

**AUDITED CONSOLIDATED FINANCIAL  
STATEMENTS WITH SUPPLEMENTAL  
INFORMATION**

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

**MARCH 31, 2007 AND 2006 WITH  
REPORT OF INDEPENDENT ACCOUNTANTS**

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

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS  
WITH SUPPLEMENTAL INFORMATION**

**MARCH 31, 2007 AND 2006**

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**REPORT OF INDEPENDENT ACCOUNTANTS**

September 14, 2007

To the Board of Trustees of  
The Community Foundation for the National Capital Region:

We have audited the accompanying consolidated statements of financial position of The Community Foundation for the National Capital Region and its affiliates (collectively referred to as the Foundation) as of March 31, 2007 and 2006, and the related consolidated statements of activities and changes 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 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.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of The Community Foundation for the National Capital Region as of March 31, 2007 and 2006, and the 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.

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, 2007 and 2006 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 when considered in relation to the basic consolidated financial statements taken as a whole.

*Argy, Wiltse & Robinson, P.C.*

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

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

**MARCH 31, 2007 AND 2006**

	<u>2007</u>	<u>2006</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 8,827,680	\$ 5,909,511
Investments	337,569,740	331,951,455
Pledges receivable, net	2,177,568	2,882,399
Notes receivable - net of present value discount of \$184,965 and \$325,432, respectively	1,119,458	1,052,081
Charitable remainder trust receivable	5,113,786	3,420,360
Interest and other receivables	1,072,668	1,665,945
Property and equipment, net	51,178	69,575
Prepaid expenses and other assets	<u>30,872</u>	<u>30,872</u>
 Total assets	 \$ <u>355,962,950</u>	 \$ <u>346,982,198</u>
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities		
Accounts payable and accrued expenses	\$ 1,218,489	\$ 1,617,281
Grants and appropriations payable - net of present value discount of \$871,800 and \$1,282,049, respectively	11,350,765	16,292,823
Funds held in trust for others	<u>2,993,687</u>	<u>2,840,169</u>
 Total liabilities	 <u>15,562,941</u>	 <u>20,750,273</u>
Net assets		
Unrestricted		
Operating funds	8,613,375	1,380,709
Supporting organization funds	51,404,133	47,071,360
Donor-advised and other funds	<u>272,485,412</u>	<u>266,443,703</u>
 Total unrestricted	 332,502,920	 314,895,772
Temporarily restricted	<u>7,897,089</u>	<u>11,336,153</u>
 Total net assets	 340,400,009	 326,231,925
Commitments	<u>                    </u>	<u>                    </u>
 Total liabilities and net assets	 \$ <u>355,962,950</u>	 \$ <u>346,982,198</u>

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

**THE COMMUNITY FOUNDATION FOR THE NATIONAL CAPITAL REGION**  
**CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**YEARS ENDED MARCH 31, 2007 AND 2006**

	2007	2006
<b>Changes in unrestricted net assets</b>		
Support and revenue		
Contributions	\$ 93,025,940	\$ 80,834,172
Federal grants	187,300	65,000
Investment income, net	19,225,999	26,290,957
Other income	103,392	20,779
Net assets released from restrictions	6,134,840	2,926,230
Total unrestricted support and revenue	118,677,471	110,137,138
Expenses		
Program grants and appropriations	95,704,049	91,235,382
Supporting services		
General and administrative	2,637,480	2,377,396
Fundraising	2,728,794	1,758,170
Total supporting services	5,366,274	4,135,566
Total expenses	101,070,323	95,370,948
Increase in unrestricted net assets	17,607,148	14,766,190
<b>Changes in temporarily restricted net assets</b>		
Contributions	1,002,350	2,881,318
Net assets released from restrictions	(6,134,840)	(2,926,230)
Change in value of charitable remainder trusts	1,693,426	(129,957)
Decrease in temporarily restricted net assets	(3,439,064)	(174,869)
Changes in net assets	14,168,084	14,591,321
Net assets at the beginning of the year	326,231,925	311,640,604
Net assets at the end of the year	\$ 340,400,009	\$ 326,231,925

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

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

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

**YEARS ENDED MARCH 31, 2007 AND 2006**

	<u>2007</u>	<u>2006</u>
<b>Cash flows from operating activities:</b>		
Changes in net assets	\$ <u>14,168,084</u>	\$ <u>14,591,321</u>
Adjustments to reconcile changes in net assets to net cash used in operating activities:		
Depreciation and amortization	18,397	20,719
Realized and unrealized gains on investments	(8,854,768)	(17,548,362)
Charitable remainder trust contribution	0	(1,490,666)
Change in value of charitable remainder trusts receivable and notes receivable	(1,921,392)	66,833
Donated investments received	(24,394,990)	(28,759,622)
(Increase) decrease in:		
Pledges receivable	704,831	1,727,389
Interest and other receivables	593,277	(584,603)
Increase (decrease) in:		
Accounts payable and accrued expenses	(398,792)	130,834
Grants and appropriations payable	(4,942,058)	2,439,851
Funds held in trust for others	<u>153,518</u>	<u>244,190</u>
Total adjustments	<u>(39,041,977)</u>	<u>(43,753,437)</u>
Net cash used in operating activities	<u>(24,873,893)</u>	<u>(29,162,116)</u>
<b>Cash flows from investing activities:</b>		
Purchases of investments	(273,438,879)	(215,197,182)
Proceeds from sales of investments	301,070,352	242,405,407
Payments received under notes receivable	175,589	75,589
Issuance of note receivable	<u>(15,000)</u>	<u>0</u>
Net cash provided by investing activities	<u>27,792,062</u>	<u>27,283,814</u>
Net increase (decrease) in cash and cash equivalents	2,918,169	(1,878,302)
Cash and cash equivalents at the beginning of the year	<u>5,909,511</u>	<u>7,787,813</u>
Cash and cash equivalents at the end of the year	\$ <u>8,827,680</u>	\$ <u>5,909,511</u>

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

# THE COMMUNITY FOUNDATION FOR THE NATIONAL CAPITAL REGION

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2007 AND 2006

### 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 solicit contributions and award grants to assist in meeting the charitable, educational, civic, and cultural needs primarily of the greater Washington metropolitan 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 has classified the 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 service area is the greater Washington D.C. geographical region. To provide specific services to sub-parts of its service area, the Community Foundation has adopted an “area affiliate” organizational structure establishing three “area affiliate” designations, known as the Montgomery County Community Foundation (MCCF), the Prince Georges Community Foundation (PGCF) and the Alexandria Community Trust (ACT), to localize its exempt activities in Montgomery and Prince Georges counties, Maryland and Alexandria, Virginia.

The Summit Fund of Washington (the Summit Fund), and The Kristin and David Steinberg Foundation (the Steinberg Foundation), 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 Steinberg Foundation have been recognized by the Internal Revenue Service 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 interorganization 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 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. Actual results could differ from those estimates.

## **Revenue recognition**

The Foundation reports contributions and grants in accordance with Statement of Financial Accounting Standards No. 116 (SFAS 116), *Accounting of Contributions Received and Contributions Made*. Under SFAS 116, the Foundation reports gifts of cash and other assets as temporarily restricted support if they are received with donor stipulations that limit the use of donated assets. When the restriction is met, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statements of activities and changes in net assets as net assets released from restrictions. Revenue related to federal grants is recognized as the related costs are incurred.

## **Cash equivalents**

For the purposes of the consolidated statements of cash flows, the Foundation considers short-term investments with initial maturities of three months or less to be cash equivalents. Temporary cash positions in the investment portfolio are considered investments and not included in cash and cash equivalents on the consolidated statements of financial position.

## **Investments**

Equity securities with readily determinable fair values and debt securities are presented at fair value in the consolidated financial statements based on quoted market prices. Limited partnership interests are reported at fair value in the consolidated financial statements as determined by the general partner of the limited partnership. Real estate investments and investments in privately-held entities are reported at the fair value of the investment as determined by appraisal at the date of the original gift. Gains and losses on investments, including changes in market value, are reported in the consolidated statements of activities and changes in net assets as increases or decreases in unrestricted net assets unless their use is temporarily or permanently restricted by donor stipulation.

## **Property and equipment**

The Foundation capitalizes purchases of property and equipment in amounts greater than \$5,000. Property and equipment are recorded at cost and depreciated on a straight-line basis over an estimated useful life of five to ten years. Leasehold improvements are recorded at cost and amortized on a straight-line basis over the shorter of the estimated useful lives of the assets or the term of the related leases. Donated equipment is recorded at its estimated fair value on the date it is received.

## **Charitable remainder trusts receivable**

The fair values of the charitable remainder trusts receivable are estimated based on various assumptions using the present value of estimated future lump-sum cash flows.

## **Grants and appropriations payable**

Grant commitments are recognized when the Board of Trustees approves a specific grant. To the extent that grant commitments are to be paid over several years, the Foundation records such commitments at their present values.

## **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 Foundation.

**Supporting organization funds** - Net assets of the Summit Fund and 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 changes 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 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 provisions of SFAS 116 and SFAS 117, *Financial Statements of Not-for-Profit Organizations*. 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.

## Income taxes

As discussed above, the Foundation is not subject to income tax on its exempt activities. The Foundation has unrelated business income from certain investments that is subject to federal and state income taxes. For the years ended March 31, 2007 and 2006, the Foundation recorded a provision for federal and state taxes of approximately \$7,000 and \$4,500, respectively.

## New accounting standards

In September 2006, FASB issued Statement of Financial Accounting Standards No. 157, *Fair Value Measurements* (SFAS 157). SFAS 157 defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. SFAS 157 applies to reporting periods beginning after November 15, 2007. The Foundation has not determined the effect, if any, that the provisions of SFAS 157 will have on its financial statements.

## Reclassifications

Certain amounts presented in the 2006 presentation have been reclassified to conform to the 2007 presentation. These reclassifications have no effect on the previously reported changes in net assets.

## NOTE 2 - INVESTMENTS

Investments consist of the following at March 31:

	<u>2007</u>	<u>2006</u>
Cash and money market investments	\$ 61,090,864	\$ 63,399,579
Government securities	59,268,007	60,802,938
Fixed income securities	32,047,289	34,101,246
Marketable equity securities	124,621,317	125,887,443
Real estate	9,824,467	7,309,086
Interest in limited partnerships	<u>50,717,796</u>	<u>40,451,163</u>
	<u>\$ 337,569,740</u>	<u>\$ 331,951,455</u>

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

	<u>2007</u>	<u>2006</u>
Dividends and interest	\$ 10,831,918	\$ 9,280,356
Net realized and unrealized gains	8,854,768	17,548,362
Less: investment management fees	<u>(460,687)</u>	<u>(537,761)</u>
	<u>\$ 19,225,999</u>	<u>\$ 26,290,957</u>

During fiscal years 2007 and 2006, the Foundation received unrestricted contributions of fixed income and marketable equity securities with a total estimated fair value of \$24,394,990 and \$28,759,622, respectively, at the time of receipt. No investments were granted during 2007 and 2006.

Funds held in trust for others of \$2,993,687 and \$2,840,169, respectively, are invested in fixed income and marketable equity securities (Note 8).

### NOTE 3 - PLEDGES RECEIVABLE

Pledges receivable consist of the following at March 31:

	<u>2007</u>	<u>2006</u>
Due in less than one year	\$ 1,865,032	\$ 2,025,189
Due in one to four years	<u>480,668</u>	<u>1,014,905</u>
	2,345,700	3,040,094
Less: discount to present value (from 1.93% to 4.74%)	<u>(168,132)</u>	<u>(157,695)</u>
	\$ <u><u>2,177,568</u></u>	\$ <u><u>2,882,399</u></u>

### NOTE 4 - NOTES RECEIVABLE

The notes receivable balance consists of four notes with combined initial face values of \$1,583,000. The notes are non-interest bearing and have varying maturities from one year to fifteen years. The notes are recorded at the present value of the future cash flows, utilizing imputed interest rates, ranging from 1.93% to 4.59%.

### 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 estimated net value of the pledge is recorded as a receivable at March 31, 2007 and 2006. This amount is revalued annually. The estimated net present value of the charitable remainder trust is currently considered a temporarily restricted net asset until the funds are received.

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 estimated net value of the pledge is recorded as a receivable at March 31, 2007 and 2006. The estimated net present value of the charitable remainder trust is currently considered a temporarily restricted net asset until the funds are received. Upon receipt of the ultimate pledge, \$503,946 will be reflected as an unrestricted endowment fund, and the 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.

## NOTE 6 - PROPERTY AND EQUIPMENT

Property and equipment consists of the following at March 31:

	<u>2007</u>	<u>2006</u>
Furniture and office equipment	\$ 185,932	\$ 185,932
Computer software	65,046	65,046
Leasehold improvements	<u>8,733</u>	<u>8,733</u>
	259,711	259,711
Less: accumulated depreciation and amortization	<u>(208,533)</u>	<u>(190,136)</u>
	<u>\$ 51,178</u>	<u>\$ 69,575</u>

During the years ended March 31, 2007 and 2006, the Foundation recorded depreciation and amortization expense related to property and equipment of \$18,397 and \$20,719, respectively.

## NOTE 7 - 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. Future minimum payments for these grants are as follows:

### Years ending March 31,

2008	\$ 7,011,130
2009	3,085,435
2010	1,889,000
2011	226,000
2012	<u>11,000</u>
	12,222,565
Less: amount representing interest	<u>(871,800)</u>
	<u>\$ 11,350,765</u>

## NOTE 8 - 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 assets and liabilities in the consolidated statements of financial position.

## NOTE 9 - DONOR-ADVISED AND OTHER FUNDS

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

	<u>2007</u>	<u>2006</u>
Donor-advised funds	\$ 200,805,998	\$ 206,271,124
Endowments funds	2,308,084	2,247,949
Field of interest funds	29,677,285	23,778,969
Designated funds	6,448,132	3,366,131
Scholarship funds	1,237,084	889,872
Affiliated funds		
Montgomery County Community Foundation	19,491,807	15,641,203
Prince George's County Community Foundation	2,870,282	2,431,780
Alexandria Community Trust	4,513,969	4,402,601
Survivors' Fund	<u>4,260,971</u>	<u>6,132,025</u>
	271,613,612	265,161,654
Plus: unallocated net present value of interest on grants payable (Note 7)	<u>871,800</u>	<u>1,282,049</u>
	<u>\$ 272,485,412</u>	<u>\$ 266,443,703</u>

## NOTE 10 - RETIREMENT PLAN

The Community Foundation maintains a defined contribution retirement plan (the Plan) for eligible employees. The Community Foundation contributes to the Plan ten percent of each eligible employee's compensation. Employees who commenced employment after April 1992 are eligible to participate immediately, while Community Foundation contributions vest ratably over three years of employment. Employees who commenced employment prior to April 1992 were eligible to participate after one year of service, while Community Foundation contributions for these employees vest immediately. The Foundation recorded contributions to the Plan of \$216,865 and \$157,567 for the years ended March 31, 2007 and 2006, respectively.

## NOTE 11 - CONCENTRATIONS OF CREDIT RISK

The Foundation is subject to credit risk concentrations principally from cash and cash equivalents, investments, and pledges 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. However, at times, the Foundation had cash and cash equivalents on deposit with financial institutions that exceeded federally insured limits. Investments are subject to market fluctuations that may materially affect the investments balance. The Foundation's pledges receivable balances consist primarily of amounts due from individuals and corporations. The Foundation's management reviews the pledges receivable balances as a whole to determine the adequacy of its allowance for doubtful accounts.

At March 31, 2007 and 2006, the Foundation held approximately 6% and 13%, respectively, of its total investment portfolio in the common stock of one company. As this common stock investment represents a significant proportion of the entity's total investment portfolio and assets, declines in the fair value of the related stock could significantly affect the value of the investment portfolio and its net assets.

## NOTE 12 - SUPPORTING SERVICES

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

	<u>2007</u>	<u>2006</u>
Salaries and fringe benefits	\$ 2,158,610	\$ 1,948,619
Special fundraising events	1,969,467	933,839
Office and equipment lease expenses	475,829	356,465
Professional fees and consultant	199,100	282,406
Office supplies	194,782	251,779
Travel and meetings	104,714	96,526
Other	163,804	176,279
Telephone	50,243	51,474
Postage	31,328	17,460
Depreciation and amortization	<u>18,397</u>	<u>20,719</u>
	<u>\$ 5,366,274</u>	<u>\$ 4,135,566</u>

Included in supporting services is \$1,124,037 and \$1,039,868 for program administration services for the years ended March 31, 2007 and 2006, 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. The Foundation subleases a portion of its office space under the terms of a noncancelable operating sublease that expires in June 2007 with annual extension options through June 2012. In addition, the Foundation leases office space for its affiliate fund in Montgomery County under the terms of a noncancelable operating lease that also expires in June 2012. These lease and sublease 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, 2007:

Years ending March 31,

2008	\$ 349,000
2009	370,000
2010	385,000
2011	400,000
2012	415,000
Thereafter	<u>105,000</u>
	\$ <u>2,024,000</u>

As of March 31, 2007, future minimum lease payments scheduled to be received under the noncancelable sublease totaled \$31,000, all of which is due in the year ending March 31, 2008.

In accordance with accounting principles generally accepted in the United States of America, 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 accrued expenses, and is being amortized over the term of the lease.

Rent expense, net of sublease income of \$112,072 and \$109,860, respectively, totaled \$293,480 and \$275,006 for the years ended March 31, 2007 and 2006, respectively.

#### **Lease of donated property**

In November 1997, The Community Foundation received donated property in the District of Columbia with an appraised value of \$605,735 that is leased to the D.C. Metropolitan Police Department to establish a police station. The lease term is ten years and The Community Foundation receives rental payments thereon of \$1 per year. Under the terms of the donor agreement, at the end of the ten-year period, The Community Foundation can sell or lease the property at its fair market value.

#### **NOTE 14 - OTHER RELATED PARTY TRANSACTIONS**

The Summit Fund paid a related organization \$395,974 and \$494,087 during the years ended March 31, 2007 and 2006, respectively, for office space and administrative support. During fiscal year 2007, the Summit Fund received \$87,104 in donated support from the related entity. One founder and the President of this related organization are also on the Board of Trustees of the Summit Fund and The Community Foundation.

The President of the Community Foundation serves on the Board of Directors of another not-for-profit organization, Nonprofit Roundtable. During 2007 and 2006, the Community Foundation paid grants totaling \$194,300 and \$105,000, respectively, as well as a membership fee of \$1,000 each year to this organization.

**NOTE 15 - TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets are available for periods after March 31, 2007 (see Note 1).

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

**SUPPLEMENTAL INFORMATION**

**MARCH 31, 2007 AND 2006**

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

**CONSOLIDATING SCHEDULE OF FINANCIAL POSITION**

**MARCH 31, 2007**

	<u>The</u> <u>Community</u> <u>Foundation</u>	<u>The Summit</u> <u>Fund of</u> <u>Washington</u>	<u>Kristin</u> <u>and David</u> <u>Steinberg</u> <u>Foundation</u>	<u>Eliminations</u>	<u>Total</u>
<b>Assets</b>					
Cash and cash equivalents	\$ 0	\$ 8,827,680	\$ 0	\$ 0	\$ 8,827,680
Investments	288,842,298	46,171,523	2,555,919	0	337,569,740
Pledges receivable, net	2,177,568	0	0	0	2,177,568
Notes receivable, net	1,119,458	0	0	0	1,119,458
Charitable remainder trust receivable	2,394,777	0	2,719,009	0	5,113,786
Interest and other receivables	1,053,668	19,000	0	0	1,072,668
Property and equipment, net	51,178	0	0	0	51,178
Prepaid expenses and other assets	<u>30,872</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>30,872</u>
 Total assets	 <u>\$ 295,669,819</u>	 <u>\$ 55,018,203</u>	 <u>\$ 5,274,928</u>	 <u>\$ 0</u>	 <u>\$ 355,962,950</u>
<b>Liabilities</b>					
Accounts payable and accrued expenses	\$ 1,207,623	\$ 10,866	\$ 0	\$ 0	\$ 1,218,489
Grants and appropriations payable, net	4,682,265	6,661,000	7,500	0	11,350,765
Funds held in trust for others	<u>2,993,687</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2,993,687</u>
 Total liabilities	 <u>8,883,575</u>	 <u>6,671,866</u>	 <u>7,500</u>	 <u>0</u>	 <u>15,562,941</u>
<b>Net assets</b>					
Unrestricted	281,608,164	48,346,337	2,548,419	0	332,502,920
Temporarily restricted	<u>5,178,080</u>	<u>0</u>	<u>2,719,009</u>	<u>0</u>	<u>7,897,089</u>
 Total net assets	 <u>286,786,244</u>	 <u>48,346,337</u>	 <u>5,267,428</u>	 <u>0</u>	 <u>340,400,009</u>
 Total liabilities and net assets	 <u>\$ 295,669,819</u>	 <u>\$ 55,018,203</u>	 <u>\$ 5,274,928</u>	 <u>\$ 0</u>	 <u>\$ 355,962,950</u>

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

**CONSOLIDATING SCHEDULE OF FINANCIAL POSITION**

**MARCH 31, 2006**

	<u>The</u> <u>Community</u> <u>Foundation</u>	<u>The Summit</u> <u>Fund of</u> <u>Washington</u>	<u>Kristin</u> <u>and David</u> <u>Steinberg</u> <u>Foundation</u>	<u>Eliminations</u>	<u>Total</u>
<b>Assets</b>					
Cash and cash equivalents	\$ 5,807,737	\$ 166,522	\$ (64,748)	\$ 0	\$ 5,909,511
Investments	277,204,032	52,226,164	2,521,259	0	331,951,455
Pledges receivable, net	2,882,399	0	0	0	2,882,399
Notes receivable, net	1,052,081	0	0	0	1,052,081
Charitable remainder trust receivable	2,221,499	0	1,198,861	0	3,420,360
Interest and other receivables	1,665,945	0	0	0	1,665,945
Property and equipment, net	69,575	0	0	0	69,575
Prepaid expenses and other assets	<u>30,872</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>30,872</u>
Total assets	\$ <u>290,934,140</u>	\$ <u>52,392,686</u>	\$ <u>3,655,372</u>	\$ <u>0</u>	\$ <u>346,982,198</u>
<b>Liabilities</b>					
Accounts payable and accrued expenses	\$ 1,507,678	\$ 109,603	\$ 0	\$ 0	\$ 1,617,281
Grants and appropriations payable, net	7,914,815	8,360,508	17,500	0	16,292,823
Funds held in trust for others	<u>2,840,169</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2,840,169</u>
Total liabilities	<u>12,262,662</u>	<u>8,470,111</u>	<u>17,500</u>	<u>0</u>	<u>20,750,273</u>
<b>Net assets</b>					
Unrestricted	268,534,186	43,922,575	2,439,011	0	314,895,772
Temporarily restricted	<u>10,137,292</u>	<u>0</u>	<u>1,198,861</u>	<u>0</u>	<u>11,336,153</u>
Total net assets	<u>278,671,478</u>	<u>43,922,575</u>	<u>3,637,872</u>	<u>0</u>	<u>326,231,925</u>
Total liabilities and net assets	\$ <u>290,934,140</u>	\$ <u>52,392,686</u>	\$ <u>3,655,372</u>	\$ <u>0</u>	\$ <u>346,982,198</u>

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**THE COMMUNITY FOUNDATION FOR THE NATIONAL CAPITAL REGION**  
**CONSOLIDATING SCHEDULE OF ACTIVITIES AND CHANGES IN NET ASSETS**

**YEAR ENDED MARCH 31, 2007**

	<u>The Community Foundation</u>	<u>The Summit Fund of Washington</u>	<u>Kristin and David Steinberg Foundation</u>	<u>Eliminations</u>	<u>Total</u>
<b>Changes in unrestricted net assets</b>					
Support and revenue					
Contributions	\$ 89,221,991	\$ 4,139,834	\$ 0	\$ (335,885)	\$ 93,025,940
Federal grants	187,300	0	0	0	187,300
Investment income	12,729,047	6,210,535	286,417	0	19,225,999
Management fees	55,816	0	0	(55,816)	0
Other income	103,392	0	0	0	103,392
Net assets released from restrictions	<u>6,134,840</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>6,134,840</u>
 Total unrestricted support and revenue	 <u>108,432,386</u>	 <u>10,350,369</u>	 <u>286,417</u>	 <u>(391,701)</u>	 <u>118,677,471</u>
Expenses					
Program grants and appropriations	<u>90,444,924</u>	<u>5,443,530</u>	<u>151,480</u>	<u>(335,885)</u>	<u>95,704,049</u>
Supporting services					
General and administrative	2,184,690	483,077	25,529	(55,816)	2,637,480
Fundraising	<u>2,728,794</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2,728,794</u>
 Total supporting services	 <u>4,913,484</u>	 <u>483,077</u>	 <u>25,529</u>	 <u>(55,816)</u>	 <u>5,366,274</u>
 Total expenses	 <u>95,358,408</u>	 <u>5,926,607</u>	 <u>177,009</u>	 <u>(391,701)</u>	 <u>101,070,323</u>
 Increase in unrestricted net assets	 <u>13,073,978</u>	 <u>4,423,762</u>	 <u>109,408</u>	 <u>0</u>	 <u>17,607,148</u>
Changes in temporarily restricted net assets					
Contributions	1,002,350	0	0	0	1,002,350
Net assets released from restrictions	(6,134,840)	0	0	0	(6,134,840)
Change in value of charitable remainder trusts	<u>173,278</u>	<u>0</u>	<u>1,520,148</u>	<u>0</u>	<u>1,693,426</u>
 (Decrease) increase in temporarily restricted net assets	 <u>(4,959,212)</u>	 <u>0</u>	 <u>1,520,148</u>	 <u>0</u>	 <u>(3,439,064)</u>
 Changes in net assets	 8,114,766	 4,423,762	 1,629,556	 0	 14,168,084
 Net assets at the beginning of year	 <u>278,671,478</u>	 <u>43,922,575</u>	 <u>3,637,872</u>	 <u>0</u>	 <u>326,231,925</u>
 Net assets at the end of year	 <u>\$ 286,786,244</u>	 <u>\$ 48,346,337</u>	 <u>\$ 5,267,428</u>	 <u>\$ 0</u>	 <u>\$ 340,400,009</u>

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**THE COMMUNITY FOUNDATION FOR THE NATIONAL CAPITAL REGION**  
**CONSOLIDATING SCHEDULE OF ACTIVITIES AND CHANGES IN NET ASSETS**

**YEAR ENDED MARCH 31, 2006**

	<u>The Community Foundation</u>	<u>The Summit Fund of Washington</u>	<u>Kristin and David Steinberg Foundation</u>	<u>Eliminations</u>	<u>Total</u>
<b>Changes in unrestricted net assets</b>					
Support and revenue					
Contributions	\$ 73,526,908	\$ 7,516,904	\$ 0	\$ (209,640)	\$ 80,834,172
Federal grants	65,000	0	0	0	65,000
Investment income (loss)	19,572,463	8,404,708	(1,686,214)	0	26,290,957
Management fees	57,804	0	0	(57,804)	0
Other income	20,779	0	0	0	20,779
Net assets released from restrictions	<u>2,926,230</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2,926,230</u>
 Total unrestricted support and revenue	 <u>96,169,184</u>	 <u>15,921,612</u>	 <u>(1,686,214)</u>	 <u>(267,444)</u>	 <u>110,137,138</u>
Expenses					
Program grants and appropriations	<u>81,856,336</u>	<u>9,477,136</u>	<u>111,550</u>	<u>(209,640)</u>	<u>91,235,382</u>
Supporting services					
General and administrative	1,910,879	494,087	30,234	(57,804)	2,377,396
Fundraising	<u>1,758,170</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,758,170</u>
 Total supporting services	 <u>3,669,049</u>	 <u>494,087</u>	 <u>30,234</u>	 <u>(57,804)</u>	 <u>4,135,566</u>
 Total expenses	 <u>85,525,385</u>	 <u>9,971,223</u>	 <u>141,784</u>	 <u>(267,444)</u>	 <u>95,370,948</u>
 Increase (decrease) in unrestricted net assets	 <u>10,643,799</u>	 <u>5,950,389</u>	 <u>(1,827,998)</u>	 <u>0</u>	 <u>14,766,190</u>
Changes in temporarily restricted net assets					
Contributions	1,390,651	0	1,490,667	0	2,881,318
Net assets released from restrictions	(2,926,230)	0	0	0	(2,926,230)
Change in value of charitable remainder trusts	<u>161,849</u>	<u>0</u>	<u>(291,806)</u>	<u>0</u>	<u>(129,957)</u>
 (Decrease) increase in temporarily restricted net assets	 <u>(1,373,730)</u>	 <u>0</u>	 <u>1,198,861</u>	 <u>0</u>	 <u>(174,869)</u>
 Changes in net assets	 9,270,069	 5,950,389	 (629,137)	 0	 14,591,321
 Net assets at the beginning of year	 <u>269,401,409</u>	 <u>37,972,186</u>	 <u>4,267,009</u>	 <u>0</u>	 <u>311,640,604</u>
 Net assets at the end of year	 <u>\$ 278,671,478</u>	 <u>\$ 43,922,575</u>	 <u>\$ 3,637,872</u>	 <u>\$ 0</u>	 <u>\$ 326,231,925</u>

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