

**ACCESS COLLEGE FOUNDATION**  
**(A Non-Profit Organization)**  
Norfolk, Virginia

**FINANCIAL REPORT**

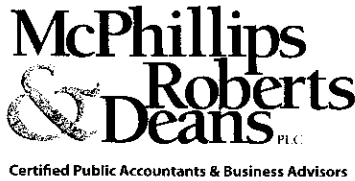
June 30, 2010

**McPhillips**  
**& Roberts**  
**Deans** PLC

**Certified Public Accountants**  
**& Business Advisors**

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## INDEPENDENT AUDITOR'S REPORT

The Board of Directors  
ACCESS College Foundation  
Norfolk, Virginia

We have audited the accompanying statements of financial position of ACCESS College Foundation (a non-profit organization, the Foundation), as of June 30, 2010 and 2009, and the related statements of cash flows for the years then ended and the statement of activities for the year ended June 30, 2010. 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 audits. The prior year summarized comparative information related to the statement of activities was extracted from the financial statements for that year, on which an unqualified opinion dated November 9, 2009 was expressed.

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 financial statements referred to above present fairly, in all material respects, the financial position of ACCESS College Foundation as of June 30, 2010 and 2009, its cash flows for the years then ended, and the changes in its net assets for the year ended June 30, 2010, in conformity with accounting principles generally accepted in the United States of America.

*McPhillips, Roberts & Deans, PLC*

October 15, 2010  
Norfolk, Virginia

ACCESS COLLEGE FOUNDATION

STATEMENTS OF FINANCIAL POSITION

June 30, 2010 and 2009

<b>Assets</b>	<u>2010</u>	<u>2009</u>
<b>Current Assets</b>		
Cash and cash equivalents	\$ 4,835,381	\$ 8,541,593
Contributions receivable	109,887	153,247
Grant receivable	10,487	-
<b>Total Current Assets</b>	<u>4,955,755</u>	<u>8,694,840</u>
<b>Other Assets</b>		
Investments, at fair value	19,403,283	14,615,030
Investments, at cost	875,000	800,000
Property and equipment, net	107,133	105,885
Long-term contributions receivable, net	70,806	75,952
<b>TOTAL ASSETS</b>	<u>\$ 25,411,977</u>	<u>\$ 24,291,707</u>
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued expenses	\$ 66,164	\$ 66,180
<b>Net Assets</b>		
Unrestricted	2,372,714	2,338,738
Temporarily restricted	6,754,278	5,668,468
Permanently restricted	16,218,821	16,218,321
<b>Total Net Assets</b>	<u>25,345,813</u>	<u>24,225,527</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 25,411,977</u>	<u>\$ 24,291,707</u>

ACCESS COLLEGE FOUNDATION

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2010 with Comparative Totals for 2009

	Unrestricted	Temporarily Restricted	Permanently Restricted	2010 Total	2009 Total
<b>Public Support and Revenue</b>					
Contributions	\$ 908,894	\$ 764,873	\$ 500	\$ 1,674,267	\$ 1,242,684
Donated facilities	60,000	-	-	60,000	60,000
Interest income	23,395	146,242	-	169,637	171,172
Dividend income	10,399	249,580	-	259,979	312,321
Net investment gains (losses)	45,533	1,092,788	-	1,138,321	(4,209,429)
Capital gain distributions	439	10,540	-	10,979	310,855
	<u>1,048,660</u>	<u>2,264,023</u>	<u>500</u>	<u>3,313,183</u>	<u>(2,112,397)</u>
Net assets released from restrictions	<u>1,178,213</u>	<u>(1,178,213)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Public Support, Revenue and Losses</b>	<u>2,226,873</u>	<u>1,085,810</u>	<u>500</u>	<u>3,313,183</u>	<u>(2,112,397)</u>
<b>Expenses</b>					
<b>Program Services</b>					
Salaries	819,286	-	-	819,286	771,213
Student grants	446,628	-	-	446,628	352,952
Purchased services	158,163	-	-	158,163	175,452
Employee health and retirement benefits	99,154	-	-	99,154	98,295
Payroll taxes	59,841	-	-	59,841	62,509
Office supplies and expenses	10,639	-	-	10,639	9,605
Depreciation	13,615	-	-	13,615	12,597
Occupancy	34,800	-	-	34,800	37,845
Travel and conferences	19,064	-	-	19,064	19,966
Postage	13,933	-	-	13,933	16,376
	<u>1,675,123</u>	<u>-</u>	<u>-</u>	<u>1,675,123</u>	<u>1,556,810</u>
<b>Total Program Services</b>	<u>1,675,123</u>	<u>-</u>	<u>-</u>	<u>1,675,123</u>	<u>1,556,810</u>

Continued

ACCESS COLLEGE FOUNDATION

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2010 with Comparative Totals for 2009

Continued

	Unrestricted	Temporarily Restricted	Permanently Restricted	2010 Total	2009 Total
<b>Supporting Services</b>					
Salaries	\$ 240,693	\$ -	\$ -	\$ 240,693	\$ 237,593
Employee health and retirement benefits	49,060	-	-	49,060	38,228
Payroll taxes	19,739	-	-	19,739	19,526
Occupancy	28,157	-	-	28,157	26,299
Professional fees	32,260	-	-	32,260	39,360
Depreciation	1,513	-	-	1,513	1,400
Purchased services	85,622	-	-	85,622	108,937
Travel and conferences	4,621	-	-	4,621	2,180
Office supplies and expenses	35,012	-	-	35,012	24,640
Insurance	7,946	-	-	7,946	7,444
Organizational memberships	4,708	-	-	4,708	4,943
Postage	8,443	-	-	8,443	8,568
<b>Total Supporting Services</b>	<b>517,774</b>	<b>-</b>	<b>-</b>	<b>517,774</b>	<b>519,118</b>
<b>Total Expenses</b>	<b>2,192,897</b>	<b>-</b>	<b>-</b>	<b>2,192,897</b>	<b>2,075,928</b>
<b>Change in Net Assets</b>	<b>33,976</b>	<b>1,085,810</b>	<b>500</b>	<b>1,120,286</b>	<b>(4,188,325)</b>
Net Assets, Beginning of Year	2,338,738	5,668,468	16,218,321	24,225,527	28,413,852
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 2,372,714</b>	<b>\$ 6,754,278</b>	<b>\$ 16,218,821</b>	<b>\$ 25,345,813</b>	<b>\$ 24,225,527</b>

**ACCESS COLLEGE FOUNDATION****STATEMENTS OF CASH FLOWS**

For the Years Ended June 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
<b>Cash Flows From Operating Activities</b>		
Change in net assets	\$ 1,120,286	\$ (4,188,325)
Adjustments to reconcile change in net assets to net cash used in operating activities		
Depreciation	15,128	13,997
Realized and unrealized (gains) losses on investments	(1,138,321)	4,209,429
Capital gain distributions	(10,979)	(310,855)
Changes in operating assets and liabilities		
Contributions receivable	48,506	58,292
Grant receivable	(10,487)	-
Accounts payable and accrued expenses	(16)	11,060
	<u>24,117</u>	<u>(206,402)</u>
<b>Net Cash Provided by (Used in) Operating Activities</b>		
<b>Cash Flows From Investing Activities</b>		
Purchase of property and equipment	(16,376)	(7,945)
Collection of contributions restricted for long-term purposes	-	25,090
Purchase of investments	(12,954,652)	(3,112,479)
Proceeds from sales or maturities of investments	9,240,699	4,857,667
	<u>(3,730,329)</u>	<u>1,762,333</u>
<b>Net Cash Provided by (Used In) Investing Activities</b>		
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>(3,706,212)</b>	<b>1,555,931</b>
Cash and cash equivalents, beginning of year	<u>8,541,593</u>	<u>6,985,662</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b><u>\$ 4,835,381</u></b>	<b><u>\$ 8,541,593</u></b>

# ACCESS COLLEGE FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1 - NATURE OF ORGANIZATION

The ACCESS College Foundation (the Foundation) is a publicly supported organization exempt from income taxes under Internal Revenue Code Section 501(c)(3). The purpose of the Foundation is to encourage average ability, financially limited students to further their education beyond high school.

### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Basis of Presentation** 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. All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a temporary 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."

**Estimates** Management uses estimates and assumptions in preparing these financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

**Cash and Cash Equivalents** The Foundation considers certificates of deposit purchased with a maturity of three months or less to be cash equivalents.

**Contributions Receivable** Annual contributions are generally available for unrestricted use unless specifically restricted by the donor. Contributions receivable due in the next year are reflected as current contributions receivable and are recorded at their net realizable value. Contributions receivable due in subsequent years are reflected as long-term contributions receivable and are recorded at the present value of their net realizable value, using risk-free interest rates applicable to the years in which the promises to give were received.

**Investments** Investments in marketable debt and equity securities are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Foundation holds certain investments in partnerships that are valued at net asset value which management believes approximates fair value. Certain other investments in partnerships are recorded at cost as fair value is not determinable. The related unrealized gains and losses are included in the change in net assets in the statements of activities. Realized gains and losses on investment transactions are determined on an average cost basis. Fees totaling \$54,506 and \$54,148 in 2010 and 2009, respectively, were deducted from investment gains.

ACCESS COLLEGE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

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**Property and Equipment** The Foundation capitalizes property and equipment purchased costing \$500 or more with an estimated useful life greater than one year. Property and equipment are recorded at cost and depreciated using the straight-line method, based on the following useful lives:

<u>Asset Category</u>	<u>Useful Life</u>
Furniture and equipment	5 - 7 years
Leasehold improvements	39 years
Software	3 years

Depreciation expense for the years ended June 30, 2010 and 2009 was \$15,128 and \$13,997, respectively.

**Donations** Donated facilities and services are recorded as revenue and expense in the period of use at fair value. The Foundation's facilities were donated by certain local public schools systems and the City of Norfolk. The estimated rental value of these facilities is \$60,000 for 2010 and 2009.

Contributions of donated stock and property are immediately sold when received from the donor, by resolution of the board of directors. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, that are provided by individuals possessing those skills, and that would typically need to be purchased if not provided by donation are recorded at their fair values in the period received.

**Subsequent Events** Management has evaluated subsequent events through October 15, 2010, the date which the financial statements were available for issue.

**Income Taxes** The Foundation is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code; however, it is required to file federal income tax returns. Tax years before 2006 are no longer subject to income tax examination. Management continually evaluates tax positions reflected in the Foundation's tax filings and does not believe that any material uncertain tax positions exist.

**NOTE 3 - CONTRIBUTIONS RECEIVABLE**

Contributions receivable at June 30, 2010 and 2009 are as follows:

	<u>2010</u>	<u>2009</u>
Receivable in less than one year	\$ 109,887	\$ 153,247
Receivable in one to five years	73,667	79,020
Total contributions receivable	183,554	232,267
Less discounts to net present value	(2,861)	(3,068)
Net contributions receivable	<u>\$ 180,693</u>	<u>\$ 229,199</u>

ACCESS COLLEGE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

Long-term contributions receivable are discounted using the applicable U.S. Treasury Note rate, which ranges from 2% to 5%. Contributions receivable are principally from donors in the Hampton Roads area. The concentration of credit risk is partially mitigated by the large number of donors. The Foundation does not require collateral in relation to these receivables.

**NOTE 4 - INVESTMENTS**

Investments at June 30, 2010 and 2009 are summarized as follows:

	2010		2009	
	Fair Value	Cost	Fair Value	Cost
Treasury securities	\$ 560,395	\$ 485,951	\$ 524,215	\$ 485,951
United States equities	1,912,970	1,866,534	3,640,775	3,643,519
International equities	-	-	1,910,004	2,900,000
Bonds	2,990,184	2,782,928	2,763,093	2,688,750
Partnerships, at cost	875,000	875,000	800,000	800,000
Partnerships, at net asset value	13,939,734	13,673,765	5,776,943	5,452,072
<b>Total investments</b>	<b>\$ 20,278,283</b>	<b>\$ 19,684,178</b>	<b>\$ 15,415,030</b>	<b>\$ 15,970,292</b>

Gains (losses) on investments for the years ended June 30, 2010 and 2009 are summarized as follows:

	2010			2009		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Net realized gains (losses)	\$ 323	\$ 7,744	\$ 8,067	\$ (22,039)	\$ (528,926)	\$ (550,965)
Net unrealized gains (losses)	45,210	1,085,044	1,130,254	(146,248)	(3,512,216)	(3,658,464)
Net investment gains (losses)	\$ 45,533	\$ 1,092,788	\$ 1,138,321	\$ (168,287)	\$ (4,041,142)	\$ (4,209,429)

At June 30, 2010, the Foundation had committed aggregate capital of \$4,000,000 to certain partnership investments of which \$1,305,500 had not yet been called.

**NOTE 5 - FAIR VALUE MEASUREMENTS**

The Foundation's investments are valued using a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy defines three levels of inputs, giving the highest priority to unadjusted quoted prices in active markets for identical assets and the lowest priority to unobservable inputs.

ACCESS COLLEGE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

Investments valued using Level 1 inputs are based on unadjusted quoted market prices within active markets. Investments valued using Level 2 inputs are based on observable market-based inputs other than quoted prices for identical assets in active markets. Investments valued using Level 3 inputs are based on management's assumptions and unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2010 and 2009.

*Money market funds, United States equities, and International equities:* Valued at the closing price reported on the active market on which the individual securities are traded.

*Certificate of deposit:* Valued at amortized cost, which approximates fair value due to the relatively short-term nature of the instruments.

*Treasury securities and bonds:* Valued based on a compilation of primarily observable market information in an inactive market.

*Partnerships:* Fair values have been estimated by the Foundation's management based on their knowledge of the underlying funds, and information provided by the underlying fund managers and administrators. Investments in partnerships are included in Level 2 or Level 3 of the fair value hierarchy. In determining the level, management considers the length of time until the investment is redeemable, including notice and lock-up periods or any other restriction on the disposition of the investment. Management also considers the nature of the portfolio of the underlying partnerships and their ability to liquidate their underlying investments. If the Foundation has the ability to redeem its investment at the reported net asset valuation as of the measurement date, the investment is generally included in Level 2 of the fair value hierarchy. If the Foundation does not know when it will have the ability to redeem the investment or it does not have the ability to redeem its investment in the near term, the investment is included in Level 3 of the fair value hierarchy.

The following table sets forth by level within the fair value hierarchy, the Company's assets measured at fair value as of June 30, 2010 on a recurring basis:

	Level 1	Level 2	Level 3	Total
Money market funds	\$ 3,662,811	\$ -	\$ -	\$ 3,662,811
Certificate of deposits	-	717,243	-	717,243
Treasury securities	-	560,395	-	560,395
United States equities	1,912,970	-	-	1,912,970
Bonds	-	2,990,184	-	2,990,184
Partnerships	-	6,952,917	6,986,817	13,939,734
<b>Total</b>	<b>\$ 5,575,781</b>	<b>\$ 11,220,739</b>	<b>\$ 6,986,817</b>	<b>\$ 23,783,337</b>

ACCESS COLLEGE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

The table below sets forth a summary of changes in the fair value of the Company's Level 3 assets for the year ended June 30, 2010:

	<u>Partnerships</u>
Balance, beginning of year	\$ 5,548,618
Total realized and unrealized gains included in earnings	238,180
Purchases, issuances, and settlements (net)	<u>1,200,019</u>
Balance, end of year	<u>\$ 6,986,817</u>

The following table sets forth by level within the fair value hierarchy, the Company's assets measured at fair value as of June 30, 2009 on a recurring basis:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money market funds	\$ 7,464,152	\$ -	\$ -	\$ 7,464,152
Certificate of deposits	-	705,716	-	705,716
Treasury securities	-	524,215	-	524,215
United States equities	3,640,775	-	-	3,640,775
International equities	1,910,004	-	-	1,910,004
Bonds	-	2,763,093	-	2,763,093
Partnerships	-	228,325	5,548,618	5,776,943
Total	<u>\$ 13,014,931</u>	<u>\$ 4,221,349</u>	<u>\$ 5,548,618</u>	<u>\$ 22,784,898</u>

The table below sets forth a summary of changes in the fair value of the Company's Level 3 assets for the year ended June 30, 2009:

	<u>Partnerships</u>
Balance, beginning of year	\$ 9,118,277
Total realized and unrealized losses included in earnings	(1,553,284)
Purchases, issuances, and settlements (net)	<u>(2,016,375)</u>
Balance, end of year	<u>\$ 5,548,618</u>

**NOTE 6 - PROPERTY AND EQUIPMENT**

Property and equipment at June 30, 2010 and 2009 consisted of the following:

	<u>2010</u>	<u>2009</u>
Furniture and equipment	\$ 169,784	\$ 154,031
Leasehold improvements	79,251	79,251
Software	9,254	8,632
Less accumulated depreciation	<u>(151,156)</u>	<u>(136,029)</u>
Property and equipment, net	<u>\$ 107,133</u>	<u>\$ 105,885</u>

ACCESS COLLEGE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

**NOTE 7 - RESTRICTIONS AND DESIGNATIONS OF NET ASSETS**

At June 30, 2010 and 2009, temporarily restricted net assets were restricted for the following purposes:

	2010	2009
Scholarships and other direct assistance	\$ 6,422,578	\$ 5,240,056
Expansion	-	25,807
Portsmouth services	28,936	44,673
Empowerment 2010	76,028	76,028
Time restricted for general use	139,809	134,533
Suffolk services	21,723	53,055
Early awareness program	64,204	94,316
College success program	1,000	-
	<u>\$ 6,754,278</u>	<u>\$ 5,668,468</u>

Permanently restricted net assets consist of endowment funds restricted for investment in perpetuity, the income from which is expendable to provide scholarships, pay student fees and provide other direct assistance, such as advisory services to students, and none shall be used on program administration.

During 2010 and 2009, net assets were released from donor restrictions by incurring costs for the following purposes or due to the passage of time:

	2010	2009
Scholarships and other direct assistance	\$ 406,628	\$ 352,952
Expansion	55,500	37,183
Portsmouth services	105,737	108,053
Expiration of time restrictions	410,931	184,016
Suffolk services	72,583	70,354
Early awareness	65,584	4,001
Special events	12,250	22,650
College success program	49,000	27,262
	<u>\$ 1,178,213</u>	<u>\$ 806,471</u>

At June 30, 2010 and 2009, unrestricted net assets consisted of the following:

	2010	2009
Board designated	\$ 664,419	\$ 481,177
Undesignated	1,708,295	1,857,561
	<u>\$ 2,372,714</u>	<u>\$ 2,338,738</u>

**NOTE 8 -ENDOWMENTS OF NOT-FOR-PROFIT ORGANIZATIONS**

The Foundation's endowments consist of one individual fund established for a variety of purposes. The endowment is a donor-restricted endowment fund. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

*Governing Board's Interpretation of Law* The Board of Directors has interpreted 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 stipulations to the contrary. 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 Foundation. In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund;
- (2) The purpose of the Foundation 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 appreciation of investments;
- (6) Other resources of the Foundation;
- (7) The investment policies of the Foundation.

*Investment 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 donor-restricted funds that the Foundation must hold in perpetuity or for a donor-specified period as well as board-designated funds. Under this policy, as approved by the Board of Directors, the endowment assets are invested across a globally diversified set of asset classes and security types, avoiding concentration in any one market or security base. The Board of Directors is willing to accept intermediate term volatility in order to achieve a long term growth objective. The fund takes on some degree of illiquidity in order to achieve returns that are expected to be higher than market averages. The Foundation expects its endowment funds, over time, to provide an average rate of return of the Consumer Price Index plus 5 percent annually. Actual returns in any given year may vary from this amount.

ACCESS COLLEGE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

*Spending Policy* The Foundation has a policy of appropriating for distribution each year up to 5 percent of its endowment fund's average fair value over the preceding 12 quarters using a three year moving average. In establishing this policy, the Foundation considered the long-term expected return on its endowment. Accordingly, over the long term, the Foundation expects the current spending policy to allow its endowment to grow at an average of 3 percent. This is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

Endowment net asset composition by type of fund as of June 30, 2010 is as follows:

	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ 6,422,578	\$ 16,218,821	\$ 22,641,399

Changes in endowment net assets for the year ended June 30, 2010 were as follows:

	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year			
Contributions	\$ 5,240,056	\$ 16,218,321	\$ 21,458,377
Net investment income	90,000	500	90,500
Amounts appropriated for expenditure	1,499,150	-	1,499,150
	<u>(406,628)</u>	<u>-</u>	<u>(406,628)</u>
Endowment net assets, end of year	<u>\$ 6,422,578</u>	<u>\$ 16,218,821</u>	<u>\$ 22,641,399</u>

Endowment net asset composition by type of fund as of June 30, 2009 is as follows:

	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ 5,240,056	\$ 16,218,321	\$ 21,458,377

# ACCESS COLLEGE FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

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Changes in endowment net assets for the year ended June 30, 2009 were as follows:

	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year			
Net investment loss	\$ 8,860,403	\$ 16,218,321	\$ 25,078,724
Amounts appropriated for expenditure	(3,306,895)	-	(3,306,895)
	<u>(313,452)</u>	<u>-</u>	<u>(313,452)</u>
Endowment net assets, end of year	<u>\$ 5,240,056</u>	<u>\$ 16,218,321</u>	<u>\$ 21,458,377</u>

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Foundation to retain as a fund of perpetual duration. There were no such deficiencies as of June 30, 2010 and 2009.

### NOTE 9 - FUNDRAISING

Fundraising expenses are included in supporting services for financial statement presentation on the statement of activities. Fundraising expenses totaled \$258,229 and \$253,526 in 2010 and 2009, respectively.

### NOTE 10 - EMPLOYEE BENEFIT PLANS

The Foundation offers a 401(k) plan covering substantially all full-time personnel who have attained age 21. The Foundation contributed 50% of the first 6% of employee deferrals to the plan for the years ended June 30, 2010 and 2009. The cost of the plan to the Foundation was \$25,973 and \$29,492 for the years ended June 30, 2010 and 2009, respectively.

The President / Chief Executive Officer is an employee of the Norfolk Public Schools (NPS) system on loan to the Foundation. Part of the compensation that NPS pays and that the Foundation reimburses them for, in advance, is the retirement plan contribution. The Foundation reimbursed NPS \$14,305 and \$17,268 for contributions made to the retirement plan for the fiscal years ended June 30, 2010 and 2009, respectively.

ACCESS COLLEGE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

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**NOTE 11 - NEIGHBORHOOD ASSISTANCE ACT**

The Foundation was approved by the state to solicit contributions in the amount of \$500,000 under the Virginia Neighborhood Assistance Act (VNAA) for the periods from July 1, 2009 to June 30, 2010 and from July 1, 2008 to June 30, 2009. Contributions received from taxpaying entities are eligible for 40% Virginia state tax credit under the provisions of the VNAA for 2010 and 2009. As of June 30, 2010 and 2009, respectively, tax credits offered to qualifying entities amounted to \$315,878 and \$216,495.

**NOTE 12 - COMMITMENTS**

The Foundation reimburses Norfolk Public Schools for the compensation and benefits of the President / Chief Executive Officer and for auxiliary program services on a monthly basis.

**NOTE 13 - 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 Foundation's account balances and the amounts reported in the statements of financial position.

**NOTE 14 - CONCENTRATION OF CREDIT RISK**

At various times during the years presented, the Foundation may have had on deposit with a single financial institution more than \$250,000, which is the basic limit currently insured by the Federal Deposit Insurance Corporation (FDIC). Under certain circumstances, and depending in part upon a bank's elective participation in certain expanded aspects of the temporary provisions, coverage can exceed the basic amount noted above.