

**CARROLLTON - FARMERS BRANCH I.S.D.
EDUCATIONAL FOUNDATION**

**FINANCIAL STATEMENTS
and
INDEPENDENT AUDITORS' REPORT**

AUGUST 31, 2010 AND 2009

Carrollton - Farmers Branch I.S.D. Educational Foundation
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August 31, 2010 and 2009

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SALMON SIMS THOMAS

Accountants and Consultants

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Carrollton - Farmers Branch I.S.D. Educational Foundation

We have audited the accompanying statements of financial position of Carrollton - Farmers Branch I.S.D. Educational Foundation (a nonprofit corporation) as of August 31, 2010 and 2009, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Carrollton - Farmers Branch I.S.D. Educational Foundation as of August 31, 2010 and 2009, and the results of its operations and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Salmon Sims Thomas & Associates
Salmon Sims Thomas & Associates
A Professional Limited Liability Company

Dallas, Texas
December 13, 2010

Carrollton - Farmers Branch I.S.D. Educational Foundation
Statements of Financial Position
August 31, 2010 and 2009

	ASSETS	
	2010	2009
Current Assets		
Cash	\$ 120,787	\$ 85,345
Contributions receivable	40	-
Prepaid expenses	4,898	800
Total Current Assets	125,725	86,145
Temporarily Restricted Cash and Investments	75,672	75,535
Beneficial Interest in Assets Held by Others	845,537	774,736
TOTAL ASSETS	\$ 1,046,934	\$ 936,416

LIABILITIES AND NET ASSETS

Current Liabilities		
Accounts payable	\$ 3,579	\$ 224
Scholarships payable	47,950	52,175
Refundable advance	14,700	-
Accrued expenses	1,933	1,686
Sales tax payable	560	-
Total Current Liabilities	68,722	54,085
Net Assets		
<i>Unrestricted:</i>		
Undesignated	46,084	35,055
Board designated	313,239	294,161
	359,323	329,216
<i>Temporarily restricted</i>	112,403	89,042
<i>Permanently restricted</i>	506,486	464,073
Total Net Assets	978,212	882,331
TOTAL LIABILITIES AND NET ASSETS	\$ 1,046,934	\$ 936,416

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

Carrollton - Farmers Branch I.S.D. Educational Foundation
Statement of Activities and Changes in Net Assets
For the Year Ended August 31, 2010

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Revenues and Support				
Contributions and grants	\$ 268,050	\$ 88,784	\$ 39,632	\$ 396,466
Special events, net of direct donor costs of \$22,770	52,570	37,117	-	89,687
Change in beneficial interest in assets held by others	19,078	15,510	16,339	50,927
Net assets released from restriction				
Satisfaction of purpose restriction	131,608	(118,050)	(13,558)	-
Total Revenues and Support	<u>471,306</u>	<u>23,361</u>	<u>42,413</u>	<u>537,080</u>
Expenses				
Program services	201,143	-	-	201,143
Supporting services	97,782	-	-	97,782
Fundraising	142,274	-	-	142,274
Total Expenses	<u>441,199</u>	<u>-</u>	<u>-</u>	<u>441,199</u>
Increase in Net Assets	30,107	23,361	42,413	95,881
Net Assets, beginning of year	<u>329,216</u>	<u>89,042</u>	<u>464,073</u>	<u>882,331</u>
Net Assets, end of year	<u>\$ 359,323</u>	<u>\$ 112,403</u>	<u>\$ 506,486</u>	<u>\$ 978,212</u>

The accompanying notes are an integral part of this financial statement.

Carrollton - Farmers Branch I.S.D. Educational Foundation
Statement of Activities and Changes in Net Assets
For the Year Ended August 31, 2009

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Revenues and Support				
Contributions and grants	\$ 268,322	\$ 74,362	\$ 17,357	\$ 360,041
Special events, net of direct donor costs of \$19,673	81,328	25,871	-	107,199
Change in beneficial interest in assets held by others	(21,721)	(55,439)	17,643	(59,517)
Net assets released from restriction				
Transfer to permanently restricted	-	(20,195)	20,195	-
Satisfaction of purpose restriction	131,136	(120,182)	(10,954)	-
Total Revenues and Support	<u>459,065</u>	<u>(95,583)</u>	<u>44,241</u>	<u>407,723</u>
 Expenses				
Program services	196,842	-	-	196,842
Supporting services	109,436	-	-	109,436
Fundraising	163,219	-	-	163,219
Total Expenses	<u>469,497</u>	<u>-</u>	<u>-</u>	<u>469,497</u>
 Increase (Decrease) in Net Assets	 (10,432)	 (95,583)	 44,241	 (61,774)
 Net Assets, beginning of year	 <u>339,648</u>	 <u>184,625</u>	 <u>419,832</u>	 <u>944,105</u>
 Net Assets, end of year	 <u>\$ 329,216</u>	 <u>\$ 89,042</u>	 <u>\$ 464,073</u>	 <u>\$ 882,331</u>

The accompanying notes are an integral part of this financial statement.

Carrollton - Farmers Branch I.S.D. Educational Foundation
Statement of Functional Expenses
For the Year Ended August 31, 2010

	<u>Program</u>	<u>Supporting</u>	<u>Fundraising</u>	<u>Total</u>
Advertising	\$ -	\$ 2,843	\$ 841	\$ 3,684
Service charges	21	273	780	1,074
Community relations	-	2,181	-	2,181
Facility expense	320	764	812	1,896
Donated:				
Items	-	-	1,005	1,005
Printing	-	-	15,375	15,375
Rent	-	8,505	34,800	43,305
Dues and subscriptions	-	1,090	-	1,090
Equipment rental and maintenance	-	2,145	-	2,145
Grants:				
Campus	23,359	-	2,600	25,959
Teacher	36,208	-	-	36,208
Special district request	5,500	-	-	5,500
Student enrichment	3,550	-	-	3,550
Endowed grant	5,507	-	-	5,507
Restricted donation disbursement	22,835	-	-	22,835
Insurance	-	2,739	-	2,739
Licenses and permits	230	98	-	328
Meals	-	385	918	1,303
Miscellaneous	4,672	-	(362)	4,310
Postage and delivery	-	588	220	808
Printing and reproduction	603	2,269	2,790	5,662
Professional fees	-	10,051	1,080	11,131
Salaries and benefits	28,095	60,027	72,961	161,083
Scholarships:				
Student	41,350	-	-	41,350
Endowed scholarship	10,750	-	-	10,750
Facility Expense	-	-	3,240	3,240
Supplies	18,143	1,909	5,214	25,266
Telephone	-	108	-	108
Travel	-	1,807	-	1,807
	<u>\$ 201,143</u>	<u>\$ 97,782</u>	<u>\$ 142,274</u>	<u>\$ 441,199</u>

The accompanying notes are an integral part of this financial statement.

Carrollton - Farmers Branch I.S.D. Educational Foundation
Statement of Functional Expenses
For the Year Ended August 31, 2009

	<u>Program</u>	<u>Supporting</u>	<u>Fundraising</u>	<u>Total</u>
Advertising	\$ -	\$ 879	\$ 335	\$ 1,214
Bank charges	13	195	629	837
Community relations	-	2,500	-	2,500
Contract labor	320	553	460	1,333
Donated:				
Advertising	-	-	50,000	50,000
Items	-	-	1,792	1,792
Printing	-	-	15,038	15,038
Rent	-	8,505	48,600	57,105
Dues and subscriptions	285	2,143	-	2,428
Equipment rental and maintenance	-	2,040	2,535	4,575
Grants:				
Campus	19,752	-	2,000	21,752
Special district request	5,484	-	500	5,984
Student enrichment	9,350	-	-	9,350
Teacher	45,660	-	-	45,660
Insurance	-	1,680	-	1,680
Licenses and permits	230	-	-	230
Meals	-	51	257	308
Miscellaneous	3,269	26	-	3,295
Postage and delivery	-	667	713	1,380
Printing and reproduction	524	1,770	675	2,969
Professional fees	-	8,880	-	8,880
Salaries and benefits	17,210	75,983	36,693	129,886
Seminars and conferences	-	90	-	90
Scholarships:				
Educational foundation	13,500	-	-	13,500
Student	71,190	-	-	71,190
Supplies	10,055	1,421	2,992	14,468
Telephone	-	707	-	707
Travel	-	1,346	-	1,346
	<u>\$ 196,842</u>	<u>\$ 109,436</u>	<u>\$ 163,219</u>	<u>\$ 469,497</u>

The accompanying notes are an integral part of this financial statement.

Carrollton - Farmers Branch I.S.D. Educational Foundation
Statements of Cash Flows
For the Years Ended August 31, 2010 and 2009

	2010	2009
Cash Flows From Operating Activities		
Increase (Decrease) in Net Assets	\$ 95,881	\$ (61,774)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Net unrealized (gain) loss in beneficial interest in assets held by others	(29,418)	86,458
Net realized gain in beneficial interest in assets held by others	(1,389)	-
(Increase) decrease in assets:		
Contributions receivable	(40)	500
Prepaid expenses	(4,098)	6,127
Increase (decrease) in liabilities:		
Accounts payable	3,355	224
Sales tax payable	560	-
Scholarships payable	(4,225)	3,519
Refundable advance	14,700	(1,200)
Accrued expenses	247	(3,995)
Net Cash Provided by Operating Activities	75,573	29,859
 Cash Flows From Investing Activities		
Increase in funds maintained by community foundation	(39,994)	(55,361)
Net (increase) decrease in restricted cash	(137)	25,529
Net Cash Used by Investing Activities	(40,131)	(29,832)
 Net Increase in Cash	35,442	27
 Cash, beginning of year	85,345	85,318
 Cash, end of year	\$ 120,787	\$ 85,345

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

Carrollton - Farmers Branch I.S.D. Educational Foundation
Notes to Financial Statements
August 31, 2010 and 2009

NOTE 1: NATURE OF FOUNDATION

Carrollton - Farmers Branch I.S.D. Educational Foundation (Foundation) is a nonprofit organization which was incorporated in 1997 under the laws of the State of Texas. The Foundation is classified by the Internal Revenue Service as tax-exempt under Section 501(c)(3) of the Internal Revenue Code (IRC). The purpose of the Foundation is to support the Carrollton - Farmers Branch Independent School District campuses, teachers and students with funds for grants and scholarships. The Foundation's mission is to enrich the education opportunities in the schools of the Carrollton - Farmers Branch Independent School District.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The summary of significant accounting policies of the Foundation is presented to assist in understanding the financial statements. The financial statements and notes are representations of the Foundation's management, who is responsible for the fairness and objectivity embodied in the financial statements. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

Financial Statement Presentation – Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

Unrestricted net assets - Net assets not subject to donor-imposed stipulations.

Temporarily restricted net assets – Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Foundation and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Restricted contributions whose restrictions are met in the same reporting period are recorded as contributions.

Permanently restricted net assets – Net assets subject to donor-imposed stipulations that they be maintained permanently. Generally the donors of these assets permit the Foundation to use all or part of the income earned on any related investments for general or specific purposes.

Cash and Cash Equivalents – Cash and cash equivalents consist of cash on hand and all highly liquid investments purchased with an initial maturity of three months or less. As of August 31, 2010 and 2009, there were no cash equivalents. The Foundation maintains cash balances, which at times may exceed federally insured limits, at financial institutions in Dallas, Texas. The Foundation has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

Carrollton - Farmers Branch I.S.D. Educational Foundation
Notes to Financial Statements
August 31, 2010 and 2009

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions – Contributions, including unconditional promises to give, are recorded when received. All contributions are available for unrestricted use unless specifically restricted by the donor. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Unconditional promises to give due in the next year are recorded at their net realizable value. Unconditional promises to give due in subsequent years are reported at the present value of their net realizable value using risk-free interest rates applicable to the years in which the promises are to be received.

Beneficial Interest in Assets Held by Others – In accordance with GAAP, the Foundation transferred assets, in a prior year, to The Dallas Foundation to establish an endowment (Fund) for the benefit of the Foundation. The Foundation records the beneficial interest in the assets held by The Dallas Foundation at fair value. The beneficial interest in assets held by others is re-measured at the fair value annually with the change in valuation reflected in the statement of activities. The Dallas Foundation reflects the endowment as agency funds and reports a liability to the Foundation for the fair value of the net assets held for benefit of the Foundation. See Note 3.

The Fund shall be used for support of the charitable or education purposes of the Foundation. In accordance with the agreements, the assets of the Fund are invested pursuant to The Dallas Foundation's governing instrument and investment policies. The Dallas Foundation has the power to carry out the purposes of the Fund. The Foundation shall notify The Dallas Foundation in writing by March 31 of each year the portion of the amount available for distribution (estimated distribution) that it wishes to receive for that year. The Foundation may also, based on circumstances, needs or opportunities deemed sufficient to it, may recommend and request distribution of all or part of the initial contribution and additional amounts of principal it subsequently contributes to the Fund.

Scholarships – All scholarships are recognized as an expense in the year when the promise is made.

Use of Estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Refundable Advances – Refundable advances include amounts received prior to year-end in connection with the special event that is held the following November. At the time of the special event (November), these advances are recognized as revenues. Refundable advances were \$14,700 and \$0 as of August 31, 2010 and 2009, respectively.

Carrollton - Farmers Branch I.S.D. Educational Foundation
Notes to Financial Statements
August 31, 2010 and 2009

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Advertising Expenses – Advertising costs, except for costs associated with direct-response advertising, are charged when incurred. The costs of direct-response advertising are capitalized and amortized over the period during which future benefits are expected to be received. At August 31, 2010 and 2009, the Foundation had no costs associated with direct-response advertising. Advertising expense was \$3,684 and \$1,214 for 2010 and 2009, respectively.

Federal Income Taxes – The Foundation is exempt from federal income taxes under Section 509 (a) of the Internal Revenue Code as a section 501 (c)(3) organization. For the years ended August 31, 2010 and 2009, the Foundation had no material net unrelated business income. Accordingly, no provision for income taxes has been provided in the accompanying financial statements. The Foundation is not recognized as a private foundation.

The Financial Accounting Standards Board (FASB) issued an interpretation regarding accounting for uncertainty in income taxes. This interpretation clarifies when an uncertainty in income taxes should be recognized in an organization's financial statements in accordance with FASB ASC 740-10, *Accounting for Income Taxes*, and is effective for fiscal years beginning after December 15, 2008. The Foundation adopted the provisions of this pronouncement and the adoption did not impact the amount reported in the Foundation's financial statements.

Statements of Cash Flows – The Foundation uses the indirect method of reporting cash flows. There were no payments made for interest expense or federal income taxes during 2010 or 2009.

Fair Value of Financial Instruments - In September 2006, the FASB issued a statement regarding fair value measurements. This statement provides a new definition for fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. The Foundation adopted the provisions of this statement as of September 1, 2008. The statement establishes a fair value hierarchy that distinguishes between market participant assumptions based on market data obtained from sources independent of the reporting entity (observable inputs that are classified within Level 1 and 2 of the hierarchy) and the reporting entity's own assumptions about market participant assumptions (unobservable inputs classified within Level 3 of the hierarchy).

The Foundation implemented the statement on September 1, 2009 as it relates to nonfinancial assets and nonfinancial liabilities that are not permitted or required to be measured at fair value on a recurring basis. This statement did not have an impact on those nonfinancial assets and liabilities.

Subsequent Events - Subsequent events have been evaluated for potential recognition or disclosure through December 13, 2010, which is the date the financial statements were available to be issued.

Carrollton - Farmers Branch I.S.D. Educational Foundation
Notes to Financial Statements
August 31, 2010 and 2009

NOTE 3: BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS

Fair values of the beneficial interest in assets held by The Dallas Foundation are as follows at August 31, 2010 and 2009:

	2010	2009
Pool 1 Money Market	\$ 90,064	\$ 40,127
Bond Fund of America	79,404	71,311
Capital Income Builder	204,374	192,359
Capital World Bond Fund	38,393	35,829
Europacific Growth Fund	43,778	42,710
Growth Fund America	73,877	79,593
American Mutual	152,294	156,633
Income Fund of America	<u>163,353</u>	<u>156,174</u>
	<u>\$ 845,537</u>	<u>\$ 774,736</u>

NOTE 4: TEMPORARILY RESTRICTED CASH AND INVESTMENTS

Temporarily restricted cash and investments is comprised of a CD and a money market account. The balance of temporarily restricted cash and investments was \$75,672 and \$75,535 at August 31, 2010 and 2009, respectively.

NOTE 5: SCHOLARSHIPS PAYABLE

Scholarships authorized but unpaid at year-end are reported as liabilities in accordance with U.S. GAAP.

Future annual payments of scholarships payable as of August 31, are:

	2010	2009
2010	\$ -	\$ 40,425
2011	36,450	6,500
2012	7,000	3,750
2013	3,000	1,500
2014	<u>1,500</u>	<u>-</u>
	<u>\$ 47,950</u>	<u>\$ 52,175</u>

Carrollton - Farmers Branch I.S.D. Educational Foundation
Notes to Financial Statements
August 31, 2010 and 2009

NOTE 6: CONTRIBUTED GOODS AND SERVICES

For the years ended August 31, 2010 and 2009, the Foundation received and recognized contributed goods and services as follows:

	2010	2009
Donated items	\$ 1,005	\$ 1,792
Donated rent	43,305	57,105
Donated printing	15,375	15,038
Donated advertising	<u>-</u>	<u>50,000</u>
	<u>\$ 59,685</u>	<u>\$ 123,935</u>

These amounts are included as unrestricted contributions and applicable expenses in the accompanying statements of activities.

NOTE 7: UNRESTRICTED NET ASSETS

Unrestricted net assets includes amounts that are Board designated, which require Board approval for use, and are as follows at August 31, 2010 and 2009:

	2010	2009
Undesignated	\$ 46,084	\$ 35,055
Board designated	<u>313,239</u>	<u>294,161</u>
	<u>\$ 359,323</u>	<u>\$ 329,216</u>

NOTE 8: TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are donor restricted for the following purpose at August 31, 2010 and 2009:

	2010	2009
Scholarships and grants	<u>\$ 112,403</u>	<u>\$ 89,042</u>

Release from restrictions consisted of the following in the fiscal year ended August 31, 2010 and 2009:

	2010	2009
Scholarships and grants	<u>\$ 118,050</u>	<u>\$ 120,182</u>

Carrollton - Farmers Branch I.S.D. Educational Foundation
Notes to Financial Statements
August 31, 2010 and 2009

NOTE 9: PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets are endowments for which the corpus remains in perpetuity and investment earnings are temporarily restricted for the following purpose at August 31, 2010 and 2008:

	2010	2009
Endowments	\$ <u>506,486</u>	\$ <u>464,073</u>

Release from restrictions consisted of the following in 2010 and 2009:

	2010	2009
Endowments	\$ <u>13,558</u>	\$ <u>10,954</u>

NOTE 10: RELATED PARTY TRANSACTIONS

In May 2007, the Foundation entered into a promotion and development agreement with the Carrollton - Farmers Branch Independent School District (District) for the purposes of promoting and supporting the educational activities of the District, its teachers and students. The Foundation received \$70,000 and \$80,000 in 2010 and 2009, respectively, for these services. Subject to any right of termination and adequate appropriation from available funds, the Foundation shall receive \$50,000 in 2011 and \$30,000 in 2012 for services. The receipts of the aforementioned payments are contingent upon satisfactory performance of services provided to the District.

The District also provides the office space to the Foundation, at no charge, which is recorded on the statement of activities as contributions and related expense.

NOTE 11: ENDOWMENTS

The Foundation's endowments consist of approximately 41 individual funds established to provide scholarships and grants to the teachers, students and campuses of the Carrollton-Farmers Branch Independent School District. The endowments include both donor-restricted endowment funds and funds designated by the Foundation Board of Directors to function as endowments. As required by US GAAP, net assets associated with endowment funds, including funds designated by the Foundation Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Carrollton - Farmers Branch I.S.D. Educational Foundation
Notes to Financial Statements
August 31, 2010 and 2009

NOTE 11: ENDOWMENTS (CONTINUED)

The Foundation Board of Directors has interpreted 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 donor-restricted endowment funds absent explicit donor restrictions to the contrary. As a result of this interpretation, the Foundation classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent 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 temporarily restricted net assets until those amounts are appropriated for expenditure by the organization 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 organization and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the organization
- (7) The investment policies of the organization.

	<u>Board Designated</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, August 31, 2008	\$ 314,369	\$ 71,752	\$ 419,712	\$ 805,833
Contributions	-	3,546	37,672	41,218
Investment income	11,543	1,244	17,643	30,430
Unrealized gain (loss)	(29,658)	(56,800)	-	(86,458)
Investment fees	(2,093)	(3,240)	-	(5,333)
Released from restrictions	<u>-</u>	<u>-</u>	<u>(10,954)</u>	<u>(10,954)</u>
 Endowment net assets, August 31, 2009	 <u>\$ 294,161</u>	 <u>\$ 16,502</u>	 <u>\$ 464,073</u>	 <u>\$ 774,736</u>

Carrollton - Farmers Branch I.S.D. Educational Foundation
Notes to Financial Statements
August 31, 2010 and 2009

NOTE 11: ENDOWMENTS (CONTINUED)

	<u>Board Designated</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, August 31, 2009	\$ 294,161	\$ 16,502	\$ 464,073	\$ 774,736
Contributions	-	100	39,632	39,732
Investment income	9,822	855	15,440	26,117
Unrealized gain (loss)	11,108	18,310	-	29,418
Gain on sale of investment	424	66	899	1,389
Investment fees	(2,276)	(3,721)	-	(5,997)
Released from restrictions	<u>-</u>	<u>(6,300)</u>	<u>(13,558)</u>	<u>(19,858)</u>
 Endowment net assets, August 31, 2010	 <u>\$ 313,239</u>	 <u>\$ 25,812</u>	 <u>\$ 506,486</u>	 <u>\$ 845,537</u>

Return Objectives and Risk Parameters – The Foundation has adopted investment and spending policies for endowment assets that attempt to protect the related assets and provide a reasonable return for authorized use. The Foundation’s investment philosophy is to invest in vehicles to obtain adequate return on investments and to invest in vehicles which are compatible with the purposes of the Foundation.

Strategies Employed for Achieving Objectives – To satisfy its long-term objectives, the Foundation relies on a strategy of asset diversification through professional investment managers.