

Grand Rapids Community Foundation

**Consolidated Financial Report
with Additional Information
June 30, 2011**

GRAND RAPIDS COMMUNITY FOUNDATION

OFFICERS AND BOARD OF TRUSTEES

June 30, 2011

Officers

Carol J. Karr	Chairperson
Eva Aguirre Cooper	Vice Chairperson
Diana R. Sieger	President and Secretary
Lynne M. Black	Vice President and Treasurer
Marilyn W. Zack	Vice President
Marcia L. Rapp	Vice President
Roberta F. King	Vice President

Board of Trustees

Name	Term Expires December 31
Laurie F. Beard	2014
Wayman P. Britt	2012
Eva Aguirre Cooper	2011
Paul T. Doyle	2012
Cecile Cave Fehsenfeld	2013
Carol J. Karr	2011
Paul M. Keep	2013
Arend D. Lubbers	2012
Bonnie K. Miller	2012
Robert W. Roth	2012
	June 30
Jenna T. Rood, Youth Trustee	2011

GRAND RAPIDS COMMUNITY FOUNDATION

MISSION STATEMENT, HISTORY, AND HIGHLIGHTS

Mission Statement

Our mission is to build and manage our community's permanent endowment and lead the community to strengthen the lives of its people.

History and Highlights

Grand Rapids Community Foundation (formerly The Grand Rapids Foundation) was established in October 1922, upon recommendation of a committee appointed by the Association of Commerce (now the Grand Rapids Area Chamber of Commerce), by a resolution adopted jointly by the Michigan Trust Company (now Fifth Third Bank) and Grand Rapids Trust Company (now Bank of America). The purpose of the Foundation is to accept gifts and bequests and administer the resulting earnings for charitable and educational uses that, in the opinion of the Board of Trustees, promote the welfare of persons residing in or institutions situated in the city of Grand Rapids, Michigan and surrounding communities.

Effective April 12, 1989, Grand Rapids Community Foundation was incorporated.

Since November 1930, when funds first became available, grants totaling \$136,042,228 and scholarships (in addition to scholarship loans) totaling \$9,092,874 have been awarded by the Foundation.

Grand Rapids Community Foundation

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Independent Auditor's Report

To the Board of Trustees
Grand Rapids Community Foundation

We have audited the accompanying consolidated statement of financial position of Grand Rapids Community Foundation (the "Foundation") as of June 30, 2011 and 2010 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 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 audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As explained in Notes 2 and 12, the consolidated financial statements include investments valued at \$65,879,686 (29 percent of net assets) and \$56,977,442 (30 percent of net assets) at June 30, 2011 and 2010, respectively, whose fair values have been estimated by management in the absence of readily determinable fair values. Management's estimates are based on information provided by the fund managers or the general partners.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Grand Rapids Community Foundation at June 30, 2011 and 2010 and the consolidated changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Plante & Moran, PLLC

September 12, 2011

Grand Rapids Community Foundation

Consolidated Statement of Financial Position

	<u>June 30, 2011</u>	<u>June 30, 2010</u>
Assets		
Cash and cash equivalents	\$ 6,092,457	\$ 5,555,318
Investments (Notes 2 and 12)	223,184,600	184,316,916
Split-interest agreements receivable	4,338,312	4,457,172
Pledges receivable	3,497,581	3,660,518
Notes receivable (Note 3)	2,627,002	2,986,299
Property and equipment - Net (Note 4)	4,692,804	4,912,363
Other assets:		
Beneficial interests in perpetual trusts (Note 1)	2,408,129	2,994,681
Prepaid expenses	51,000	-
Reinsurance contracts	2,550,593	1,320,190
Cash surrender value of life insurance	467,735	436,340
Financing costs	307,348	362,213
Total assets	<u>\$ 250,217,561</u>	<u>\$ 211,002,010</u>
Liabilities and Net Assets		
Liabilities		
Grants and scholarships payable (Note 5)	\$ 4,584,187	\$ 5,312,300
Long-term debt (Note 6)	4,000,000	4,000,000
Charitable gift annuities payable	3,523,665	2,555,470
Funds held on behalf of nonprofit endowments (Note 7)	12,316,134	10,400,433
Total liabilities	24,423,986	22,268,203
Net Assets		
Unrestricted (Note 1):		
Undesignated net assets	5,595,000	4,618,056
Board-designated net assets (Note 11)	196,464,022	162,271,771
Temporarily restricted (Note 10)	18,358,351	15,868,344
Permanently restricted (Note 10)	5,376,202	5,975,636
Total net assets	<u>225,793,575</u>	<u>188,733,807</u>
Total liabilities and net assets	<u>\$ 250,217,561</u>	<u>\$ 211,002,010</u>

Grand Rapids Community Foundation

Consolidated Statement of Activities and Changes in Net Assets

	Year Ended June 30							
	2011				2010			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenue, Gains, and Other Support								
Investment income (net of investment expenses of \$1,175,009 in 2011 and \$1,065,968 in 2010)	\$ 3,026,980	\$ 185,854	\$ -	\$ 3,212,834	\$ 2,325,229	\$ 192,676	\$ -	\$ 2,517,905
Realized gains on sale of investments	5,623,548	298,635	-	5,922,183	1,667,303	62,544	-	1,729,847
Change in market value of investments	29,376,256	1,106,721	-	30,482,977	18,423,665	832,573	-	19,256,238
Bequests and gifts	10,561,171	1,560,770	-	12,121,941	7,251,733	557,737	-	7,809,470
Change in value of charitable gift annuities	(209,058)	-	-	(209,058)	(290,561)	-	-	(290,561)
Change in value of split-interest agreements	-	707,340	-	707,340	-	796,660	-	796,660
Less net revenue, gains, and other support associated with nonprofit activity	(2,534,344)	-	-	(2,534,344)	(1,710,750)	-	-	(1,710,750)
Total revenue, gains, and other support	45,844,553	3,859,320	-	49,703,873	27,666,619	2,442,190	-	30,108,809
Expenses (Note 9)								
Program:								
Grants and scholarships authorized	10,029,728	-	-	10,029,728	9,753,201	-	-	9,753,201
Charitable and philanthropic	847,175	-	-	847,175	925,942	-	-	925,942
Community initiatives	155,474	-	-	155,474	212,196	-	-	212,196
Support services:								
Management and general	940,974	-	-	940,974	746,441	-	-	746,441
Development	884,939	-	-	884,939	789,737	-	-	789,737
Fund management	38,351	-	-	38,351	39,659	-	-	39,659
Property management	366,107	-	-	366,107	364,835	-	-	364,835
Less expenses related to nonprofit activity	(618,643)	-	-	(618,643)	(461,449)	-	-	(461,449)
Total expenses	12,644,105	-	-	12,644,105	12,370,562	-	-	12,370,562
Increase in Net Assets Before Assets Released from Restrictions	33,200,448	3,859,320	-	37,059,768	15,296,057	2,442,190	-	17,738,247
Assets Released from Restrictions	1,968,747	(1,369,313)	(599,434)	-	1,081,248	(1,081,248)	-	-
Increase (Decrease) in Net Assets	35,169,195	2,490,007	(599,434)	37,059,768	16,377,305	1,360,942	-	17,738,247
Net Assets - Beginning of year	166,889,827	15,868,344	5,975,636	188,733,807	150,512,522	14,507,402	5,975,636	170,995,560
Net Assets - End of year	\$ 202,059,022	\$ 18,358,351	\$ 5,376,202	\$ 225,793,575	\$ 166,889,827	\$ 15,868,344	\$ 5,975,636	\$ 188,733,807

Grand Rapids Community Foundation

Consolidated Statement of Cash Flows

	Year Ended	
	June 30, 2011	June 30, 2010
Cash Flows from Operating Activities		
Increase in net assets	\$ 37,059,768	\$ 17,738,247
Adjustments to reconcile increase in net assets to net cash from operating activities:		
Depreciation	219,559	220,653
Change in split-interest agreement receivable	(707,340)	(796,660)
Change in charitable gift annuities payable	209,058	290,561
Amortization of finance costs	54,865	54,865
Change in market value of investments	(30,482,977)	(19,256,238)
Realized gain on sale of investments	(5,922,183)	(1,729,847)
Change in beneficial interest in perpetual trusts	586,552	(121,882)
Change in reinsurance contracts	(811,579)	67,910
Changes in operating assets and liabilities which provided (used) cash:		
Pledges receivable	162,937	(2,282,456)
Prepays	(51,000)	-
Cash surrender value of life insurance	(31,395)	(21,738)
Funds held as nonprofit endowments	1,915,701	1,249,301
Grants and scholarships payable	(728,113)	1,739,550
Net cash provided by (used in) operating activities	1,473,853	(2,847,734)
Cash Flows from Investing Activities		
Net purchases of investments	(2,462,524)	2,482,597
Additions to furniture and equipment	-	(27,066)
Payment on reinsurance contract	(418,824)	(269,878)
Advances - Net of repayment on notes receivable	359,297	(195,488)
Proceeds from split-interest agreements	826,200	-
Net cash (used in) provided by investing activities	(1,695,851)	1,990,165
Cash Flows from Financing Activities		
Payments on gift annuities	(653,164)	(517,590)
Proceeds from gift annuities	1,412,301	104,981
Net cash provided by (used in) financing activities	759,137	(412,609)
Net Increase (Decrease) in Cash and Cash Equivalents	537,139	(1,270,178)
Cash and Cash Equivalents - Beginning of year	5,555,318	6,825,496
Cash and Cash Equivalents - End of year	\$ 6,092,457	\$ 5,555,318

Grand Rapids Community Foundation

Notes to Consolidated Financial Statements June 30, 2011 and 2010

Note I - Nature of Business and Significant Accounting Policies

Grand Rapids Community Foundation (formerly The Grand Rapids Foundation) was established in October 1922, upon recommendation of a committee appointed by the Association of Commerce (now the Grand Rapids Area Chamber of Commerce), by a resolution adopted jointly by the Michigan Trust Company (now Fifth Third Bank) and Grand Rapids Trust Company (now Bank of America). The purpose of Grand Rapids Community Foundation (the "Foundation") is to accept gifts and bequests and administer the resulting earnings for charitable and educational uses that, in the opinion of the board of trustees, promote the welfare of persons residing in, or institutions situated in, the city of Grand Rapids, Michigan and surrounding communities.

Red Brick Building II, Inc. (RBB II) was formed as a supporting organization to the Foundation by providing real estate, renovations, and equipment for office space for the Foundation and the Grand Rapids area community. RBB II allows the Foundation to provide needed space for its staff and volunteers to make decisions on grants to charitable organizations, to raise the financial support needed to continue to grow the endowment that aids in assuring that the Grand Rapids area community grows and thrives, to provide needed facilities to convene community meetings designed to address community issues and concerns, and to provide meeting and support facilities for area charitable organizations in the Grand Rapids area community to meet to resolve issues and create solutions.

The accounting policies of the Foundation conform to accounting principles generally accepted in the United States of America as applicable to nonprofit organizations. The following is a summary of the significant accounting policies:

Principles of Consolidation - The consolidated financial statements include the accounts of the Foundation and its wholly owned subsidiary, Red Brick Building II, Inc. All significant intercompany transactions have been eliminated in consolidation.

Use of Estimates - The preparation of 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 financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Beneficial Interests in Perpetual Trust - A beneficial interest in a perpetual trust is an arrangement in which a donor establishes and funds a perpetual trust for the benefit of one or more nonprofit beneficiaries. The assets are administered and managed by an independent third party. Under the terms of these arrangements, the Foundation has the irrevocable right to receive the investment income earned on the trust assets in perpetuity. The value of these perpetual trusts was \$2,408,129 and \$2,994,681 at June 30, 2011 and 2010, respectively.

Grand Rapids Community Foundation

Notes to Consolidated Financial Statements June 30, 2011 and 2010

Note I - Nature of Business and Significant Accounting Policies (Continued)

Split-interest Agreements Receivable - The Foundation is the sole or partial beneficiary of 15 charitable remainder trusts whereby the Foundation does not act as trustee. The Foundation has recorded an asset at the estimated present value of the revenue to be received from the trusts. Revenue to be received from the trusts is based on the Foundation's ownership percentage in the underlying trust investments, which are valued at fair value. Subsequent adjustments in the estimated present value of the revenue to be received from the trusts are recorded in the current year as revenue.

Charitable Gift Annuities Payable - Charitable gift annuities represent gifts which are given to the Foundation with the condition that a specified payment be made to the donor over his or her life. A liability is established based on the present value of the payments to be made. This liability is recalculated annually, based on changes in the interest rate, life expectancy assumptions, and payments made. Changes in the liability are recorded in the current year as revenue.

Cash Equivalents - The Foundation considers all highly liquid investments purchased with a maturity date of three months or less to be cash equivalents.

Concentration of Credit Risk - The Foundation maintains cash balances at one bank and the accounts are insured by the Federal Deposit Insurance Corporation up to \$250,000. As of June 30, 2011, the Foundation had uninsured deposits totaling \$816,750.

Investments - Investments in marketable securities and debt securities are valued at their fair values in the consolidated statement of financial position. Alternative investments (hedge funds, timber, real estate, and private equity funds) are carried at quoted fair value, which is based on internal statements of the underlying securities and analysis by the fund managers. Unrealized gains and losses are included in the consolidated statement of activities and changes in net assets. Realized gain or loss on the sale of investments is the difference between the proceeds received and the original cost of the specific investment sold.

Risks and Uncertainties - The Foundation invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment 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 amounts reported in the consolidated statement of financial position.

Gifts and Pledges Receivable - Unconditional gifts and pledges made as of June 30, 2011 are mostly due by June 30, 2012 and have been deemed to be fully collectible by management.

Grand Rapids Community Foundation

Notes to Consolidated Financial Statements June 30, 2011 and 2010

Note I - Nature of Business and Significant Accounting Policies (Continued)

Notes Receivable - The Foundation records notes receivable at face value and meets regularly with organizations to ensure payment terms are being met. Management reviews all the organization notes as of June 30 and determines if an allowance for doubtful accounts, based on specific assessment of each account, is necessary. All amounts deemed uncollectible are charged against grant expense for that year. There was no allowance for doubtful accounts at June 30, 2011 and 2010.

Property and Equipment - Property and equipment are stated at their estimated market value at the date donated or at cost if purchased. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Useful lives range from 3 to 40 years.

Classification of Net Assets - To ensure observance of limitations and restrictions placed on the use of resources available to the Foundation, the accounts of the Foundation and financial statement presentation are maintained in accordance with the recommendations of the Financial Accounting Standards Board. The Foundation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. Gifts and bequests received by the Foundation are held in various funds which are classified as follows:

- Unrestricted net assets consist of resources that are neither permanently restricted nor temporarily restricted by donor-imposed stipulations. This category consists of discretionary, donor-advised, nonprofit endowment, field of interest, designated, and scholarship net assets.
- Temporarily restricted net assets consist of resources of which the use by the Foundation is limited by donor-imposed stipulations that either expire by the passage of time or can be fulfilled and removed by actions of the Foundation pursuant to those stipulations. This category consists of split-interest agreements, such as charitable remainder trusts and charitable lead trusts, undistributed earnings on permanent endowment funds, and special community projects administered by the Foundation.
- Permanently restricted net assets consist of beneficial interests in perpetual trusts and funds created by donors, of which the Foundation is the owner. The Foundation has an irrevocable right to the original contribution that established these trusts and funds. The Foundation's earnings on permanently restricted net assets are classified as temporarily restricted until appropriated for expenditure based on the terms of the original gift agreement.

Grand Rapids Community Foundation

Notes to Consolidated Financial Statements June 30, 2011 and 2010

Note I - Nature of Business and Significant Accounting Policies (Continued)

Community Foundation Classification of Unrestricted Net Assets - The bylaws of the Foundation include a variance provision and powers of modification, giving the board of trustees the power to vary the use of funds. Based on these provisions, most contributions received by the Foundation are reported as unrestricted support. The Foundation further classifies its unrestricted net assets as follows:

	2011	2010
Undesignated	\$ 5,595,000	\$ 4,618,056
Board designated:		
Nonprofit endowments	6,001,496	4,863,572
Discretionary	77,409,305	65,491,653
Designated	28,833,438	22,060,130
Donor advised	52,931,606	44,311,787
Field of interest	16,171,287	13,322,032
Scholarships	15,116,890	12,222,597
Total unrestricted net assets	<u>\$ 202,059,022</u>	<u>\$ 166,889,827</u>

Federal Tax Status - The Internal Revenue Service has ruled that the Foundation and its supporting organization are public charities, as described in Sections 509(a)(1) and 170(b)(1)(A)(vi) of the Internal Revenue Code. Consequently, the Foundation is exempt from federal income tax and certain excise taxes imposed on private foundations.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Foundation and recognize a tax liability if the organization has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS or other applicable taxing authorities. Management has analyzed the tax positions taken by the organization, and has concluded that as of June 30, 2011, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements. The organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. Management believes it is no longer subject to income tax examinations for fiscal years prior to 2008.

Grants and Scholarships - Grants and scholarships are charged to operations and recognized as liabilities when authorized by the board of trustees, regardless of the year in which they are paid. It is generally present practice for the board to authorize grants to the extent of income earned on investments, subject to the limitation of a spending rule calculation.

Grand Rapids Community Foundation

Notes to Consolidated Financial Statements June 30, 2011 and 2010

Note 1 - Nature of Business and Significant Accounting Policies (Continued)

Retirement Plan - The Foundation has a simplified employee benefit plan which covers substantially all employees. The Foundation contributes a discretionary amount each year, as determined by the board of trustees. Contributions are allocated to employee accounts based on compensation.

The Foundation's contributions for the years ended June 30, 2011 and 2010 were \$122,020 and \$75,140, respectively.

Subsequent Events - The consolidated financial statements and related disclosures include evaluation of events up through and including September 12, 2011, which is the date the consolidated financial statements were available to be issued.

Reclassifications - Certain items in the June 30, 2010 financial statements have been reclassified to conform to classifications used in 2011. These reclassifications had no effect on the June 30, 2010 net assets, changes in net assets, or cash flows as previously reported.

Note 2 - Investments

Investments consist of the following, stated at market or fair value:

	<u>2011</u>	<u>2010</u>
Bonds and fixed-income mutual funds	\$ 26,618,901	\$ 26,848,630
U.S. equities stock and mutual funds	72,789,094	57,341,898
International stock and mutual funds	57,896,919	43,148,946
Alternative investments (hedge funds, private equity, timber, and real estate)	<u>65,879,686</u>	<u>56,977,442</u>
Total investments	<u>\$ 223,184,600</u>	<u>\$ 184,316,916</u>

Note 3 - Notes Receivable

Notes receivable consist of the following:

	<u>2011</u>	<u>2010</u>
Program-related notes:		
Note maturing in March 2014 with annual installments beginning July 1, 2011, paying interest at a fixed rate of 1.00%, through March 2014	\$ 994,115	\$ 994,115
Note maturing in October 2011 with no annual installments, paying interest at a fixed rate of 2.00%, through October 2011	302,875	462,025

Grand Rapids Community Foundation

Notes to Consolidated Financial Statements June 30, 2011 and 2010

Note 3 - Notes Receivable (Continued)

	<u>2011</u>	<u>2010</u>
Program-related notes (Continued):		
Note maturing with no annual installments or interest, due in full in December 2011	\$ 200,000	\$ -
Note maturing in monthly installments of \$768, including interest at a fixed rate of 4.25%, through December 2020	75,000	-
Note maturing in December 2011 with no annual installments, paying interest at a fixed rate of 2%	<u>448,828</u>	<u>480,000</u>
Total program-related notes	2,020,818	1,936,140
Other notes:		
Note maturing in monthly installments of \$1,922, including interest at a fixed rate of 4.49%, through December 2015	96,811	113,582
Note maturing in annual installments of \$51,204, plus interest at the Eurodollar rate (effectively .186% at June 30, 2011), through December 2012	102,408	153,612
Note maturing in annual installments of \$51,204, plus interest at the one-year LIBOR (effectively .7335% at June 30, 2011), through December 2011	46,035	97,234
Note maturing in monthly installments of \$5,394, plus interest at a rate of 1.00% above prime (effectively 4.25% at June 30, 2011), through September 2026	<u>360,930</u>	<u>685,731</u>
Total other notes	<u>606,184</u>	<u>1,050,159</u>
Total	<u>\$ 2,627,002</u>	<u>\$ 2,986,299</u>

Grand Rapids Community Foundation

Notes to Consolidated Financial Statements June 30, 2011 and 2010

Note 4 - Property and Equipment

Cost of land, buildings, and equipment consists of the following:

	<u>2011</u>	<u>2010</u>
Land	\$ 200,000	\$ 200,000
Buildings	4,309,986	4,309,986
Furniture and fixtures	<u>778,700</u>	<u>778,700</u>
Total cost	5,288,686	5,288,686
Less accumulated depreciation	<u>(595,882)</u>	<u>(376,323)</u>
Net land, buildings, and equipment	<u>\$ 4,692,804</u>	<u>\$ 4,912,363</u>

Depreciation expense for the years ended June 30, 2011 and 2010 was \$219,559 and \$220,653, respectively.

Note 5 - Grants and Scholarships Payable

As of June 30, 2011, the board of trustees authorized the payment of certain grants in future periods as follows:

<u>Years Ending June 30</u>	<u>Amount</u>
2012	\$ 4,245,020
2013	125,833
2014	110,834
2015	17,500
2016	2,500
Thereafter	<u>82,500</u>
Total	<u>\$ 4,584,187</u>

Note 6 - Long-term Debt

Red Brick Building II, Inc. (RBB) was financed in part by proceeds from loans received from an investor trustee participating in the New Markets Tax Credit program administered by the Community Development Financial Institutions Fund of the U.S. Department of Treasury. Under the program and as part of the loan agreement, RBB has committed to maintaining its status as a qualified active low-income community business as defined in IRC Section 45D.

The first loan in the amount of \$2,948,400 is due and payable in full on August 7, 2015 and bears interest at a fixed interest rate of 4.401 percent.

Grand Rapids Community Foundation

Notes to Consolidated Financial Statements June 30, 2011 and 2010

Note 6 - Long-term Debt (Continued)

The second loan in the amount of \$1,051,600 is due and payable as follows: \$80,000 due on August 7, 2015, and the remaining principal due and payable in full on February 7, 2038. The loan bears interest at a fixed rate of 4.401 percent.

Debt is collateralized by a security agreement with Grand Rapids Community Foundation, including a mortgage on the land, building, and other assets. In addition, all proceeds of pledges, up to \$4 million, are required by the security agreement to be deposited with the trustee.

Note 7 - Funds Held on Behalf of Nonprofit Endowments

The Foundation has adopted the *Transfers of Assets to a Not-for-Profit Organization or Charitable Trust that Raises or Holds Contributions for Others* accounting standard. This statement establishes standards for transactions in which a community foundation accepts a contribution from a donor and agrees to transfer those assets, the return on investment of those assets, or both to another entity that is specified by the donor. This statement specifically requires that if a not-for-profit organization (NPO) establishes a fund at a community foundation with its own funds and specifies itself as the beneficiary of that fund, the community foundation must account for the transfer of such assets as a liability. The Foundation refers to such funds as nonprofit endowments.

The Foundation maintains variance power and legal ownership of nonprofit endowment funds and, as such, continues to report the funds as assets of the Foundation. However, in accordance with the statement, a liability has been established for the fair value of the funds, which is generally equivalent to the present value of future payments expected to be made to the NPOs.

At June 30, 2011 and 2010, the Foundation was the owner of nonprofit endowment funds, of which \$12,316,134 and \$10,400,433, respectively, is reported as a liability in the accompanying consolidated financial statements. The following table summarizes activity during the year in those funds for which there is a corresponding liability:

	2011	2010
Nonprofit endowment fund balances at July 1	\$ 10,400,433	\$ 9,151,132
Amounts raised	318,155	404,482
Investment income	226,079	179,290
Unrealized and realized investment gains	1,990,110	1,126,978
Grants	(555,834)	(346,974)
Fees	(62,809)	(114,475)
Nonprofit endowment fund balances at June 30	<u>\$ 12,316,134</u>	<u>\$ 10,400,433</u>

Grand Rapids Community Foundation

Notes to Consolidated Financial Statements June 30, 2011 and 2010

Note 8 - Lease Agreement

The Foundation leases its facilities from RBB under a 10-year agreement set to expire on December 17, 2018. Rent payments for the years ended June 30, 2011 and 2010 were \$290,293 and \$283,213, respectively, and are adjusted each year for inflation. The income and expense related to this lease agreement are eliminated upon consolidation.

Note 9 - Functional Allocation of Expenses

The Foundation classifies its expenses based on the following categories:

- **Charitable and Philanthropic Expenses** - Operating expenses associated with processing the Foundation's grant applications, philanthropic services (services to various nonprofit or community organizations, foundations, or the field of philanthropy), and special project expenses
- **Development Expenses** - Those expenses associated with acquiring Foundation assets through endowment, donor-related, or other Foundation activity
- **Fund Management Expenses** - Those expenses associated with managing the assets of the Foundation. This category includes all financial management (staff time), legal expenses, or other related expenses which are directly attributable to managing the funds of the Foundation.
- **Management and General Expenses** - The expenses that benefit the Foundation as a whole and which cannot be directly assigned to any other category

The costs of providing services are reported on a functional basis. Costs are allocated between the various programs and support services on an actual basis, where available, or based upon reasonable methods. Although the methods of allocation used are considered appropriate, other methods could be used that would produce different amounts.

Note 10 - Restricted Net Assets

Temporarily restricted net assets are available for the following purposes:

	<u>2011</u>	<u>2010</u>
Scholarships	\$ 132,493	\$ 252,530
Split-interest agreements receivable	4,338,312	4,457,172
Endowed programs	13,556,474	10,947,668
Special projects	<u>331,072</u>	<u>210,974</u>
Total temporarily restricted net assets	<u>\$ 18,358,351</u>	<u>\$ 15,868,344</u>

Grand Rapids Community Foundation

Notes to Consolidated Financial Statements June 30, 2011 and 2010

Note 10 - Restricted Net Assets (Continued)

Permanently restricted net assets are restricted to investments in perpetuity, the income from which is expendable for the following purposes:

	2011	2010
Community welfare and programs	\$ 5,284,163	\$ 5,284,163
Scholarships	92,039	691,473
Total permanently restricted net assets	<u>\$ 5,376,202</u>	<u>\$ 5,975,636</u>

Note 11 - Board-designated and Donor-restricted Endowments

The Foundation's endowment funds consist of a donor-restricted endowment as well as board-designated net assets. The board-designated net assets consist of designated endowments that would be classified as donor-restricted endowments except that the Foundation has variance power of these assets. Therefore, the board of trustees treats these funds as designated endowments. The net assets associated with the donor-restricted and board-designated endowment fund are classified and reported based on the existence or absence of donor-imposed restrictions, as well as variance power.

Interpretation of Relevant Law

The board of trustees of the Foundation follows the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the board-designated or donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation of the law and variance power, the Foundation classified as unrestricted or permanently restricted net assets (a) the original value of the donated endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporary restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment fund:

- (1) The duration and preservation of the fund
- (2) The purposes of the Foundation and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effects of inflation and deflation
- (5) The expected total return from income and the appreciation of investments

Grand Rapids Community Foundation

Notes to Consolidated Financial Statements June 30, 2011 and 2010

Note 11 - Board-designated and Donor-restricted Endowments (Continued)

- (6) Other resources of the Foundation
- (7) The investment policies of the Foundation

During the year ended June 30, 2010, the Foundation changed its accounting policy to comply with accounting standards for endowments subject to UPMIFA, which took effect in the state of Michigan on September 15, 2009. The accounting standards require investment earnings on permanently restricted net assets subject to UPMIFA to be classified as temporarily restricted until they are appropriated for expenditure by the Foundation. In addition, due to the variance power and powers of modification available to the board of trustees, the Foundation board of trustees adopted a resolution to designate those endowment funds considered unrestricted.

Endowment Net Asset Composition by Type of Fund as of June 30, 2011

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	\$ -	\$ 1,930,261	\$ 5,376,202	\$ 7,306,463
Board-designated endowment funds	196,464,022	-	-	196,464,022
Total funds	<u>\$ 196,464,022</u>	<u>\$ 1,930,261</u>	<u>\$ 5,376,202</u>	<u>\$ 203,770,485</u>

Changes in Endowment Net Assets for the Fiscal Year Ended June 30, 2011

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets - Beginning of year	\$ 162,271,771	\$ 555,467	\$ 5,975,636	\$ 168,802,874
Investment return:				
Investment income	3,911,683	297,697	-	4,209,380
Net appreciation (realized and unrealized)	32,739,282	2,373,280	-	35,112,562
Total investment return	36,650,965	2,670,977	-	39,321,942
Contributions	7,023,663	-	-	7,023,663
Appropriation of endowment assets for expenditure	(9,482,377)	(1,296,183)	(599,434)	(11,377,994)
Endowment net assets - End of year	<u>\$ 196,464,022</u>	<u>\$ 1,930,261</u>	<u>\$ 5,376,202</u>	<u>\$ 203,770,485</u>

Grand Rapids Community Foundation

Notes to Consolidated Financial Statements June 30, 2011 and 2010

Note 11 - Board-designated and Donor-restricted Endowments (Continued)

Endowment Net Asset Composition by Type of Fund as of June 30, 2010

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	\$ -	\$ 555,467	\$ 5,975,636	\$ 6,531,103
Board-designated endowment funds	162,271,771	-	-	162,271,771
Total funds	<u>\$ 162,271,771</u>	<u>\$ 555,467</u>	<u>\$ 5,975,636</u>	<u>\$ 168,802,874</u>

Changes in Endowment Net Assets for the Fiscal Year Ended June 30, 2010

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets - Beginning of year	\$ -	\$ -	\$ 5,975,636	\$ 5,975,636
Board designation of net assets	147,730,172	-	-	147,730,172
Investment income	3,288,440	287,555	-	3,575,995
Net appreciation (realized and unrealized)	19,634,051	1,481,027	-	21,115,078
Total investment return	170,652,663	1,768,582	-	172,421,245
Contributions	3,220,844	-	-	3,220,844
Appropriation of endowment assets for expenditure	(11,601,736)	(1,213,115)	-	(12,814,851)
Endowment net assets - End of year	<u>\$ 162,271,771</u>	<u>\$ 555,467</u>	<u>\$ 5,975,636</u>	<u>\$ 168,802,874</u>

Return Objectives and Risk Parameters

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of the donor-restricted funds that the Foundation must hold in perpetuity or for the donor-specified period.

Under this policy, as approved by the board of trustees, the Foundation has three objectives: (1) to preserve and grow the assets of the Foundation by focusing on total investment returns from a diversified portfolio of investments, (2) balance long-term growth with appropriate risk and liquidity, and (3) comply with applicable laws, rules, and regulations.

Grand Rapids Community Foundation

Notes to Consolidated Financial Statements June 30, 2011 and 2010

Note 11 - Board-designated and Donor-restricted Endowments (Continued)

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation of domestic equity, foreign equity, fixed-income funds, and alternative investments, with performance benchmarks based on each asset class.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Foundation has a policy of appropriating for distribution each year 5 percent of its endowment fund's average fair value over the prior 16 quarters through the fiscal year end preceding the fiscal year in which the distribution is planned. The expendable amount will never be less than a floor amount of 4.0 percent of the current market value or more than a ceiling amount of 5.75 percent of current market value. In establishing this policy, the Foundation considered the long-term expected return on its endowment. By limiting its spending policy over the long term, the Foundation expects the current spending policy to allow its net assets to grow annually. This is consistent with the Foundation's objective to maintain the purchasing power of the investment portfolio and net assets as well as to provide additional real growth through new gifts and investment return.

Note 12 - Fair Value

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate fair value:

Cash and Cash Equivalents - The carrying amount approximates fair value because of the short maturity of those instruments.

Investments - Fair values, which are the amounts reported in the consolidated statement of financial position, are based on quoted market prices or fair values as determined by investment managers.

Other Receivables, Grants and Scholarship Payables, and Other Liabilities - The carrying amount reported in the consolidated statement of financial position for other receivables, grants, and scholarships payable, and other liabilities approximates its fair value.

The following tables present information about the Foundation's assets measured at fair value on a recurring basis at June 30, 2011 and 2010 and the valuation techniques used by the Foundation to determine those fair values.

Grand Rapids Community Foundation

Notes to Consolidated Financial Statements June 30, 2011 and 2010

Note 12 - Fair Value (Continued)

In general, fair values determined by Level 1 inputs use quoted prices in active markets for identical assets or liabilities that the Foundation has the ability to access.

Fair values determined by Level 2 inputs use other inputs that are observable, either directly or indirectly. These Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and other inputs such as interest rates and yield curves that are observable at commonly quoted intervals.

Level 3 inputs are unobservable inputs, including inputs that are available in situations where there is little, if any, market activity for the related asset or liability.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Foundation's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

The Foundation's policy is to recognize transfers between levels of the reporting period. For the years ended June 30, 2011 and 2010, there were no transfers between levels of the fair value hierarchy.

Disclosures concerning assets measured at fair value on a recurring basis are as follows:

Assets Measured at Fair Value on a Recurring Basis at June 30, 2011

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at June 30, 2011
Investments:				
Fixed income	\$ 24,132,312	\$ -	\$ -	\$ 24,132,312
U.S. equities	62,695,438	10,093,656	-	72,789,094
International equities	22,317,913	35,579,006	-	57,896,919
Corporate bonds	-	2,486,589	-	2,486,589
Alternatives (limited partnership and hedge funds)	-	12,068,968	53,810,718	65,879,686
Subtotal investments	109,145,663	60,228,219	53,810,718	223,184,600
Beneficial interests in perpetual trusts	-	-	2,408,129	2,408,129
Total	<u>\$ 109,145,663</u>	<u>\$ 60,228,219</u>	<u>\$ 56,218,847</u>	<u>\$ 225,592,729</u>

Grand Rapids Community Foundation

Notes to Consolidated Financial Statements June 30, 2011 and 2010

Note 12 - Fair Value (Continued)

Assets Measured at Fair Value on a Recurring Basis at June 30, 2010

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at June 30, 2010
Investments:				
Fixed income	\$ 24,242,320	\$ -	\$ -	\$ 24,242,320
U.S. equity	43,393,470	13,948,428	-	57,341,898
International equity	13,555,629	29,593,317	-	43,148,946
Corporate bonds	-	2,606,310	-	2,606,310
Alternatives (limited partnerships and hedge funds)	-	9,491,206	47,486,236	56,977,442
Subtotal investments	81,191,419	55,639,261	47,486,236	184,316,916
Beneficial interests in perpetual trusts	-	-	2,994,681	2,994,681
Total	<u>\$ 81,191,419</u>	<u>\$ 55,639,261</u>	<u>\$ 50,480,917</u>	<u>\$ 187,311,597</u>

Changes in Level 3 assets measured at fair value on a recurring basis for the years ended June 30, 2010 and 2011 are as follows:

	Limited Partnerships	Hedge Funds	Beneficial Interests in Perpetual Trusts	Total
Balance at June 30, 2010	\$ 12,132,862	\$ 35,353,374	\$ 2,994,681	\$ 50,480,917
Total unrealized gains included in change in net assets	1,709,493	3,192,461	253,719	5,155,673
Settlements	-	-	(942,073)	(942,073)
Purchases	1,242,223	180,305	101,802	1,524,330
Balance at June 30, 2011	<u>\$ 15,084,578</u>	<u>\$ 38,726,140</u>	<u>\$ 2,408,129</u>	<u>\$ 56,218,847</u>

	Limited Partnerships	Hedge Funds	Beneficial Interests in Perpetual Trusts	Total
Balance at June 30, 2009	\$ 9,067,404	\$ 31,733,986	\$ 2,872,799	\$ 43,674,189
Total unrealized gains included in change in net assets	1,805,458	2,809,388	121,882	4,736,728
Purchases	1,260,000	810,000	-	2,070,000
Balance at June 30, 2010	<u>\$ 12,132,862</u>	<u>\$ 35,353,374</u>	<u>\$ 2,994,681</u>	<u>\$ 50,480,917</u>

Both observable and unobservable inputs may be used to determine the fair value of positions classified as Level 3 assets and liabilities. As a result, the unrealized gains for these assets presented in the tables above may include changes in fair value that were attributable to both observable and unobservable inputs.

Grand Rapids Community Foundation

Notes to Consolidated Financial Statements June 30, 2011 and 2010

Note 12 - Fair Value (Continued)

Beneficial interests in perpetual trusts are categorized as Level 3 assets because the Foundation estimates the fair value of these assets based upon the fair value of the assets in the trusts unless the facts and circumstances indicate that the fair value would be different from the present value of estimated future distributions.

Investment in Entities that Calculate Net Asset Value Per Share

The Foundation holds shares or interests in investment companies at year end whereby the fair value of the investment held is estimated based on the net asset value per share (or its equivalent) of the investment company.

At year end, the fair value, unfunded commitments, redemption rules of those investments, and the related strategy are as follows:

Investments Held at June 30, 2011

	Fair Value	Unfunded Commitments	Redemption Frequency, if Eligible	Redemption Notice Period
Long/short equity (a)	\$ 4,622,170	-	Quarterly after June 2013	Quarterly after June 2013
Commodities (b)	9,102,794	-	Monthly/Daily Annually on	5 days
Multi-strategy (c)	39,075,483	-	December 31	100 days
Timber (d)	2,918,314	-	N/A	N/A
Private equity (e)	7,194,752	\$ 4,161,500	N/A	N/A
Real estate (f)	-	5,500,000	N/A	N/A
Fixed income (g)	2,966,173	-	Quarterly after June 2013	Quarterly after June 2013
Total	<u>\$ 65,879,686</u>			

Investments Held at June 30, 2010

	Fair Value	Unfunded Commitments	Redemption Frequency, if Eligible	Redemption Notice Period
Long/short equity (a)	\$ 4,191,880	-	Quarterly after June 2013	Quarterly after June 2013
Commodities (b)	6,823,145	-	Monthly/Daily Annually on	5 days
Multi-strategy (c)	34,887,841	-	December 31	100 days
Timber (d)	2,976,808	-	N/A	N/A
Private equity (e)	5,429,707	\$ 5,570,000	N/A	N/A
Fixed income (g)	2,668,061	-	Quarterly after June 2013	Quarterly after June 2013
Total	<u>\$ 56,977,442</u>			

Grand Rapids Community Foundation

Notes to Consolidated Financial Statements June 30, 2011 and 2010

Note 12 - Fair Value (Continued)

- (a) Long/short equity: The investment approach whereby investment managers combine buying positions in stocks that are expected to increase in value with selling positions in stocks that are expected to decrease in value. Although most managers maintain net long positions, market exposure can vary widely among managers and through time depending on the level of long and short exposures. Managers attempt to reduce volatility by either diversifying or hedging positions across various regions, industries, and sectors.
- (b) Commodities: An approach that invests in commodities, which include sources of energy such as oil or natural gas, metals such as gold, and agricultural products such as wheat. Investments are generally made in the form of futures contracts or mutual funds, and they do not involve actual holding of the physical commodities themselves. Commodity investing is basically a hedge against inflation whereby rises in prices are benefited. Commodity investing as we define it here differs in that it is predominantly based on assuming long positions and does not involve short selling.
- (c) Multi-strategy: An investment approach that attempts to profit regardless of the overall direction of the stock or bond market. This is accomplished by using highly flexible investment strategies that permit the use of short selling and margin. While these techniques are widely perceived as risky, many managers have successfully used them to achieve solid returns with relatively low volatility. For example, while short selling is certainly risky on its own, when paired with traditional long equity positions, the result can be a relatively low-risk portfolio. Multi-strategies can also be described with names such as absolute return, market neutral, convertible arbitrage, and merger arbitrage.
- (d) Timber: An approach that invests in timberland, which entails forests and the land on which they are grown. The returns are generated through timber sales, forest management, and land appreciation. Timber managers typically invest in forests globally, but the geographic focus is often in the U.S. South, Northwest, and Northeast, along with forests in South America, New Zealand, and Australia. Timberland generally requires a long-term investment, making it a suitable investment for institutional investors' time horizons of perpetuity. Timber offers additional diversification and strong returns with moderate risk.
- (e) Private equity: Private equity covers a broad class of investments, which generally involves taking an equity position in a privately held company or privatizing a publicly traded company. Private equity managers can be broadly classified into three groups: buyouts, venture capital, and special situations. Buyout transactions usually involve acquiring relatively mature businesses while venture capital transactions involve providing capital to newer businesses. Special situations refer to investments in equity or debt securities of financially stressed companies. This could include various forms of investment such as mezzanine debt and distressed investments.
- (f) Real estate: This strategy involves generating returns predominately through the identification of undervalued or mispriced real estate assets or real estate-related companies. Investments would be expected to be made through either public or private equity securities, convertible notes or warrants, or other acquired or originated debt securities. The exposure within this asset class would be expected to be predominately long-only exposure, and will generally be maintaining a long exposure to direct real estate assets or real estate-related companies and securities.

Grand Rapids Community Foundation

Notes to Consolidated Financial Statements June 30, 2011 and 2010

Note 12 - Fair Value (Continued)

- (g) Fixed income - This strategy is similar to long/short equity except that managers use fixed-income securities.

Approximately \$10,000,000 is invested in illiquid funds. The illiquid funds are made of up both natural resources, private equity, and private equity - domestic, all of which are Level 3 alternative investments. The availability of funds is based on when the underlying direct funds believe there is an attractive exit point in the investment. Based on the percentage of ownership in each fund, the Foundation will receive distributions when deals are closed. Generally speaking, it takes about two to four years for the private equity funds to deploy capital, and then roughly five to nine years to return it to investors. For natural resources, it takes outwards of 10 to 15 years after the capital is deployed to return it to investors as a result of the nature of the investment/business.

Additional Information



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Independent Auditor's Report on Additional Information

To the Board of Trustees
Grand Rapids Community Foundation

We have audited the consolidated financial statements of Grand Rapids Community Foundation as of and for the year ended June 30, 2011. Our audit was made for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The consolidating information in the accompanying consolidating statement of financial position, consolidating schedule of unrestricted activities, and consolidating schedule of functional expenses is presented for the purpose of additional analysis of the consolidated financial statements and is not a required part of the basic consolidated financial statements. The consolidating information has been subjected to the procedures applied in the audit of the consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the consolidated financial statements taken as a whole.

Plante & Moran, PLLC

September 12, 2011

Grand Rapids Community Foundation

Consolidating Statement of Financial Position June 30, 2011

	Grand Rapids Community Foundation	Red Brick Building II, Inc.	Eliminating Entries	Total
Assets				
Cash and cash equivalents	\$ 4,719,529	\$ 1,372,928	\$ -	\$ 6,092,457
Investments	223,184,600	-	-	223,184,600
Split-interest agreements receivable	4,338,312	-	-	4,338,312
Pledges receivable	3,497,581	-	-	3,497,581
Notes receivable	2,627,002	-	-	2,627,002
Property and equipment	423,628	4,269,176	-	4,692,804
Other assets:				
Beneficial interests in perpetual trusts	2,408,129	-	-	2,408,129
Prepaid expenses	51,000	-	-	51,000
Reinsurance contracts	2,550,593	-	-	2,550,593
Cash surrender value of life insurance	467,735	-	-	467,735
Financing costs	-	307,348	-	307,348
Investment in Red Brick Building II, Inc.	1,949,452	-	(1,949,452)	-
Total assets	<u>\$ 246,217,561</u>	<u>\$ 5,949,452</u>	<u>\$ (1,949,452)</u>	<u>\$ 250,217,561</u>
Liabilities and Net Assets				
Liabilities				
Grants and scholarship payable	\$ 4,584,187	\$ -	\$ -	\$ 4,584,187
Long-term debt	-	4,000,000	-	4,000,000
Charitable gift annuities payable	3,523,665	-	-	3,523,665
Funds held on behalf of nonprofit endowments	12,316,134	-	-	12,316,134
Total liabilities	20,423,986	4,000,000	-	24,423,986
Member Equity	-	1,949,452	(1,949,452)	-
Net Assets				
Unrestricted and undesignated	5,595,000	-	-	5,595,000
Unrestricted and board-designated	196,464,022	-	-	196,464,022
Temporarily restricted	18,358,351	-	-	18,358,351
Permanently restricted	5,376,202	-	-	5,376,202
Total net assets	225,793,575	-	-	225,793,575
Total liabilities and net assets	<u>\$ 246,217,561</u>	<u>\$ 5,949,452</u>	<u>\$ (1,949,452)</u>	<u>\$ 250,217,561</u>

Grand Rapids Community Foundation

Consolidating Schedule of Unrestricted Activities Year Ended June 30, 2011

	Grand Rapids Community Foundation	Red Brick Building II, Inc.	Eliminating Entries	Total
Changes in Unrestricted Net Assets				
Unrestricted revenue and gains:				
Investment income (net of investment expenses of \$1,175,009)	\$ 2,973,086	\$ 53,894	\$ -	\$ 3,026,980
Realized gains on sale of investments	5,623,548	-	-	5,623,548
Change in market value of investments	29,376,256	-	-	29,376,256
Bequests and gifts	10,561,171	-	-	10,561,171
Change in value of charitable gift annuities	(209,058)	-	-	(209,058)
Rental income	-	290,293	(290,293)	-
Grant revenue	99,500	-	(99,500)	-
Less net revenue, gains, and other support associated with nonprofit activity	(2,534,344)	-	-	(2,534,344)
Total unrestricted revenue and gains	45,890,159	344,187	(389,793)	45,844,553
Expenses:				
Program:				
Grants and scholarships authorized	10,029,728	99,500	(99,500)	10,029,728
Charitable and philanthropic	949,237	-	(102,062)	847,175
Community initiatives	155,474	-	-	155,474
Support services:				
Management and general	1,040,998	-	(100,024)	940,974
Development	968,450	-	(83,511)	884,939
Fund management	43,047	-	(4,696)	38,351
Property management	-	366,107	-	366,107
Transfers between entities	625,000	(625,000)	-	-
Less expenses related to nonprofit activity	(618,643)	-	-	(618,643)
Total expenses	13,193,291	(159,393)	(389,793)	12,644,105
Increase in Unrestricted Net Assets	32,696,868	503,580	-	33,200,448
Gain from Investment in Subsidiary	503,580	-	(503,580)	-
Increase in Unrestricted Net Assets Before Assets Released from Restriction	\$ 33,200,448	\$ 503,580	\$ (503,580)	\$ 33,200,448

Grand Rapids Community Foundation

Consolidating Schedule of Functional Expenses Year Ended June 30, 2011

	Program Services				Support Services					Total
	Grants and Scholarships	Charitable and Philanthropic	Community Initiatives	Total Program Services	Management and General	Development	Fund Management	Property Management	Total Support Services	
Salaries and wages	\$ -	\$ 544,664	\$ -	\$ 544,664	\$ 533,793	\$ 445,666	\$ 25,061	\$ -	\$ 1,004,520	\$ 1,549,184
Payroll taxes	-	38,648	-	38,648	37,876	31,623	1,778	-	71,277	109,925
Recruitment and benefits	-	128,545	-	128,545	125,979	105,181	5,915	-	237,075	365,620
Total salaries and related expenses	-	711,857	-	711,857	697,648	582,470	32,754	-	1,312,872	2,024,729
Grants and scholarships	10,129,228	-	-	10,129,228	-	-	-	-	-	10,129,228
Good Schools and Good Classrooms program	-	-	155,474	155,474	-	-	-	-	-	155,474
Conferences	-	12,816	-	12,816	12,560	10,486	590	-	23,636	36,452
Office expenses	-	27,053	-	27,053	26,554	22,139	1,245	-	49,938	76,991
Occupancy	-	162,171	-	162,171	107,712	102,274	4,632	-	214,618	376,789
New building expenses	-	1,129	-	1,129	1,106	923	52	-	2,081	3,210
Insurance and dues/subscriptions	-	4,824	-	4,824	14,510	3,947	222	-	18,679	23,503
Equipment maintenance and depreciation	-	40,344	-	40,344	39,539	33,011	1,856	-	74,406	114,750
Board of trustees expenses	-	-	-	-	13,511	-	-	117,731	131,242	131,242
Computer and other professional fees	-	15,155	-	15,155	34,927	14,352	401	-	49,680	64,835
Audit, tax, and accounting	-	-	-	-	35,898	-	-	5,028	40,926	40,926
Legal	-	1,736	-	1,736	-	1,282	-	-	1,282	3,018
Scholarship program administration	-	7,751	-	7,751	-	-	-	-	-	7,751
Grantmaking expenses	-	13,198	-	13,198	-	-	-	-	-	13,198
Community outreach	-	6,027	-	6,027	-	-	-	-	-	6,027
Fund development activities	-	-	-	-	-	117,057	-	-	117,057	117,057
Publications - Annual report, newsletters, and brochures	-	2,592	-	2,592	60,030	59,611	119	-	119,760	122,352
General public relations	-	25,540	-	25,540	25,030	20,898	1,176	-	47,104	72,644
Project funds received toward administration	-	(82,956)	-	(82,956)	(27,652)	-	-	-	(27,652)	(110,608)
Gain on sale of asset	-	-	-	-	(375)	-	-	-	(375)	(375)
Interest expense	-	-	-	-	-	-	-	188,483	188,483	188,483
Amortization of bond discount	-	-	-	-	-	-	-	54,865	54,865	54,865
Eliminating entry for rent paid to Red Brick Building II, Inc.	-	(102,062)	-	(102,062)	(100,024)	(83,511)	(4,696)	-	(188,231)	(290,293)
Eliminating entry for grant from Red Brick Building II, Inc. to Grand Rapids Community Foundation	(99,500)	-	-	(99,500)	-	-	-	-	-	(99,500)
Total functional expenses	\$ 10,029,728	\$ 847,175	\$ 155,474	\$ 11,032,377	\$ 940,974	\$ 884,939	\$ 38,351	\$ 366,107	\$ 2,230,371	\$ 13,262,748