

**THE V FOUNDATION**  
**September 30, 2008 and 2007**  
**Financial Statements**  
**With**  
**Independent Auditor's Report**



## Independent Auditor's Report

Board of Directors  
The V Foundation  
Cary, North Carolina

We have audited the accompanying statement of financial position of The V Foundation as of September 30, 2008 and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year 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. The financial statements as of September 30, 2007 were audited by Lynch & Howard, PLLC, who merged with Frost, PLLC as of November 3, 2007, and whose report dated April 16, 2008, expressed an unqualified opinion on those statements.

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 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 The V Foundation as of September 30, 2008, and the changes 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.

*Frost, PLLC*

Certified Public Accountants

Little Rock, Arkansas  
January 28, 2009

THE V FOUNDATION

Statements of Financial Position

September 30, 2008 and 2007

<u>Assets</u>	<u>2008</u>	<u>2007</u>
Current assets		
Cash and cash equivalents	\$ 12,262,839	\$ 7,744,475
Pledges receivable, net of allowance	1,904,841	1,800,637
Accounts receivable	58,000	1,545,855
Inventory	607	1,954
Prepaid expenses	46,590	23,655
Total current assets	<u>14,272,877</u>	<u>11,116,576</u>
Property and equipment		
Furniture and equipment	79,240	73,187
Accumulated depreciation	<u>(61,461)</u>	<u>(54,855)</u>
Property and equipment, net	<u>17,779</u>	<u>18,332</u>
Other assets		
Pledge receivables - long-term, net of allowance	3,316,299	2,240,303
Investments designated for long-term use	15,253,205	16,828,051
Intangible assets - finite-lived, net of amortization	584	758
Total other assets	<u>18,570,088</u>	<u>19,069,112</u>
Total assets	<u>\$ 32,860,744</u>	<u>\$ 30,204,020</u>
<u>Liabilities and Net Assets</u>		
Current liabilities		
Accounts payable and accrued expenses	\$ 42,340	\$ 854,482
Grants payable	<u>8,067,166</u>	<u>5,900,000</u>
Total current liabilities	<u>8,109,506</u>	<u>6,754,482</u>
Long-term liabilities		
Grants payable	<u>8,092,137</u>	<u>6,620,000</u>
Net assets		
Unrestricted net assets	(1,176,679)	2,005,629
Temporarily restricted net assets	1,250,429	259,250
Permanently restricted net assets	<u>16,585,351</u>	<u>14,564,659</u>
Total net assets	<u>16,659,101</u>	<u>16,829,538</u>
Total liabilities and net assets	<u>\$ 32,860,744</u>	<u>\$ 30,204,020</u>

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

**THE V FOUNDATION**

**Statements of Activities and Changes in Net Assets**

**For the Years Ended September 30, 2008 and 2007**

	2008			
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Revenues, gains and other support				
Contributions	\$ 9,180,196	\$ 1,200,429	\$ 2,020,692	\$ 12,401,317
Special events, net of expenses	2,254,497	-	-	2,254,497
Investment income, net of expenses	385,679	-	-	385,679
Net realized and unrealized gains (losses) on investments designated for long-term use	<u>(2,936,595)</u>	<u>-</u>	<u>-</u>	<u>(2,936,595)</u>
	8,883,777	1,200,429	2,020,692	12,104,898
Net assets released from restrictions				
Satisfaction of program restrictions	<u>209,250</u>	<u>(209,250)</u>	<u>-</u>	<u>-</u>
Total revenues, gains and other support	<u>9,093,027</u>	<u>991,179</u>	<u>2,020,692</u>	<u>12,104,898</u>
Expenses				
Program	11,187,458	-	-	11,187,458
Management and general	664,355	-	-	664,355
Fund-raising	<u>423,522</u>	<u>-</u>	<u>-</u>	<u>423,522</u>
Total expenses	<u>12,275,335</u>	<u>-</u>	<u>-</u>	<u>12,275,335</u>
Changes in net assets	(3,182,308)	991,179	2,020,692	(170,437)
Net assets - beginning of year	<u>2,005,629</u>	<u>259,250</u>	<u>14,564,659</u>	<u>16,829,538</u>
Net assets - end of year	<u>\$ (1,176,679)</u>	<u>\$ 1,250,429</u>	<u>\$ 16,585,351</u>	<u>\$ 16,659,101</u>

2007			
<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
\$ 5,991,891	\$ 334,250	\$ 1,629,809	\$ 7,955,950
3,259,365	-	-	3,259,365
434,829	-	-	434,829
<u>1,870,427</u>	<u>-</u>	<u>-</u>	<u>1,870,427</u>
11,556,512	334,250	1,629,809	13,520,571
<u>955,160</u>	<u>(955,160)</u>	<u>-</u>	<u>-</u>
<u>12,511,672</u>	<u>(620,910)</u>	<u>1,629,809</u>	<u>13,520,571</u>
9,836,609	-	-	9,836,609
253,105	-	-	253,105
<u>335,991</u>	<u>-</u>	<u>-</u>	<u>335,991</u>
<u>10,425,705</u>	<u>-</u>	<u>-</u>	<u>10,425,705</u>
2,085,967	(620,910)	1,629,809	3,094,866
<u>(80,338)</u>	<u>880,160</u>	<u>12,934,850</u>	<u>13,734,672</u>
<u>\$ 2,005,629</u>	<u>\$ 259,250</u>	<u>\$ 14,564,659</u>	<u>\$ 16,829,538</u>

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

**THE V FOUNDATION**

**Statements of Functional Expenses**

**For the Years Ended September 30, 2008 and 2007**

	2008			
	Program	Management and General	Fund-raising	Total
Grant expense	\$ 10,534,386	\$ -	\$ -	\$ 10,534,386
Direct fund-raising	-	-	23,733	23,733
Personnel expenses				
Salaries and wages	277,897	166,055	200,222	644,174
Payroll taxes	14,570	11,603	13,990	40,163
Employee benefits	59,154	34,407	41,487	135,048
Occupancy expenses				
Rent	26,992	9,427	11,366	47,785
Maintenance	5,002	1,747	2,106	8,855
Utilities	9,635	3,365	4,058	17,058
Insurance	6,153	2,073	2,499	10,725
Office expenses				
Credit card processing	41,490	14,491	17,472	73,453
Data processing and online servicing	12,135	4,238	5,110	21,483
Licenses	2,605	910	1,097	4,612
Other supplies and expenses	4,248	1,482	1,788	7,518
Professional fees	61,727	21,558	25,994	109,279
Travel related expenses	47,297	16,519	19,917	83,733
Public relations and advertising	11,867	4,144	22,231	38,242
Printing and postage				
Postage and shipping	25,470	8,896	10,726	45,092
Printing, copying and stationary	41,648	14,546	17,543	73,737
Bad debt expense	-	347,084	-	347,084
Depreciation	5,084	1,776	2,141	9,001
Amortization	98	34	42	174
	<u>\$ 11,187,458</u>	<u>\$ 664,355</u>	<u>\$ 423,522</u>	<u>\$ 12,275,335</u>

2007			
<u>Program</u>	<u>Management and General</u>	<u>Fund-raising</u>	<u>Total</u>
\$ 8,910,000	\$ -	\$ -	\$ 8,910,000
-	-	23,332	23,332
471,274	129,220	159,625	760,119
30,308	8,310	10,266	48,884
85,625	23,472	28,995	138,092
28,738	7,880	9,734	46,352
3,261	894	1,104	5,259
11,409	3,128	3,864	18,401
19,345	5,304	6,553	31,202
34,538	9,470	11,698	55,706
11,887	3,259	4,026	19,172
6,382	1,750	2,162	10,294
11,841	3,247	4,011	19,099
28,119	6,750	8,338	43,207
55,616	15,250	18,837	89,703
50,005	13,711	16,937	80,653
23,243	6,373	7,873	37,489
47,961	13,150	16,244	77,355
-	-	-	-
6,952	1,906	2,355	11,213
105	31	37	173
<u>\$ 9,836,609</u>	<u>\$ 253,105</u>	<u>\$ 335,991</u>	<u>\$ 10,425,705</u>

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

## Statements of Cash Flows

For the Years Ended September 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>
Cash flows from operating activities		
Changes in net assets	\$ (170,437)	\$ 3,094,866
Adjustments to reconcile changes in net assets provided by operating activities		
Depreciation	9,001	11,213
Amortization of intangibles	174	173
Donated equipment	-	(5,187)
Net unrealized and realized (gains) losses on investments designated for long-term use	2,936,595	(1,870,427)
Changes in operating assets and liabilities		
Pledges receivable	(1,180,200)	154,071
Accounts receivable	1,487,855	(1,365,855)
Inventory	1,347	6,336
Prepaid expenses	(22,935)	(11,553)
Accounts payable and accrued expenses	(812,142)	(165,618)
Grants payable	<u>3,639,303</u>	<u>3,960,000</u>
Net cash provided by operating activities	<u>5,888,561</u>	<u>3,808,019</u>
Cash flows from investing activities		
Purchase of furniture and equipment	(8,448)	(727)
Purchase of investments designated for long-term use	(8,950,120)	(14,545,538)
Proceeds from sale of investments restricted for long-term use	<u>7,588,371</u>	<u>12,345,296</u>
Net cash used by investing activities	<u>(1,370,197)</u>	<u>(2,200,969)</u>
Cash flows from financing activities		
Payments under capital lease obligations	<u>-</u>	<u>(6,060)</u>
Net cash provided by financing activities	<u>-</u>	<u>(6,060)</u>
Increase in cash and cash equivalents	4,518,364	1,600,990
Cash and cash equivalents - beginning of year	<u>7,744,475</u>	<u>6,143,485</u>
Cash and cash equivalents - end of year	<u>\$ 12,262,839</u>	<u>\$ 7,744,475</u>

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

## Notes to Financial Statements

September 30, 2008 and 2007

1. Summary of Significant Accounting Policies

- a. **Nature of organization** – The V Foundation (the “Foundation”) was incorporated on February 12, 1993 as a nonprofit, charitable organization dedicated to saving lives by helping to find a cure for cancer. The Foundation’s mission is to generate broad based support for cancer research and to create an urgent awareness among all Americans of the importance of the war against cancer. The Foundation accomplishes its mission through advocacy, education, fund-raising and philanthropy.
- b. **Financial statement presentation** – The Foundation reports information regarding its financial position according to three classes of net assets: permanently restricted net assets, temporarily restricted net assets and unrestricted net assets. Permanently restricted net assets represent net assets resulting from contributions where use is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Foundation. Temporarily restricted net assets represent net assets resulting from contributions whose use is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Foundation. All other net assets are considered to be unrestricted.
- c. **Revenues** – Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.
- d. **Estimates** – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.
- e. **Cash and cash equivalents** – For purposes of the statements of cash flows, the Foundation considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.
- f. **Accounts receivable** – Accounts receivable consist of contributions receivable and are stated at the amount the Foundation expects to collect. The Foundation uses the allowance method to determine uncollectible accounts. The allowance is based on prior years’ experience and management’s analysis of the account. Accounts are charged off to the allowance when management deems the account will not be collectible. Past due status is based on how recently payments have been made on the account. While management believes the Foundation’s processes effectively address its exposure to doubtful accounts, changes in specific donor conditions may require adjustments to the allowance recorded by the Foundation. The Foundation’s allowance for doubtful accounts was \$308,084 at September 30, 2008. There was no allowance for doubtful accounts at September 30, 2007.

## Notes to Financial Statements

September 30, 2008 and 2007

1. Summary of Significant Accounting Policies (cont.)

- g. **Inventory** – Inventory is valued at the lower of cost, as determined on a first-in, first-out basis, or market.
- h. **Property and equipment** – Property and equipment (including capital lease assets) purchased are stated at cost or fair market value at the date of donation in-kind in excess of \$500. Depreciation is recorded using the straight-line method over the estimated useful lives of three to seven years. The estimated fair value of donated property is recorded as contributions income and fixed assets in the period received. The Foundation received \$5,187 of donated equipment for the year ended September 30, 2007. The Foundation did not receive any donated equipment for the year ended September 30, 2008.

Expenditures for repairs and maintenance are charged to expense as incurred. The costs of major renewals and betterments are capitalized and depreciated over their estimated useful lives. Upon disposition, the cost and related accumulated depreciation accounts are relieved and any related gains or losses are included in operations.

- i. **Long-lived assets** – The Foundation reviews the carrying value of property and equipment for impairment whenever certain triggering events or changes in circumstances indicate that the carrying value of an asset may not be recoverable from estimated future cash flows expected to result from its use and eventual disposition. In cases where undiscounted expected future cash flows are less than the carrying value, an impairment loss is recognized equal to an amount by which the carrying amount exceeds the fair value of assets. The factors considered by management in performing this assessment include operating results, trends, prospects, as well as the effects of obsolescence, demand, competition and other economic factors. Based on management's assessment, no triggering events or changes in circumstances occurred during the years ended September 30, 2008 or 2007.
- j. **Investments designated for long-term use** – The Foundation records all publicly traded marketable equity securities and all debt securities at fair value based upon quoted market prices at the statements of financial position date, with realized and unrealized gains and losses being reported in the statements of activities and changes in net assets. The Board of Directors has designated investments to support the operations of future years.

The Foundation also holds stock in nonpublicly traded companies and values these securities at cost. The aggregate carrying amount of these investments was \$87,500 and \$75,000 at September 30, 2008 and 2007, respectively. The fair value of these investments has not been estimated because there are no triggering events or changes in circumstances that may have a significant adverse effect on their value, and the Foundation is exempt from estimating fair value under Financial Accounting Standards Board ("FASB") Statement of Financial Accounting Standards ("SFAS") No. 126, "Exemption from Certain Required Disclosures about Financial Instruments for Certain Nonpublic Entities."

- k. **Amortization of copyrights and trademarks** – The cost of copyrights and trademarks is amortized on a straight-line basis over a period of 15 years. Amortization of these assets totaled \$174 and \$173 for the years ended September 30, 2008 and 2007, respectively. Future amortization is expected to approximate the amount recognized during 2008.

## Notes to Financial Statements

September 30, 2008 and 2007

1. Summary of Significant Accounting Policies (cont.)

- l. **Income taxes** – The Foundation is exempt from federal income taxes in accordance with Internal Revenue Code Section 501c(3) and a similar state statute, except for any unrelated business income. Since there was no unrelated business income during the years ended September 30, 2008 or 2007, no provision for income taxes is reflected in these financial statements.
- m. **Contributions** – Contributions, including unconditional promises to give, are recognized as revenues in the period received. Conditional promises to give are not recognized until they become unconditional; that is, when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value. Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risks involved.
- n. **Recognition of program grants** – Program grants and the corresponding grants payable are recognized at the time the grant award letter is sent to the recipient. All grants are payable in less than five years. Grants to be awarded more than one year in the future are discounted at an appropriate rate commensurate with the risk involved.
- o. **In-kind donations** – Contributions of donated non-cash assets are recorded at their fair value in the period received. Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.
- p. **Functional expenses** – Expenses are charged to programs based on direct expenditures incurred. Any expenditure not directly chargeable is allocated to programs based on management's estimate.
- q. **Advertising** – The Foundation expenses advertising as incurred. Advertising expense was \$1,708 and \$9,985 for the years ended September 30, 2008 and 2007, respectively.

2. Pledges Receivable

Pledges receivable relate to amounts owed from endowed pledges and events held to support the Foundation. The Foundation does not require collateral to substantiate these pledges. An allowance for uncollectible pledges is provided based on management's evaluation of potential uncollectible pledges receivable at year end. Management's estimate of the allowance for uncollectible pledges was \$308,084 at September 30, 2008. There was no estimate for allowance for uncollectible pledges at September 30, 2007. Since a significant portion of the outstanding pledges are not expected to be realized for a number of years, the pledge receivables have been discounted to the present value.

## Notes to Financial Statements

September 30, 2008 and 2007

2. Pledges Receivable (cont.)

Pledges receivable are summarized as follows:

	<u>2008</u>	<u>2007</u>
Unconditional promises expected to be collected in		
Less than one year	\$ 1,904,841	\$ 1,800,637
One year to five years	3,810,493	2,827,975
Greater than five years	<u>137,417</u>	<u>97,500</u>
	5,852,751	4,726,112
Less unamortized discount (5.34%)	<u>(631,611)</u>	<u>(685,172)</u>
	5,221,140	4,040,940
Current portion	<u>1,904,841</u>	<u>1,800,637</u>
Long-term portion	<u>\$ 3,316,299</u>	<u>\$ 2,240,303</u>

3. Investments

The Foundation's investments consist of the following:

	<u>2008</u>	<u>2007</u>
Marketable securities		
Carried at fair value		
U.S. Treasury securities	\$ 3,277,119	\$ 3,412,257
Corporate debt securities	2,375,330	2,442,819
Equity securities	9,384,717	10,780,726
Mutual funds	66,928	66,310
Accrued interest	61,611	50,939
Equity securities at cost	<u>87,500</u>	<u>75,000</u>
Total marketable securities	<u>\$ 15,253,205</u>	<u>\$ 16,828,051</u>

## Notes to Financial Statements

September 30, 2008 and 2007

3. **Investments (cont.)**

The following summarizes the investment return and its classification in the statements of activities and changes in net assets:

	<u>2008</u>	<u>2007</u>
Investment income, net of expense		
Dividends and interest	\$ 625,267	\$ 584,884
Investment expenses	<u>(239,588)</u>	<u>(150,055)</u>
	<u>385,679</u>	<u>434,829</u>
Net realized and unrealized gains (loss) on investments designated for long-term use		
Net realized gains	298,824	1,553,977
Net unrealized gains (losses)	<u>(3,235,419)</u>	<u>316,450</u>
	<u>(2,936,595)</u>	<u>1,870,427</u>
Net investment income (loss)	<u>\$ (2,550,916)</u>	<u>\$ 2,305,256</u>

4. **Property and Equipment**

Property and equipment consist of the following:

	<u>2008</u>	<u>2007</u>
Furniture and fixtures	\$ 31,673	\$ 29,814
Office equipment	<u>47,567</u>	<u>43,373</u>
	79,240	73,187
Less allowance for accumulated depreciation	<u>(61,461)</u>	<u>(54,855)</u>
	<u>\$ 17,779</u>	<u>\$ 18,332</u>

## Notes to Financial Statements

September 30, 2008 and 2007

5. Grants Payable

Grants payable are summarized as follows:

	<u>2008</u>	<u>2007</u>
Less than one year	\$ 8,067,166	\$ 5,900,000
One year to five years	<u>8,644,751</u>	<u>6,950,000</u>
	16,711,917	12,850,000
Less discount (4.75%)	<u>(552,614)</u>	<u>(330,000)</u>
	16,159,303	12,520,000
Current portion	<u>8,067,166</u>	<u>5,900,000</u>
Long-term portion	<u>\$ 8,092,137</u>	<u>\$ 6,620,000</u>

Additionally, the Foundation has committed to match certain grants to be awarded by another nonprofit foundation in future years of up to \$500,000. These amounts are not included in grants payable as of September 30, 2008 because that nonprofit foundation has yet to award the grants.

6. Restrictions on Net Assets

Permanently restricted net assets represent contributions made by donors who have restricted the use of their contributions to provide funding for The V Foundation Endowment Fund. The V Foundation Endowment Fund has been established to provide funding for the operations of the Foundation from the earnings on restricted assets.

The V Foundation Endowment Fund contributions totaled \$2,020,692 and \$1,629,809 for the years ended September 30, 2008 and 2007, respectively.

Temporarily restricted net assets represent contributions and event income that has been restricted for use by the donors. Contributions and event income restricted for this purpose totaled \$1,200,429 and \$334,250 for the years ended September 30, 2008 and 2007, respectively.

## Notes to Financial Statements

September 30, 2008 and 2007

7. Donations of In-kind Services

In-kind revenue and corresponding expenses recorded in these financial statements consist of the following:

	<u>2008</u>	<u>2007</u>
Call center	\$ -	\$ 7,340
Facility rent	-	4,050
Accounting	<u>554</u>	<u>6,935</u>
	<u>\$ 554</u>	<u>\$ 18,325</u>

8. Retirement Plan

The Foundation maintains a Simple IRA plan for its eligible employees. The Foundation matches up to 3% of each participating employee's compensation. The expense was \$20,414 and \$18,823 for the years ended September 30, 2008 and 2007, respectively.

9. Special Events

During 2008 and 2007, ESPN, Inc. (a cable television network) held several special events with the specific objective of promoting and publicizing the charitable, educational and research activities of the Foundation. Net proceeds to the Foundation from these events totaled \$763,499 and \$2,523,305 for the years ended September 30, 2008 and 2007, respectively.

In July 2008 and 2007, the Foundation held its annual Wine Celebration in Napa Valley, California. A specific objective of the celebration was to promote and publicize the charitable, educational and research activities of the Foundation. The Foundation received net proceeds from the dinners and auctions held during the Wine Celebration of \$1,372,008 and \$2,152,756 for the years ended September 30, 2008 and 2007, respectively.

The Foundation received contributions of \$118,989 and \$121,880 for the years ended September 30, 2008 and 2007, respectively, from the Jimmy V. Celebrity Golf Classic, a separate but affiliated organization.

The amounts due from these special events were \$58,000 and \$1,130,750 at September 30, 2008 and 2007, respectively, and are included in accounts receivable on the statements of financial position. No portion of these amounts was older than 90 days for either year. No finance charges were accrued.

## Notes to Financial Statements

September 30, 2008 and 2007

10. Lease Commitments

The Foundation leased office equipment under a zero interest capital lease that expired in 2007. The cost of the leased equipment was \$24,452. The amortization expense was \$4,840 for the year ended September 30, 2007. There was no amortization expense for the year ended September 30, 2008. The accumulated amortization was \$24,452 at September 30, 2008 and 2007.

A new postage machine was leased under an operating lease when the previously described capital lease expired, with an effective date of October 1, 2007.

The Foundation also leases its office space under an operating agreement which expires in 2011. Rent expense for the Foundation totaled \$47,785 and \$46,352 for the years ended September 30, 2008 and 2007, respectively. A schedule of future minimum lease payments under all of the Foundation's operating leases as of September 30, 2008 is as follows:

2009	\$	44,586
2010		44,586
2011		44,586
2012		<u>7,709</u>
	\$	<u>141,467</u>

11. Concentrations of Credit Risk

Financial instruments which potentially subject the Foundation to concentrations of credit risk consist primarily of pledge receivables with a variety of donors and cash and cash investments deposited with financial institutions and credit associations.

At September 30, 2008 and 2007 and at various times throughout these years, the Foundation maintained cash and cash investment balances with financial institutions in excess of Federal Deposit Insurance Corporation ("FDIC") insured limits.

Pledge receivables are from individuals throughout the United States and abroad. A substantial portion of the Foundation's revenues and support is derived from donor pledges. The Foundation is exposed to risk of fluctuations in capital markets and other economic factors.

At September 30, 2007, 84% of the Foundation's accounts receivable was from an affiliated organization and another 14% was from one other supporting organization.

During 2008 and 2007, the Foundation recognized program grants to three recipients that represented 19% and 33%, respectively, of grant expense.