,239,884
Less: amount representing interest	<u>(52,481)</u>
	\$ <u>11,187,403</u>

NOTE 7 - FUNDS HELD IN TRUST FOR OTHERS

The Community Foundation has been appointed to serve as trustee for several charitable trusts. Funds held in this capacity are included as both assets and liabilities in the consolidated statements of financial

position. As discussed in Note 1, funds of \$797,041 were transferred to this account during the year ended March 31, 2010 to reflect the funds held on behalf of ACT after its legal separation from The Community Foundation.

NOTE 8 - DONOR-ADVISED AND OTHER FUNDS

Donor-advised and other funds consist of the following as of March 31:

	<u>2011</u>	<u>2010</u>
Donor-advised funds	\$ 246,326,387	\$ 232,232,772
Field of interest funds and other funds	30,318,065	28,672,626
Scholarship funds	11,587,060	11,204,480
Designated funds	11,089,047	14,507,577
Endowments funds	<u>4,968,414</u>	<u>4,602,640</u>
	304,288,973	291,220,095
Plus: unallocated net present value of interest on grants payable (see Note 6)	<u>52,481</u>	<u>239,374</u>
	<u>\$ 304,341,454</u>	<u>\$ 291,459,469</u>

NOTE 9 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of the following at March 31:

	<u>2011</u>	<u>2010</u>
Purpose restrictions:		
Sponsored program fund	\$ 1,899,947	\$ 1,899,947
Time restrictions:		
Real estate	3,133,671	3,091,690
Charitable remainder trusts receivable	2,216,905	2,216,905
Pledge receivables	55,213	1,036,363
Grants receivable	0	50,000
Other	<u>4,999</u>	<u>5,396</u>
	<u>\$ 7,310,735</u>	<u>\$ 8,300,301</u>

NOTE 10 - RETIREMENT PLAN

The Community Foundation maintains a defined contribution retirement plan (the Plan) for eligible employees. The Community Foundation contributes up to a fixed percentage of each eligible employee's compensation to the Plan. Employees are eligible to participate immediately, while employer contributions vest ratably over three years of employment. The Community Foundation recorded contributions to the Plan of \$107,306 and \$26,834 for the years ended March 31, 2011 and 2010, respectively.

NOTE 11 - FAIR VALUE MEASUREMENTS

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability between market participants in an orderly transaction on the measurement date. The market in which the reporting entity would sell the asset or transfer the liability with the greatest volume and level of activity for the asset or liability is known as the principal market. When no principal market exists, the most advantageous market is used. This is the market in which the reporting entity would sell the asset or transfer the liability with the price that maximizes the amount that would be received or minimizes the amount that would be paid. Fair value is based on assumptions market participants would make in

pricing the asset or liability. Generally, fair value is based on observable quoted market prices or derived from observable market data when such market prices or data are available. When such prices or inputs are not available, the reporting entity should use valuation models.

The Foundation values certain investments using the net asset value per share as determined by investment managers under the so called “practical expedient.” The practical expedient allows net asset value per share to represent fair value for reporting purposes when the criteria for using this method are met. Fair value measurement standards also require the Foundation to classify these financial instruments into a three-level hierarchy, based on the priority of inputs to the valuation technique or in accordance with net asset value practical expedient rules, which allow for either Level 2 or Level 3 reporting depending on lock-up and notice periods associated with the underlying funds.

The Foundation’s assets and liabilities recorded at fair value are categorized based on the priority of the inputs used to measure fair value. Fair value measurement standards require an entity to maximize the use of observable inputs (such as quoted prices in active markets) and minimize the use of unobservable inputs in (such as appraisals or other valuation techniques) to determine fair value. The inputs used in measuring fair value are categorized into three levels, as follows:

- **Level 1** - Inputs that are based upon quoted prices for identical instruments traded in active markets.
- **Level 2** - Inputs that are based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar investments in markets that are not active, or models based on valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of the investment. Level 2 also includes practical expedient investments with notice periods for redemption of 90 days or less.
- **Level 3** - Inputs that are generally unobservable and typically reflect management’s estimates of assumptions that market participants would use in pricing the asset or liability. The fair values are therefore determined using model-based techniques that include option pricing models, discounted cash flow models, and similar techniques. Level 3 also includes practical expedient investments with notice periods for redemption of more than 90 days.

The following section describes the valuation methodologies the Foundation uses to measure its assets at fair value.

Investments

In general, and where applicable, the Foundation uses quoted prices in active markets for identical assets to determine fair value. This pricing methodology applies to Level 1 investments. If quoted prices in active markets for identical assets are not available to determine fair value, then the Foundation uses quoted prices for similar assets or inputs other than the quoted prices that are observable either directly or indirectly. These investments are included in Level 2. The Foundation’s Level 3 assets primarily include certain investments in real estate interests, other business entities, and hedge funds. Real estate investments and investments in privately-held entities are reported at the fair value of the investment as determined by the most recent appraisal or prices used in current transactions. The Foundation values its interest in other business entities and hedge funds using significant unobservable inputs including information from fund managers or general partners based on quoted market prices, if available, or other valuation methods. Management reviews and evaluates the values provided by the fund managers and general partners and agrees with the valuation methods and assumptions used in determining the fair value of the alternative investments. Unobservable inputs used in these models are significant to the fair value of the investments.

Charitable remainder trust agreements

Charitable remainder trust agreements, which are irrevocable, are administered by a trustee or fiscal agent. At the end of the terms, a portion of the remaining trust assets, as defined in the trust agreements, are to be distributed to the Foundation. The expected future cash inflows from the trusts are based on the fair value of the investments, future expected investment returns, and the life expectancy of the donor

or donor's designee, and have been recorded at present value based on a discount rate of 3.84%. The value of these trusts is based on unobservable inputs and the Foundation's own assumptions and is therefore classified within Level 3.

The following table sets forth by level, within the fair value hierarchy, the Foundation's assets at fair value:

<u>Assets at Fair Value as of March 31, 2011</u>				
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments:				
Mutual funds				
Corporate bonds	\$ 0	\$ 33,997,152	\$ 0	\$ 33,997,152
Government bonds	0	4,861,385	0	4,861,385
Other	34,375,262	0	0	34,375,262
Government mutual funds	1,662,487	0	0	1,662,487
Intermediate bonds	0	3,273,636	0	3,273,636
Mid cap funds	6,581,452	0	0	6,581,452
International funds	13,140,266	0	0	13,140,266
Large cap funds	21,891,879	0	0	21,891,879
Small cap funds	313,528	0	0	313,528
Mortgage backed securities	0	17,977	0	17,977
REIT/real estate funds	<u>25,382</u>	<u>156,496</u>	<u>0</u>	<u>181,878</u>
	<u>77,990,256</u>	<u>42,306,646</u>	<u>0</u>	<u>120,296,902</u>
Common stocks				
Finance	9,646,947	0	0	9,646,947
Consumer	17,590,109	0	0	17,590,109
Material	9,781,358	0	0	9,781,358
Energy	2,653,416	0	0	2,653,416
Information technology	7,357,494	0	0	7,357,494
Health	4,099,372	0	0	4,099,372
Industrial	3,058,274	0	0	3,058,274
Mid cap stocks	503,818	0	0	503,818
International stocks	21,697	0	0	21,697
Large cap stocks	159,616	0	0	159,616
Small cap stocks	<u>38,423</u>	<u>0</u>	<u>0</u>	<u>38,423</u>
	<u>54,910,524</u>	<u>0</u>	<u>0</u>	<u>54,910,524</u>
Cash and money market				
accounts	67,893,283	0	0	67,893,283
Multi-strategy and other funds	0	34,340,679	5,621,954	39,962,633
Buyout and growth equity funds	0	12,058,168	5,275,716	17,333,884
Hedge fund of funds	0	5,115,788	2,797,030	7,912,818
Real estate	0	0	7,274,206	7,274,206
Annuity	<u>0</u>	<u>0</u>	<u>899,345</u>	<u>899,345</u>
	<u>200,794,063</u>	<u>93,821,281</u>	<u>21,868,251</u>	<u>316,483,595</u>
Charitable remainder trusts				
receivable	<u>0</u>	<u>0</u>	<u>2,216,905</u>	<u>2,216,905</u>
	<u>\$ 200,794,063</u>	<u>\$ 93,821,281</u>	<u>\$ 24,085,156</u>	<u>\$ 318,700,500</u>

Assets at Fair Value as of March 31, 2010

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments:				
Mutual funds				
Corporate bonds	\$ 0	\$ 44,125,038	\$ 0	\$ 44,125,038
Government bonds	0	28,432,481	0	28,432,481
Other	27,543,504	0	0	27,543,504
Government mutual funds	9,278,386	0	0	9,278,386
Intermediate bonds	0	9,089,079	0	9,089,079
Mid cap funds	5,458,635	0	0	5,458,635
International funds	1,353,006	0	0	1,353,006
Large cap funds	539,089	0	0	539,089
Small cap funds	<u>241,644</u>	<u>0</u>	<u>0</u>	<u>241,644</u>
	<u>44,414,264</u>	<u>81,646,598</u>	<u>0</u>	<u>126,060,862</u>
Common stocks				
Finance	23,036,493	0	0	23,036,493
Consumer	10,069,942	0	0	10,069,942
Material	7,689,203	0	0	7,689,203
Energy	4,593,766	0	0	4,593,766
Information technology	4,267,226	0	0	4,267,226
Health	2,634,176	0	0	2,634,176
Industrial	1,297,351	0	0	1,297,351
Mid cap stocks	639,272	0	0	639,272
International stocks	3,462,930	0	0	3,462,930
Large cap stocks	3,579,248	0	0	3,579,248
Small cap stocks	<u>1,117,342</u>	<u>0</u>	<u>0</u>	<u>1,117,342</u>
	<u>62,386,949</u>	<u>0</u>	<u>0</u>	<u>62,386,949</u>
Multi-strategy and other funds	0	33,258,525	2,660,445	35,918,970
Cash and money market accounts	31,841,424	0	0	31,841,424
Buyout and growth equity funds	0	13,301,477	6,871,505	20,172,982
Hedge fund of funds	0	13,011,572	0	13,011,572
Real estate	0	0	6,891,026	6,891,026
U.S. government securities	6,720,776	0	0	6,720,776
Annuity	<u>0</u>	<u>0</u>	<u>803,885</u>	<u>803,885</u>
Total investments	<u>145,363,413</u>	<u>141,218,172</u>	<u>17,226,861</u>	<u>303,808,446</u>
Charitable remainder trusts receivable	<u>0</u>	<u>0</u>	<u>2,216,905</u>	<u>2,216,905</u>
Total assets at fair value	<u>\$ 145,363,413</u>	<u>\$ 141,218,172</u>	<u>\$ 19,443,766</u>	<u>\$ 306,025,351</u>

Level 3 gains and losses

The following table presents the Foundation's activity for investments measured at fair value on a recurring basis using significant unobservable inputs (Level 3):

	Multi- strategy and other funds	Buyout and growth equity funds	Hedge fund of funds	Real estate	Annuity	Charitable remainder trusts
Balance at March 31, 2009	\$ 34,624,328	\$ 17,599,227	\$ 10,881,379	\$ 15,885,071	\$ 552,289	\$ 2,214,384
Total realized and unrealized (losses)						
gains	(70,546)	23,754	0	(8,994,045)	251,596	0
Purchases	66,800	216,884	0	0	0	0
Sales/ redemptions	(8,268,530)	0	0	0	0	0
Settlements/ distributions	(240,927)	(479,202)	0	0	0	0
Change in value of split-interest agreements	0	0	0	0	0	2,521
Transfers to Level 2*	<u>(23,450,680)</u>	<u>(10,489,158)</u>	<u>(10,881,379)</u>	<u>0</u>	<u>0</u>	<u>0</u>
Balance at March 31, 2010	2,660,445	6,871,505	0	6,891,026	803,885	2,216,905
Total realized and unrealized (losses)						
gains	175,102	840,496	0	(116,822)	95,460	0
Purchases	2,884,037	51,097	2,797,030	500,002	0	0
Sales/ redemptions	(97,630)	(1,839,252)	0	0	0	0
Settlements/ distributions	<u>0</u>	<u>(648,130)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Balance at March 31, 2011	<u>\$ 5,621,954</u>	<u>\$ 5,275,716</u>	<u>\$ 2,797,030</u>	<u>\$ 7,274,206</u>	<u>\$ 899,345</u>	<u>\$ 2,216,905</u>

* Investments for which the Foundation had the ability to redeem at net asset value on or within 90 days after March 31, 2010 were transferred from Level 3 to Level 2.

The following table presents the amount of total gains (losses) for the corresponding year included in the change in net assets attributable to unrealized gains or losses relating to assets held at March 31:

	2011	2010
Multi-strategy and other funds	\$ 175,073	\$ (62,161)
Buyout and growth equity funds	357,593	23,754
Real estate	(116,822)	2,485,955
Annuity	95,460	251,596

The major categories of the Foundation's investments that are valued at net asset value or its equivalent, including general information related to each category, are as follows at March 31, 2011:

	<u>Fair value</u>	<u>Redemption frequency (if currently eligible)</u>	<u>Notice period (days)</u>
Annuity (a)	\$ 899,345	N/A	-
Hedge fund of funds (b)	7,912,818	Immediately, Quarterly	1-95
Buyout and growth equity funds (c)	17,333,884	Quarterly, Semi- annually	30-180
Multi-strategy and other funds (d)	<u>36,420,133</u>	Quarterly, Annually	30-65
	<u>\$ 62,566,180</u>		

- (a) The Community Foundation is the owner and beneficiary of a single life insurance annuity contract with a contract value of \$1,000,000.
- (b) This category is invested in a fund of hedge funds. Underlying hedge fund strategies primarily include hedged equity, multistrategy, relative value, event driven and arbitrage strategies. Approximately 64 percent of the value of these investments is available for redemption on March 31, 2011 or in the near term and at the end of each calendar quarter thereafter.
- (c) This category is invested in private equity funds and private equity funds of funds in the U.S. and outside of the U.S. whose mandates include leveraged buyouts and growth equity investments in companies. Certain funds in this category do not permit redemptions. Approximately 73 percent of the value of these investments is available for redemption at March 31, 2011. Two funds in this category are redeemable as capital distributions as determined by the fund manager and one fund has a 3% redemption gate.
- (d) This category is invested in hedge funds that are not exclusively global macro or hedged equity and other funds. Strategies include relative value, event driven, and arbitrage. Underlying investments are typically the same markets as the types invested in both the public equity and fixed income commingled categories as well as derivatives. The funds include short positions as well as long positions and use leverage. Some funds may invest in private investments which are typically segregated into side pockets (a separate share class) and are not available for redemption until the investment is liquidated by the fund manager. Approximately 95 percent of the value of the investments is available for redemption at March 31, 2011. Two funds in this category have a 10% redemption gate and one fund has a 75% gate. Additionally, one fund is redeemable as a capital distribution as determined by the fund manager and one fund does not permit any withdrawals.

There were no unfunded commitments as of March 31, 2011.

The following section describes the valuation methodology the Foundation uses to measure its liabilities at fair value.

Funds held for others

Funds held for others include funds held by the Foundation on behalf of others (see Note 7). The Foundation determines fair value of these liabilities on the basis of the fair value of the underlying assets, which consist of investments (see valuation methodology described above). These liabilities are classified as Level 2.

Financial liabilities measured at fair value on a recurring basis are summarized below:

<u>Liabilities at Fair Value as of March 31, 2011</u>				
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Funds held in trust for others	\$ <u>0</u>	\$ <u>5,116,178</u>	\$ <u>0</u>	\$ <u>5,116,178</u>

<u>Liabilities at Fair Value as of March 31, 2010</u>				
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Funds held in trust for others	\$ <u>0</u>	\$ <u>2,899,176</u>	\$ <u>0</u>	\$ <u>2,899,176</u>

Other financial instruments

The fair value of the Foundation's financial instruments, excluding the instruments listed above and those with short-term maturity, is estimated using a discounted cash flow analysis based on the current U.S. Treasury rate for the applicable term.

The following table presents the carrying values and the fair values of other significant financial assets and liabilities that qualify as financial instruments, determined in accordance with the authoritative guidance for disclosures about fair value of financial instruments, at March 31:

	<u>2011</u>		<u>2010</u>	
	<u>Carrying Amount</u>	<u>Fair Value</u>	<u>Carrying Amount</u>	<u>Fair Value</u>
Pledges and contributions receivable	\$ 1,960,160	\$ 1,960,160	\$ 2,996,986	\$ 2,996,351
Notes receivable	813,709	767,457	939,173	869,403
Grants payable	11,187,403	11,251,989	17,142,316	17,250,264

NOTE 12 - SUPPORTING SERVICES

Supporting services expenses are comprised of the following for the years ended March 31:

	<u>2011</u>	<u>2010</u>
Special fundraising events	\$ 2,434,431	\$ 2,621,085
Salaries and fringe benefits	2,405,792	2,109,127
Professional fees and consultants	357,115	208,610
Office and equipment lease expenses	337,373	342,891
Technology	262,535	163,882
Other	192,239	237,890
Office supplies	74,943	74,423
Telephone	38,232	45,996
Travel and meetings	38,201	32,224
Postage	14,865	17,391
	<u>\$ 6,155,726</u>	<u>\$ 5,853,519</u>

Supporting services includes \$1,922,126 and \$1,747,850 for program administration services for the years ended March 31, 2011 and 2010, respectively.

NOTE 13 - COMMITMENTS

Operating leases

The Foundation leases office space in Washington, D.C. under the terms of a noncancelable operating lease that expires in June 2012. In addition, the Foundation leases office space for its affiliate funds in Montgomery County and Prince Georges County under the terms of noncancelable operating leases that expire in June 2012 and December 2013, respectively. These lease agreements contain escalation clauses and provisions for the payment of taxes and operating expenses.

The following is a schedule by year of the future minimum lease payments required under the operating leases as of March 31, 2011:

Years ending March 31,

2012	\$	507,000
2013		141,000
2014		<u>18,000</u>
	\$	<u>666,000</u>

In accordance with authoritative guidance issued by the FASB, the Foundation is recognizing the total cost of its office lease ratably over the lease period. The difference between rent paid and that expensed is reflected as deferred rent, which is included in accounts payable and accrued expenses in the accompanying consolidated statements of financial position, and is being amortized over the term of the lease.

The Foundation subleases a portion of its office space under the terms of an annual operating sublease with annual extension options through June 2012. Rent expense, net of sublease income of \$146,247 and \$148,462, respectively, totaled \$352,406 and \$308,269 for the years ended March 31, 2011 and 2010, respectively.

Lease of donated property

In November 1997, The Community Foundation received donated property in the District of Columbia (the District) that it leased to the D.C. Metropolitan Police Department to establish a police substation, in accordance with the donor's instruction. The original lease term was ten years and The Community Foundation received rental payments thereon of \$1 per year. Under the terms of the donor agreement, upon termination of the lease, The Community Foundation will have the option to sell or lease the property at its fair market value. The property is currently being leased to the D.C. Metropolitan Police Department as a police sub-station in Ward 8 of the District. As a result of the project's success, The Community Foundation renewed the lease at the same rate in February 2008 and again in January 2011 for successive three-year renewal terms.

NOTE 14 - RELATED PARTY TRANSACTIONS

The Summit Fund received \$330,992 and \$353,477 in donated support for the services of executive and administrative personnel and certain administrative costs from a related organization during the years ended March 31, 2011 and 2010, respectively. The Chairman and the President of this related organization are also on the Board of Trustees of the Summit Fund, and the President is a trustee emeritus of The Community Foundation.

The President of The Community Foundation serves on the Board of Directors of several not-for-profit organizations. During 2011 and 2010, The Community Foundation paid grants totaling \$43,000 and \$12,500, respectively, as well as membership fees of \$23,825 and \$27,900, respectively, to these organizations.

**THE COMMUNITY FOUNDATION FOR THE NATIONAL
CAPITAL REGION AND AFFILIATES**

SUPPLEMENTAL INFORMATION

MARCH 31, 2011 AND 2010

THE COMMUNITY FOUNDATION FOR THE NATIONAL CAPITAL REGION AND AFFILIATES

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

YEAR ENDED MARCH 31, 2011

	<u>The Community Foundation</u>	<u>The Summit Fund of Washington</u>	<u>Kristin and David Steinberg Foundation</u>	<u>Eliminations</u>	<u>Consolidated Total</u>
Assets					
Cash and cash equivalents	\$ 42,043,480	\$ 4,017,849	\$ 101,722	\$ 0	\$ 46,163,051
Investments	279,810,246	29,890,732	1,666,439	0	311,367,417
Investments held for others	5,116,178	0	0	0	5,116,178
Pledges and contributions receivable, net	1,960,160	0	0	0	1,960,160
Notes receivable, net	813,709	0	0	0	813,709
Charitable remainder trusts receivable	1,680,155	0	536,750	0	2,216,905
Interest and other receivables	495,260	12,155	0	(65,562)	441,853
Prepaid expenses and other assets	<u>250,214</u>	<u>28,838</u>	<u>0</u>	<u>0</u>	<u>279,052</u>
 Total assets	 <u>\$ 332,169,402</u>	 <u>\$ 33,949,574</u>	 <u>\$ 2,304,911</u>	 <u>\$ (65,562)</u>	 <u>\$ 368,358,325</u>
Liabilities					
Accounts payable and accrued expenses	\$ 1,410,356	\$ 1,499	\$ 0	\$ 0	\$ 1,411,855
Grants and appropriations payable, net	8,967,403	2,285,562	0	(65,562)	11,187,403
Funds held in trust for others	<u>5,116,178</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>5,116,178</u>
 Total liabilities	 <u>15,493,937</u>	 <u>2,287,061</u>	 <u>0</u>	 <u>(65,562)</u>	 <u>17,715,436</u>
Net assets					
Unrestricted	309,901,480	31,662,513	1,768,161	0	343,332,154
Temporarily restricted	<u>6,773,985</u>	<u>0</u>	<u>536,750</u>	<u>0</u>	<u>7,310,735</u>
 Total net assets	 <u>316,675,465</u>	 <u>31,662,513</u>	 <u>2,304,911</u>	 <u>0</u>	 <u>350,642,889</u>
 Total liabilities and net assets	 <u>\$ 332,169,402</u>	 <u>\$ 33,949,574</u>	 <u>\$ 2,304,911</u>	 <u>\$ (65,562)</u>	 <u>\$ 368,358,325</u>

See independent auditor's report.

THE COMMUNITY FOUNDATION FOR THE NATIONAL CAPITAL REGION AND AFFILIATES

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

YEAR ENDED MARCH 31, 2010

	<u>The Community Foundation</u>	<u>The Summit Fund of Washington</u>	<u>Kristin and David Steinberg Foundation</u>	<u>Eliminations</u>	<u>Consolidated Total</u>
Assets					
Cash and cash equivalents	\$ 46,283,969	\$ 2,539,759	\$ 77,707	\$ 0	\$ 48,901,435
Investments	262,207,148	36,943,608	1,758,514	0	300,909,270
Investments held for others	2,899,176	0	0	0	2,899,176
Pledges and contributions receivable, net	2,996,986	0	0	0	2,996,986
Notes receivable, net	939,173	0	0	0	939,173
Charitable remainder trusts receivable	1,680,155	0	536,750	0	2,216,905
Interest and other receivables	696,841	7,543	0	(221,622)	482,762
Prepaid expenses and other assets	<u>241,948</u>	<u>14,859</u>	<u>0</u>	<u>0</u>	<u>256,807</u>
 Total assets	 <u>\$ 317,945,396</u>	 <u>\$ 39,505,769</u>	 <u>\$ 2,372,971</u>	 <u>\$ (221,622)</u>	 <u>\$ 359,602,514</u>
Liabilities					
Accounts payable and accrued expenses	\$ 1,228,710	\$ 14,674	\$ 149,373	\$ (149,373)	\$ 1,243,384
Grants and appropriations payable, net	8,364,323	8,849,242	1,000	(72,249)	17,142,316
Funds held in trust for others	<u>2,899,176</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2,899,176</u>
 Total liabilities	 <u>12,492,209</u>	 <u>8,863,916</u>	 <u>150,373</u>	 <u>(221,622)</u>	 <u>21,284,876</u>
Net assets					
Unrestricted	297,689,636	30,641,853	1,685,848	0	330,017,337
Temporarily restricted	<u>7,763,551</u>	<u>0</u>	<u>536,750</u>	<u>0</u>	<u>8,300,301</u>
 Total net assets	 <u>305,453,187</u>	 <u>30,641,853</u>	 <u>2,222,598</u>	 <u>0</u>	 <u>338,317,638</u>
 Total liabilities and net assets	 <u>\$ 317,945,396</u>	 <u>\$ 39,505,769</u>	 <u>\$ 2,372,971</u>	 <u>\$ (221,622)</u>	 <u>\$ 359,602,514</u>

See independent auditor's report.

THE COMMUNITY FOUNDATION FOR THE NATIONAL CAPITAL REGION AND AFFILIATES

CONSOLIDATING STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS

YEAR ENDED MARCH 31, 2011

	<u>The Community Foundation</u>	<u>The Summit Fund of Washington</u>	<u>Kristin and David Steinberg Foundation</u>	<u>Eliminations</u>	<u>Consolidated Total</u>
Change in unrestricted net assets					
Support and revenue					
Contributions	\$ 55,295,123	\$ 330,992	\$ 0	\$ (244,799)	\$ 55,381,316
Federal grants	251,924	0	0	0	251,924
Investment income	21,000,645	4,077,671	139,839	0	25,218,155
Other income	396,966	203	141,873	(30,000)	509,042
Net assets released from restrictions	<u>1,080,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,080,000</u>
 Total unrestricted support and revenue	 <u>78,024,658</u>	 <u>4,408,866</u>	 <u>281,712</u>	 <u>(274,799)</u>	 <u>82,440,437</u>
Expenses					
Program grants and appropriations	<u>60,143,173</u>	<u>2,872,121</u>	<u>199,399</u>	<u>(244,799)</u>	<u>62,969,894</u>
Supporting services					
General and administrative	3,235,210	516,085	0	(30,000)	3,721,295
Fundraising	<u>2,434,431</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2,434,431</u>
Total supporting services	<u>5,669,641</u>	<u>516,085</u>	<u>0</u>	<u>(30,000)</u>	<u>6,155,726</u>
Total expenses	<u>65,812,814</u>	<u>3,388,206</u>	<u>199,399</u>	<u>(274,799)</u>	<u>69,125,620</u>
Increase in unrestricted net assets	<u>12,211,844</u>	<u>1,020,660</u>	<u>82,313</u>	<u>0</u>	<u>13,314,817</u>
Change in temporarily restricted net assets					
Contributions	90,434	0	0	0	90,434
Net assets released from restrictions	<u>(1,080,000)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(1,080,000)</u>
Decrease in temporarily restricted net assets	<u>(989,566)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(989,566)</u>
Change in net assets	11,222,278	1,020,660	82,313	0	12,325,251
Net assets at the beginning of the year	<u>305,453,187</u>	<u>30,641,853</u>	<u>2,222,598</u>	<u>0</u>	<u>338,317,638</u>
Net assets at the end of the year	<u>\$ 316,675,465</u>	<u>\$ 31,662,513</u>	<u>\$ 2,304,911</u>	<u>\$ 0</u>	<u>\$ 350,642,889</u>

See independent auditor's report.

THE COMMUNITY FOUNDATION FOR THE NATIONAL CAPITAL REGION AND AFFILIATES

CONSOLIDATING STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS

YEAR ENDED MARCH 31, 2010

	<u>The Community Foundation</u>	<u>The Summit Fund of Washington</u>	<u>Kristin and David Steinberg Foundation</u>	<u>Eliminations</u>	<u>Consolidated Total</u>
Change in unrestricted net assets					
Support and revenue					
Contributions	\$ 61,153,713	\$ 353,477	\$ 189,737	\$ (272,156)	\$ 61,424,771
Federal grants	267,385	0	0	0	267,385
Investment income	37,195,373	11,208,423	285,215	0	48,689,011
Other income	513,514	1,985	0	(45,821)	469,678
Net assets released from restrictions	<u>1,269,970</u>	<u>0</u>	<u>(189,737)</u>	<u>0</u>	<u>1,080,233</u>
Total unrestricted support and revenue	<u>100,399,955</u>	<u>11,563,885</u>	<u>285,215</u>	<u>(317,977)</u>	<u>111,931,078</u>
Expenses					
Program grants and appropriations	<u>52,883,096</u>	<u>(2,342,248)</u>	<u>95,900</u>	<u>(272,156)</u>	<u>50,364,592</u>
Supporting services					
General and administrative	2,726,998	535,436	15,821	(45,821)	3,232,434
Fundraising	<u>2,621,085</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2,621,085</u>
Total supporting services	<u>5,348,083</u>	<u>535,436</u>	<u>15,821</u>	<u>(45,821)</u>	<u>5,853,519</u>
Total expenses	<u>58,231,179</u>	<u>(1,806,812)</u>	<u>111,721</u>	<u>(317,977)</u>	<u>56,218,111</u>
Increase in unrestricted net assets	<u>42,168,776</u>	<u>13,370,697</u>	<u>173,494</u>	<u>0</u>	<u>55,712,967</u>
Change in temporarily restricted net assets					
Contributions	4,385,902	0	0	0	4,385,902
Change in value of charitable remainder trusts	(187,216)	0	189,737	0	2,521
Increase in allowance for doubtful receivables	(577,131)	0	0	0	(577,131)
Net assets released from restrictions	<u>(1,080,233)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(1,080,233)</u>
Increase in temporarily restricted net assets	<u>2,541,322</u>	<u>0</u>	<u>189,737</u>	<u>0</u>	<u>2,731,059</u>
Change in net assets before transfer	44,710,098	13,370,697	363,231	0	58,444,026
Net assets transferred to funds held for others	<u>(797,041)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(797,041)</u>
Change in net assets	43,913,057	13,370,697	363,231	0	57,646,985
Net assets at the beginning of the year	<u>261,540,130</u>	<u>17,271,156</u>	<u>1,859,367</u>	<u>0</u>	<u>280,670,653</u>
Net assets at the end of the year	\$ <u>305,453,187</u>	\$ <u>30,641,853</u>	\$ <u>2,222,598</u>	\$ <u>0</u>	\$ <u>338,317,638</u>

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