Financial Statements
Year Ended
June 30, 2009

Community Foundation of Western Virginia, Inc.
d/b/a Foundation for Roanoke Valley

Goodman & COMPANY
Certified Public Accountants
Specialized Services
Business Solutions

Community Foundation of Western Virginia, Inc. d/b/a Foundation for Roanoke Valley

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We have audited the accompanying statement of financial position of ***Community Foundation of Western Virginia, Inc. d/b/a Foundation for Roanoke Valley*** as of June 30, 2009, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the management of ***Community Foundation of Western Virginia, Inc. d/b/a Foundation for Roanoke Valley.*** Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit 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 audit provides 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 ***Community Foundation of Western Virginia, Inc. d/b/a Foundation for Roanoke Valley*** as of June 30, 2009, and the change in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Goodman + Company, L.L.P.
Roanoke, Virginia
October 6, 2009

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Community Foundation of Western Virginia, Inc. d/b/a Foundation for Roanoke Valley

Statement of Financial Position

June 30, 2009

Assets

Assets	
Cash and cash equivalents	$ 2,469,203
Investments	32,380,536
Contributions receivable from remainder trusts and estates	514,260
Pledges receivable	960,000
Educational loans receivable - net	1,182,899
Prepaid expenses	5,181
Property and equipment - net	18,779
	$ 37,530,858

Liabilities and Net Assets

Liabilities	
Grants payable	$ 19,074
Accounts payable	2,860
Annuity obligations	254,184
Agency funds	2,056,883
Total liabilities	2,333,001
Net assets	
Unrestricted	
Undesignated	2,830,217
Field of interest	13,011,079
Designated	2,995,412
Advised	8,269,656
Scholarship	5,369,770
	32,476,134
Temporarily restricted	2,721,723
Total net assets	35,197,857
	$ 37,530,858

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

Statement of Activities

Year Ended June 30, 2009

	Unrestricted	Temporarily Restricted	Total
Support and revenues			
Contributions	$ 2,659,436	$ 54,933	$ 2,714,369
Interest and dividend income	752,367	6,863	759,230
Administrative fees	444,538	-	444,538
Unrealized losses on investments	(6,222,435)	(66,109)	(6,288,544)
Realized losses on investments	(700,696)	(7,314)	(708,010)
Change in contributions receivable from remainder trusts	-	(253,010)	(253,010)
Change in annuity obligations	-	1,184	1,184
Net assets released from donor restrictions	3,133,190	(3,133,190)	-
Total support and revenues	66,400	(3,396,643)	(3,330,243)
Expenses			
Program services and grant making	2,269,541	-	2,269,541
Investment management fees	143,429	-	143,429
Fundraising	75,690	-	75,690
General and administrative	825,166	-	825,166
Total expenses	3,313,826	-	3,313,826
Change in net assets	(3,247,426)	(3,396,643)	(6,644,069)
Net assets - beginning of year	35,723,560	6,118,366	41,841,926
Net assets - end of year	$ 32,476,134	$ 2,721,723	$ 35,197,857

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

Statement of Cash Flows

Year Ended June 30, 2009

Cash flows from operating activities	
Change in net assets	$ (6,644,069)
Adjustments to reconcile to net cash from operating activities:	
Provision for bad debts	63,895
Depreciation expense	5,721
Unrealized losses on investments	6,288,544
Realized losses on investments	708,010
Noncash contributions	(269,926)
Loss on disposal of property and equipment	3,356
Change in:	
Contributions receivable from remainder trusts and estates	253,010
Pledges receivable	2,763,450
Educational loans receivable	219,420
Prepaid expenses	354
Grants payable	(4,926)
Accounts payable	(4,650)
Annuity obligations	(1,184)
Agency funds	(338,317)
Net cash from operating activities	3,042,688
Cash flows from investing activities	
Net purchases of investments	(2,489,933)
Purchases of property and equipment	(2,656)
Payments received on notes receivable	20,905
Net cash from investing activities	(2,471,684)
Net change in cash and cash equivalents	571,004
Cash and cash equivalents - beginning of year	1,898,199
Cash and cash equivalents - end of year	$ 2,469,203
Supplemental disclosure of noncash investing and financing activities	
Contributions of marketable securities	$ 269,926

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

1. Organization and Nature of Activities

Community Foundation of Western Virginia, Inc. d/b/a Foundation for Roanoke Valley (Foundation) is a publicly-supported community foundation, which was created in Virginia in 1988 and began operations in March 1990. The Foundation strives to provide a cost effective, efficient vehicle through which donors can make contributions and have them administered to a variety of charities throughout the southwestern Virginia region.

2. Summary of Significant Accounting Policies

Basis of Presentation

The financial statements have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

Net Assets

The Foundation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

The Foundation receives contributions from donors with stipulations regarding distributions of the assets and the earnings there from but maintains a variance power over these contributions. While the Foundation attempts to meet the desires expressed by the donors at the time of the contributions, the Foundation reserves the right to modify any restrictions or conditions on the distribution of funds for any specified charitable purpose or to specified organizations if, in the sole judgment of the Foundation's Board of Governors, such restrictions or conditions become unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community. Accordingly, the financial statements classify all net assets as unrestricted, with the exception of assets related to charitable lead and remainder trusts and notes receivable, which are classified as temporarily restricted net assets due to the time restrictions of the assets. The financial statements report amounts separately by class of net assets as follows:

Unrestricted net assets generally result from revenues derived from providing services; receiving unrestricted contributions; realized gains and losses; and receiving dividends and interest from investing in income-producing assets, less expenses incurred in providing services, raising contributions, performing administrative functions, and acquiring property and equipment. There are several types of endowment funds within the classification of unrestricted net assets:

1. **Undesignated endowment funds** provide the best flexibility to meet present, emerging and future community needs. The Foundation's Board of Governors applies this fund to the areas of greatest need in the communities of southwestern Virginia. Earnings from these funds are classified as unrestricted.

2. **Field of interest funds** enable donors to specify their funds to a particular charitable area of interest. Specific grant recipients within that field are chosen by the Board of Governors. Earnings are classified as unrestricted.

3. **Designated funds** allow donors to specify which charitable organizations or programs are to benefit from the fund. Earnings are classified as unrestricted.

4. **Advised funds** enable donors to establish a fund and periodically make recommendations to the Board of Governors as to grants from the fund. Earnings from these funds are classified as unrestricted.

Temporarily restricted net assets generally result from contributions and other inflows of assets whose use by the Foundation is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Foundation pursuant to those stipulations. However, if a restriction is fulfilled in the same time period in which the contribution is received, the Foundation reports the support as unrestricted.

Permanently restricted net assets generally represent the historical cost (fair value at date of gift) of contributions and other inflows of assets whose use by the Foundation is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by the Foundation. At June 30, 2009, the Foundation had no permanently restricted net assets.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Foundation considers all highly liquid debt instruments with a purchased maturity of less than one year to be cash equivalents, except for those short-term investments managed as part of long-term investment strategies.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are carried at their fair value on the statement of financial position with unrealized gains and losses included in the change in net assets on the statement of activities.

Contributions Receivable from Remainder Trusts and Estates

The Foundation is the beneficiary of four irrevocable charitable remainder trusts. All income was recognized as temporarily restricted in the current year due to the implied time restrictions. Under the agreements, the donor receives an annual distribution of a percentage of the market value of the trust until death at which time the Foundation receives all or a portion of the remaining principal and income. Based on the donor's life expectancy and a 3.8% discount rate, the present value of future benefits expected to be received by the Foundation from these agreements at June 30, 2009 is estimated to be $514,260.

At June 30, 2009, one trust made up approximately 71% of the benefit the Foundation expects to receive.

Pledges Receivable

Pledges receivable are unconditional promises to give and, depending on the existence and/or nature of any donor restrictions, are recognized as unrestricted, temporarily restricted, or permanently restricted revenues when the donor's commitment is received. The Foundation's management has determined that all pledges receivable are fully collectible.

Educational Loans Receivable

The Foundation's educational loans receivable include a provision for bad debts which is calculated based on the collection status of the loans, historical experience and management judgment. The Foundation writes off educational loans receivable against the provision when it is determined that a balance is no longer collectible.

Property and Equipment

Property and equipment are stated at cost. Donated assets are recorded at their estimated fair value at date of contribution. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally three to ten years for office furniture and equipment. It is the Foundation's policy to capitalize property and equipment expenditures over $700. Depreciation expense for 2009 was $5,721 and accumulated depreciation was $42,117 at June 30, 2009.

Contributions Received

Contributions received are recorded as unrestricted net assets as discussed above. It is the expressed intention of the Foundation to honor the designation of donors; however, the Foundation reserves the right to exercise final control over all funds that are not considered permanently restricted net assets. Noncash contributions are valued at the estimated fair value of the asset donated.

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 the disclosure of contingent assets and liabilities at the date of the financial statements. Such estimates and assumptions also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from the estimates and assumptions that were used.

Income Taxes

The Foundation is a not-for-profit corporation exempt from federal and state income tax under the provisions of section 501(c)(3) of the Internal Revenue Code (IRC) and is not categorized as a private foundation. It has no unrelated business income subject to federal or state income tax under section 511 of the IRC.

Credit Risk

Financial instruments that potentially subject the Foundation to concentrations of credit risk consist principally of temporary cash investments and short-term investments. The Foundation maintains its cash in bank deposit accounts, which at times may exceed the federally insured limit. The Foundation has not experienced any losses in such accounts. The Foundation's short-term investments consist of money market funds. These investments are high quality, and management believes the Foundation is not exposed to any significant credit risk on temporary cash investments and short-term investments.

At June 30, 2009, the Foundation's bank balances were in excess of the FDIC insurance limit by $634,549.

Subsequent Events

In preparing these financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through October 6, 2009, the date the financial statements were available to be issued.

3. Investments

Investments are stated at fair value. Donated investments are recorded at their fair value at the date of contribution. Increases and decreases in fair value are recognized in the period in which they occur, and the carrying value of the investments is adjusted to reflect these market fluctuations. Investment income is allocated to all pooled funds on a quarterly basis using the average balance in each fund during the quarter. Investment categories are as follows:

	Original Cost	Unrealized Losses	Fair Value
Money market accounts	$ 3,550,933	$ -	$ 3,550,933
Debt and equity securities	35,118,147	6,288,544	28,829,603
	$ 38,669,080	$ 6,288,544	$ 32,380,536

4. Pledges Receivable

The Foundation has the following pledges receivable outstanding:

Jean L. Price Trust	$ 600,000
Godwin Cottage Trust	360,000
	$ 960,000

5. Educational Loans Receivable

The Foundation has educational loans receivable of $1,182,899 consisting of $1,719,745 in promissory notes net of an estimated uncollectible allowance of $536,846. These promissory notes are due from current and former students and have various interest rates and repayment terms and are collectible through 2016.

6. Annuity Obligations

The Foundation is a participant in several charitable gift annuities. Under these agreements, the donor contributes a sum of money to be invested by the Foundation. The Foundation then makes an annual distribution of the fund's earnings to the donor for life. The present value of this future benefit is recorded as a liability. Upon the donor's death, the remaining principal and income are held for specified charitable organizations.

7. Grants Payable

Grants payable consist of amounts awarded, but not yet paid, to scholarship recipients. All amounts are to be paid within the next fiscal year.

8. Agency Funds

The Foundation performs investment and administrative functions for other not-for-profit organizations that want to establish a fund and specifies itself as the beneficiary of that fund. The Foundation accounts for the transfer of such assets as a liability. A not-for-profit organization maintains variance power and legal ownership of the agency funds and, as such, continues to report the funds as assets on the not-for-profit organization's books.

9. Operating Leases

The Foundation leases office space under a five-year lease that commenced in March 2006. After the term of the lease, the Foundation will become a month-to-month tenant with a monthly rental rate of twice the rental rate just prior to the lease's termination.

The Foundation leases office space under a one-year operating lease that commenced on November 15, 2008. After the term of the lease, the Foundation has the option to renew for one additional year with the annual rent increasing with the cost-of-living adjustment.

Total rental expense for these leases was $44,545 for 2009.

The future minimum lease payments for years ending June 30 are as follows:

2010	$ 43,353
2011	42,663
2012	29,005
	$ 115,021

10. Retirement Plan

The Foundation has a defined contribution retirement plan covering eligible full-time employees. Contributions to the plan during 2009 were $18,744.

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