

The Greater Cincinnati Foundation

Consolidated Financial Statements
as of and for the Years Ended
December 31, 2010 and 2009, and
Independent Auditors' Report

INDEPENDENT AUDITORS' REPORT

To the Governing Board of The Greater Cincinnati Foundation:

We have audited the accompanying consolidated statements of financial position of The Greater Cincinnati Foundation (GCF) and The HealthPath Foundation of Ohio (collectively, the "Foundation") as of December 31, 2010 and 2009, and the related consolidated statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our 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 audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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, such consolidated financial statements present fairly, in all material respects, the financial position of the Foundation as of December 31, 2010 and 2009, and the changes in their net assets and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Deloitte & Touche LLP

May 20, 2011

THE GREATER CINCINNATI FOUNDATION

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS OF DECEMBER 31, 2010 AND 2009

	2010	2009
ASSETS		
CASH AND CASH EQUIVALENTS	\$ 43,198,659	\$ 52,769,505
PLEDGES RECEIVABLE — Net	<u>132,716</u>	<u>577,548</u>
ACCRUED INTEREST RECEIVABLE	<u>485,738</u>	<u>182,524</u>
INVESTMENTS:		
Common stock	88,242,840	88,365,980
Bonds and demand notes	34,042,817	36,832,895
Collective investment and mutual funds	281,295,787	234,202,389
Program related investments	2,164,562	
Other	<u>3,033,960</u>	<u>5,839,057</u>
Total investments	<u>408,779,966</u>	<u>365,240,321</u>
PROPERTY AND EQUIPMENT — Net	<u>2,801,626</u>	<u>2,876,050</u>
BENEFICIAL INTEREST IN PERPETUAL AND REMAINDER TRUSTS	<u>7,151,812</u>	<u>8,629,399</u>
OTHER ASSETS	<u>5,795,159</u>	<u>6,132,772</u>
TOTAL	<u><u>\$468,345,676</u></u>	<u><u>\$436,408,119</u></u>
LIABILITIES AND NET ASSETS		
LIABILITIES:		
Accounts payable and accrued liabilities	\$ 132,304	\$ 121,165
Grants payable	4,924,236	5,195,124
Mortgage note payable	657,718	713,052
Assets held on behalf of others	3,973,380	3,517,727
Other liabilities	<u>6,096,161</u>	<u>6,897,773</u>
Total liabilities	<u>15,783,799</u>	<u>16,444,841</u>
NET ASSETS:		
Unrestricted	416,439,441	383,593,391
Temporarily restricted	<u>36,122,436</u>	<u>36,369,887</u>
Total net assets	<u>452,561,877</u>	<u>419,963,278</u>
TOTAL	<u><u>\$468,345,676</u></u>	<u><u>\$436,408,119</u></u>

See notes to consolidated financial statements.

THE GREATER CINCINNATI FOUNDATION

CONSOLIDATED STATEMENTS OF ACTIVITIES FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

	2010			2009		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
REVENUES, GAINS, AND OTHER SUPPORT:						
Contributions	\$ 62,466,873	\$ 5,032	\$ 62,471,905	\$ 55,383,029	\$ 191,063	\$ 55,574,092
Net realized gains and net appreciation in fair value of investments	33,085,561	1,926,630	35,012,191	56,327,713	4,002,426	60,330,139
Investment income	10,805,542	936,019	11,741,561	9,754,448	873,218	10,627,666
Change in value of beneficial interest in perpetual and remainder trusts	(213,797)	(1,441,480)	(1,655,277)	(1,854,062)	1,338,509	(515,553)
Other income	319,823	155,888	475,711	612,902	536,057	1,148,959
Net assets released from restrictions by satisfaction of donor and program requirements	<u>1,829,540</u>	<u>(1,829,540)</u>	<u>-</u>	<u>3,812,581</u>	<u>(3,812,581)</u>	<u>-</u>
Total revenues, gains (losses), and other support	<u>108,293,542</u>	<u>(247,451)</u>	<u>108,046,091</u>	<u>124,036,611</u>	<u>3,128,692</u>	<u>127,165,303</u>
EXPENSES:						
Grants	69,513,034		69,513,034	65,083,276		65,083,276
Administrative expenses	4,482,295		4,482,295	4,221,992		4,221,992
Investment management expenses	1,013,058		1,013,058	966,247		966,247
Other	<u>439,105</u>		<u>439,105</u>	<u>490,194</u>		<u>490,194</u>
Total expenses	<u>75,447,492</u>	<u>-</u>	<u>75,447,492</u>	<u>70,761,709</u>	<u>-</u>	<u>70,761,709</u>
CHANGE IN NET ASSETS	32,846,050	(247,451)	32,598,599	53,274,902	3,128,692	56,403,594
NET ASSETS — Beginning of year	<u>383,593,391</u>	<u>36,369,887</u>	<u>419,963,278</u>	<u>330,318,489</u>	<u>33,241,195</u>	<u>363,559,684</u>
NET ASSETS — End of year	<u>\$416,439,441</u>	<u>\$36,122,436</u>	<u>\$452,561,877</u>	<u>\$383,593,391</u>	<u>\$36,369,887</u>	<u>\$419,963,278</u>

See notes to consolidated financial statements.

THE GREATER CINCINNATI FOUNDATION

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 32,598,599	\$ 56,403,594
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Net realized gains and net appreciation in fair value of investments	(35,012,191)	(60,330,139)
Depreciation	126,503	130,852
Loss on disposal of fixed asset		110,106
Changes in assets and liabilities:		
Beneficial interest in perpetual and remainder trusts	1,477,587	303,924
Pledges and accrued interest receivable and other assets	479,231	333,887
Accounts payable and accrued liabilities	11,139	53,376
Grants payable	(270,888)	773,008
Assets held on behalf of others	455,653	675,604
Other liabilities	(801,612)	(132,144)
Net cash used in operating activities	<u>(935,979)</u>	<u>(1,677,932)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(52,079)	(24,460)
Proceeds from sales and maturities of investments	179,055,625	171,651,074
Purchase of investments	<u>(187,583,079)</u>	<u>(172,197,347)</u>
Net cash used in investing activities	<u>(8,579,533)</u>	<u>(570,733)</u>
CASH FLOWS FROM FINANCING		
ACTIVITIES — Repayments on mortgage loan	<u>(55,334)</u>	<u>(53,595)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS		
	(9,570,846)	(2,302,260)
CASH AND CASH EQUIVALENTS — Beginning of year	<u>52,769,505</u>	<u>55,071,765</u>
CASH AND CASH EQUIVALENTS — End of year	<u>\$ 43,198,659</u>	<u>\$ 52,769,505</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION — Interest paid		
	<u>\$ 27,385</u>	<u>\$ 31,691</u>

See notes to consolidated financial statements.

THE GREATER CINCINNATI FOUNDATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

1. ORGANIZATION AND GENERAL INFORMATION

The consolidated financial statements of The Greater Cincinnati Foundation (GCF) include the accounts of GCF and The HealthPath Foundation of Ohio (“HealthPath Foundation”), (collectively, the “Foundation”). GCF is recognized by the Internal Revenue Service as exempt from federal income taxes under Section 501(a) of the Internal Revenue Code as a charitable organization qualifying under Section 501(c)(3). GCF is a charitable organization that builds and preserves funds, identifies opportunities to improve the quality of life for people in the region, and responds with grants addressing six key areas: arts and culture, community progress, education, the environment, health, and human services. Formed in 1963, the Foundation provides philanthropic leadership to eight counties in the Ohio-Kentucky-Indiana region.

The HealthPath Foundation is a tax exempt, controlled supporting organization of GCF. GCF’s Board of Governors appoints the majority of the Board of Trustees for The HealthPath Foundation. The HealthPath Foundation’s mission is to support the health care needs of indigent Ohio citizens in a 36-county region with a current emphasis on preventive oral health care and the prevention of family violence.

Unrestricted Net Assets — Unrestricted net assets are free from donor imposed restrictions. These funds are maintained and distributed at the discretion of the Governing Board of the Foundation.

Temporarily Restricted Net Assets — Temporarily restricted net assets are those whose use by the Foundation has been limited by donors to a specific time period or purpose. These funds include amounts temporarily restricted by donors for certain operating purposes and include health service activities (see Note 3).

Donor-Restricted Gifts — Unconditional promises to give cash and other assets are reported at fair value at the date the promise is received. The gifts are reported as temporarily restricted support when they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is satisfied, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

2. SIGNIFICANT ACCOUNTING POLICIES

General — The accounts of the Foundation are maintained, and the accompanying consolidated financial statements have been prepared on, the accrual basis of accounting and all intercompany balances and transactions have been eliminated in consolidation.

Cash and Cash Equivalents — Cash and cash equivalents include cash on hand and other deposits with an original investment term of three months or less. Cash and cash equivalents are stated at cost which approximates fair value. Financial instruments that potentially subject the Foundation to significant concentrations of credit risk consist principally of cash deposits. The Foundation maintains cash balances at financial institutions with strong credit ratings. These bank deposit balances generally exceed federally insured limits. We have not experienced any losses in such accounts and we believe we are not exposed to any significant credit risk or loss.

Investments — Investments in common stocks, bonds and demand notes, and collective investment and mutual funds are carried at fair value. When available, fair value is determined by quoted market prices in an active market. In situations in which quoted market prices are not available, the Foundation uses appraised value, net asset value (or its equivalent), or other observable inputs such as benchmark yields, reported trades, broker/dealer quotes, issuer spreads, benchmark securities, bids, offers and reference data market research publications. The Foundation's other investments include annuity contracts, which are recorded at contract value. The Foundation's other investments also include real estate investments and private equity funds, which are primarily held through limited partnerships. The estimated fair values of these limited partnership investments are based on valuations provided by the external investment managers or general partners, adjusted for cash receipts, disbursements and significant known valuation changes. The Foundation believes the carrying values of these investments are a reasonable estimate of fair value. Because these investments are not readily marketable, their estimated value is subject to uncertainty and, therefore, may differ from the value that would have been used had a ready market for such investments existed. Such differences could be material.

The Foundation maintains pooled investment accounts for its endowments. Investment income and realized and unrealized gains and losses from securities in the pooled investment accounts are allocated monthly to the individual endowments based on the relationship of the fair value of the interest of each endowment to the total fair value of the pooled investment accounts, as adjusted for additions to or deductions from those accounts. The amounts held for others are also a component of the pooled investment fund and reflect the funds held by the Foundation for the benefit of outside parties.

Net changes in fair value of investments and realized gains and losses on investments disposed are reported in the combined statements of activities as net realized gains (losses) and net appreciation (depreciation) in fair value of investments.

Program-Related Investments — The Foundation has program-related investments in local entities, primarily in the form of loans that bear interest at rates from 1% to 3 % at December 31, 2010. These amounts are designated to be returned to the Foundation at a later date.

Contributions — The Foundation reports contributions as unrestricted support, except for assets held on behalf of others, which are reported as a liability. The bylaws of the Foundation include a variance provision and powers modification, giving the Board of Trustees the power to vary the use of funds if a restriction is expressed by a donor. Based on these provisions, all contributions received by the Foundation are reported as unrestricted support when an unconditional promise to give is received. Contributions receivable are reported as temporarily restricted support until received. Contributions are recorded at fair value at the date of donation.

Spending Policy — Effective January 1, 2000, the Foundation, for certain funds, adopted a spending policy for contributions received. The spending policy was applied to funds that fell under the auspices of the Ohio Institutional Trust Funds Act (Act) of 1999. Such Act, with certain limitations, provides for the Foundation to apply its policy whereby the annual distribution is to be based on a percent (which management has currently established at 5%) of the average market value of the invested contributions over a prior number of periods (which management has currently established at 20 quarters). Market value of the fund includes the original contributions plus all recorded dividends and interest and all appreciation realized on the funds' investments.

Use of Estimates — The preparation of the 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.

Risks and Uncertainties — Investment securities are exposed to various risks, such as interest rate, credit and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in risks and values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statements of financial position.

Concentration — Invested assets which potentially expose the Foundation to concentrations of credit risk include cash and cash equivalents and investments. As a matter of policy, the Foundation only maintains invested assets with highly rated financial institutions. In addition, the majority of the Foundation's invested assets are held in trusts administered by locally based national banks. Concentration of credit risk for investments in the Foundation's portfolios is mitigated by both the distribution of funds among asset managers and the overall diversification of each managed investment portfolio.

Recent Accounting Pronouncements — In January 2010, the FASB issued guidance under ASC Topic 820, *Improving Disclosure about Fair Value Measurements*, which requires additional disclosures to recurring and non-recurring fair value measurements. A reporting entity is to disclose significant transfers in and out of Level 1 and Level 2, and describe the reason for those transfers. Additionally, an entity is to present separately, on a gross basis, information about purchase, sales, issuances, and settlements pertaining to the activity in Level 3. The guidance also clarifies the level of disaggregation and disclosures about input and valuation techniques used to determine Level 2 and Level 3 measurements. The ASC Topic 820 update is effective for reporting periods beginning after December 15, 2009 (except for the requirement to separately disclose purchases, sales, issuances and settlements in the Level 3 roll forward, which becomes effective for fiscal periods beginning after December 15, 2010). The adoption of this guidance did not have a material impact on the Foundation's financial position, results of operations, or cash flows as of and for the year ended December 31, 2010.

3. FAIR VALUE OF FINANCIAL INSTRUMENTS

ASC 820, *Fair Value Measurements and Disclosures*, establishes a framework for measuring fair value, and requires expanded disclosures about fair value measurements. The standard applies when GAAP requires or allows assets or liabilities to be measured at fair value.

ASC 820 defines fair value as 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. ASC 820 establishes a three-level hierarchy to be used when measuring and disclosing fair value. The fair value hierarchy gives the highest priority to quoted prices available in active markets (i.e., observable inputs) and the lowest priority to data lacking transparency (i.e., unobservable inputs).

Following is a description of the three hierarchy levels:

Level 1 — Inputs are quoted prices in active markets for identical asset or liabilities as of the measurement date.

Level 2 — Inputs are other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices in active markets for similar assets or liabilities; quoted prices in inactive markets for identical or similar assets or liabilities; or inputs that are observable or can be corroborated by observable market data by correlation or other means for substantially the full term of the assets or liabilities.

Level 3 — Unobservable inputs are supported by little or no market activity. The unobservable inputs represent management's best assumptions of how market participants would price the assets or liabilities.

The following table presents information about the fair value of the Foundation's assets at December 31, 2010, according to the valuation techniques used by the Foundation to determine those fair values. All other Foundation financial instruments' fair values approximate carrying values and as such are not included in table below.

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Fair Value
Mutual funds	<u>\$ 279,390,513</u>	<u>\$ 1,905,274</u>	<u>\$ -</u>	<u>\$ 281,295,787</u>
Debt securities:				
Mortgage pools	1,179,667			1,179,667
Mortgages	100,064			100,064
U.S. Treasury securities	600,524			600,524
Government obligations	744,690			744,690
Closed end funds & Exchange traded products	2,554,418			2,554,418
US Government bonds	6,701,516			6,701,516
Agency bonds	1,007,507			1,007,507
Treasury bonds	2,408,567			2,408,567
Corporate bonds	17,064,018			17,064,018
Foreign bonds	755,774			755,774
Municipal bonds	674,840			674,840
Other fixed income assets	200,160			200,160
Fixed Income bonds	<u>51,072</u>			<u>51,072</u>
Total debt securities	<u>34,042,817</u>	<u>-</u>	<u>-</u>	<u>34,042,817</u>
Equity securities:				
Basic materials	13,043,671			13,043,671
Conglomerates	2,043,147			2,043,147
Consumer goods	9,183,361			9,183,361
Financial services	11,808,955			11,808,955
Healthcare	8,493,482			8,493,482
Industrial goods	6,209,499			6,209,499
Services	12,326,415		955,284	13,281,699
Technology	17,870,666			17,870,666
Utilities	1,027,324			1,027,324
Preferred stocks	74,020			74,020
Foreign stocks	<u>5,207,016</u>			<u>5,207,016</u>
Total equity securities	<u>87,287,556</u>	<u>-</u>	<u>955,284</u>	<u>88,242,840</u>
Private equity investments			882,851	882,851
Other assets	<u>109,531</u>			<u>109,531</u>
Total	<u>\$ 400,830,417</u>	<u>\$ 1,905,274</u>	<u>\$ 1,838,135</u>	<u>\$ 404,573,826</u>
Changes in Level 3 assets measured at fair value:				
Balance January 1, 2010				\$ 830,658
Transfers into Level 3				955,284
Total realized and unrealized gains				<u>52,193</u>
Balance December 31, 2010				<u>\$ 1,838,135</u>

The following table presents information about the fair value of the Foundation's assets at December 31, 2009, according to the valuation techniques used by the Foundation to determine those fair values.

	Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	Total Fair Value
Common stock	\$ 88,365,980	\$ -	\$ -	\$ 88,365,980
Bonds and demand notes	36,832,895			36,832,895
Collective investments and mutual funds	231,455,529	2,746,860		234,202,389
Asset allocation strategies	<u>5,008,399</u>		<u>830,658</u>	<u>5,839,057</u>
 Total assets at fair value	 <u>\$ 361,662,803</u>	 <u>\$ 2,746,860</u>	 <u>\$ 830,658</u>	 <u>\$ 365,240,321</u>
 Changes in Level 3 assets measured at fair value:				
Balance — January 1, 2009				\$ 1,080,704
Total realized and unrealized losses				(324,521)
Capital calls				<u>74,475</u>
 Balance — December 31, 2009				 <u>\$ 830,658</u>

4. ENDOWMENTS

The Foundation has adopted investment and spending policies for board-designated endowment assets. The investment policy establishes an achievable return objective through diversification of asset classes. The current long-term return objective is to return 8%, net of investment fees. Actual returns in any given year may vary from this amount.

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk parameters.

The spending policy calculates the amount of money annually distributed from the Foundation's various board-designated endowment assets for grantmaking and administration. The current spending policy is to distribute an amount equal to 5% of a moving five-year average.

There are no donor permanently restricted endowments at December 31, 2010 or 2009. A reconciliation of board-designated unrestricted endowment net assets for the year ended December 31, 2010 and 2009, is as follows:

	2010	2009
Endowment net assets — beginning of year	<u>\$ 235,755,938</u>	<u>\$ 198,467,044</u>
Interest and dividends — net of investment expense	4,496,881	3,854,217
Net appreciation	22,764,101	35,056,833
Contributions	8,159,846	10,359,522
Amounts appropriated for expenditure	(12,215,245)	(14,452,368)
Other changes	<u>(1,718,667)</u>	<u>2,470,690</u>
Change in endowment net assets	<u>21,486,916</u>	<u>37,288,894</u>
Endowment net assets — end of year	<u>\$ 257,242,854</u>	<u>\$ 235,755,938</u>

The composition of unrestricted net assets as of December 31, 2010 and 2009, is as follows:

	2010	2009
Board-designated funds:		
Agency	\$ 3,973,380	\$ 3,519,297
General purpose	97,070,270	90,370,252
Field of interest	35,686,442	30,066,729
Scholarship	36,600,202	34,088,620
All other designations	<u>83,467,728</u>	<u>77,711,040</u>
Total endowment funds	256,798,022	235,755,938
Non endowment funds — donor advised	159,234,318	146,230,497
Other unrestricted net assets	<u>407,101</u>	<u>1,606,956</u>
Total unrestricted net assets	<u>\$ 416,439,441</u>	<u>\$ 383,593,391</u>

5. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are restricted for the following purposes (amounts below represent net assets):

	2010	2009
GCF:		
Beneficial interest in perpetual and remainder trusts	\$ 7,151,812	\$ 8,629,399
Other	<u>4,949,875</u>	<u>4,830,356</u>
	12,101,687	13,459,755
HealthPath Foundation — health services	<u>24,020,749</u>	<u>22,910,132</u>
Total	<u>\$ 36,122,436</u>	<u>\$ 36,369,887</u>

6. NET ASSETS RELEASED FROM RESTRICTIONS

In 2010 and 2009, \$1,829,540 and \$3,812,581, respectively, of net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of other events specified by donors.

7. PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2010 and 2009, consists of the following:

	2010	2009
Building and improvements	\$ 3,620,773	\$ 3,602,241
Software	219,066	187,106
Computer and office equipment	221,591	220,004
Furniture	328,858	328,858
Telephone system	<u>30,060</u>	<u>30,060</u>
Total	4,420,348	4,368,269
Less accumulated depreciation	<u>(1,618,722)</u>	<u>(1,492,219)</u>
Property and equipment — net	<u>\$ 2,801,626</u>	<u>\$ 2,876,050</u>

Generally, purchases of property and equipment having a unit cost in excess of \$1,000 are capitalized. Depreciation is computed using the straight-line method over the estimated useful lives of the assets which range from three to forty years. Depreciation expense in 2010 and 2009, was \$126,503 and \$130,852, respectively.

8. PLEDGES RECEIVABLE

The Foundation has received pledges for payments over several years. Receipts are expected as follows:

	2010	2009
Within one year	\$ 85,000	\$ 396,931
In one to five years	<u>51,165</u>	<u>206,915</u>
Total	136,165	603,846
Present value discount	<u>(3,449)</u>	<u>(26,298)</u>
Total	<u>\$ 132,716</u>	<u>\$ 577,548</u>

9. GRANTS PAYABLE

Grants payable in the accompanying consolidated statement of financial position are approved for payment and are payable within one year of the date of the financial statements for GCF and within multiple years of the date of the financial statements for the HealthPath Foundation.

10. MORTGAGE NOTE PAYABLE

The mortgage note payable is a loan from a bank with an adjustable interest rate (3.89% until November 1, 2013; thereafter, the interest rate will be adjusted on each 60 month anniversary until the maturity date, to the then current average yield on United States Treasury Securities adjusted to a constant maturity of five years) with a final maturity in May 2020. The buildings and improvements (see Note 6) with a December 31, 2010, cost basis of \$3,620,773 are pledged as collateral for this loan. Principal repayments due under the mortgage loan are as follows: 2011, \$58,246; 2012, \$60,552; 2013, \$62,950; 2014, \$65,443; 2015, \$68,003; and thereafter, \$342,524.

11. ADMINISTRATIVE EXPENSES

Administrative expenses were incurred for the following:

	2010	2009
Charitable and philanthropic programs	\$ 1,429,852	\$ 981,376
Development	681,309	800,684
Management and general	<u>2,371,134</u>	<u>2,439,932</u>
Total	<u>\$4,482,295</u>	<u>\$4,221,992</u>

For 2010 and 2009, \$146,844 and \$125,228, respectively, of management and general expenses were related to services provided to The HealthPath Foundation by GCF.

12. BENEFICIAL INTEREST IN PERPETUAL AND REMAINDER TRUSTS AND OTHER ASSETS

The amount recognized for beneficial interest in perpetual and remainder trusts represents the present value of estimated future receipts from such trusts.

Other assets consist of collections, notes receivable, and insurance policies for which the Foundation has been named beneficiary and/or owner. The collections are recognized in the consolidated statements of financial position at their appraised value on the date the gift was received. Insurance policies have been valued at the present value of their expected future cash flows with a liability recognized (included in other liabilities) for the amount that will be paid to other organizations upon the death of the donor.

13. ASSETS HELD ON BEHALF OF OTHERS

Assets held on behalf of others at December 31, 2010 and 2009, of \$3,973,380 and \$3,517,727, respectively, recognized in the accompanying consolidated statements of financial position are for endowments held by the Foundation on behalf of Cincinnati, Ohio area not-for-profit agencies.

14. RETIREMENT PLAN

The Foundation has a 401(k) plan that covers substantially all employees. Contributions were approximately \$75,000 and \$56,000 for the years ended December 31, 2010 and 2009, respectively.

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