

Financial Highlights

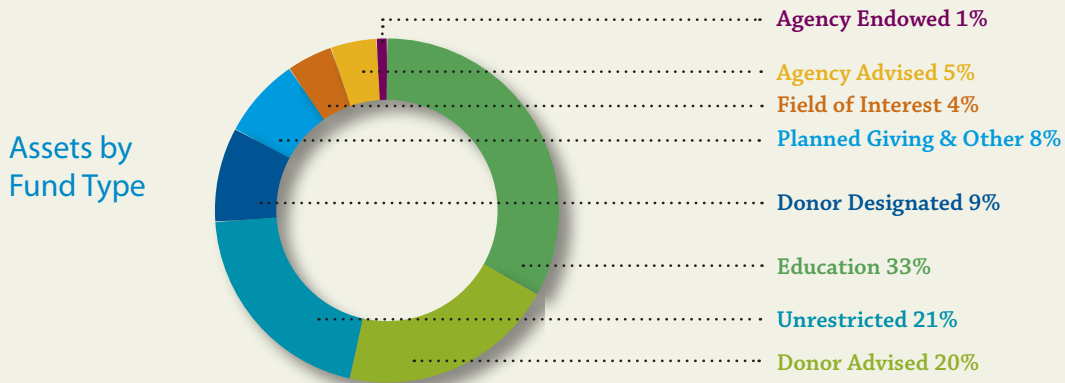
	2004	2005	2006	2007	2008
Total Assets ¹	\$96,512,635	\$101,539,892	\$114,259,713	\$125,920,083	\$121,829,942
Operating Expenses ²	\$1,055,169	\$1,057,632	\$1,135,431	\$1,182,578	\$1,279,213
Operating Expenses as a Percentage of Total Assets	1.1%	1.0%	1.0%	.9%	1.0%
Contributions ³	\$5,682,337	\$7,125,697	\$9,845,805	\$9,787,234	\$9,204,346
Grants ⁴	\$7,130,507	\$5,341,394	\$6,364,073	\$7,638,160	\$10,105,790

¹ Includes trust assets owned by Bank of America for which the Community Foundation provides grantmaking services.

² Does not include investment management fees.

³ Includes fees received from Bank of America for providing grantmaking services.

⁴ Includes grants from trust assets owned by Bank of America for which the Community Foundation provides grantmaking services; excludes student loans.



Distributions 2007-2008

Competitive (Discretionary) Grants	\$956,044
Bank of America Competitive Grants	\$841,500
Donor Advised and Designated Grants	\$6,433,244
Scholarships and Loans*	\$2,438,002
Total	\$10,668,790

*Includes loans of \$563,000.

Assets by Fund Type

	No. of Funds	Fund Balance
Education	115	\$31,987,649
Donor Advised	176	19,028,427
Unrestricted	24	19,957,071
Donor Designated	41	8,978,467
Planned Giving & Other	32	7,382,969
Field of Interest	24	3,945,104
Agency Advised	74	4,882,677
Agency Endowed	28	1,027,572
Total	514	\$97,189,936

Bank of America Trust Assets \$24,640,006

Investment Program

Under the supervision of the Investment Committee (see pg 21), the assets of the Community Foundation are pooled into a number of diversified investment portfolios. Each of these portfolios assumes a risk level consistent with the varying provisions of each of the charitable funds it holds regarding how and when the income and/or principal is to be expended.

The Community Foundation's primary investment goal for funds invested for the long term is the generation of maximum, long-term total return within levels of risk determined to be prudent by the Committee. Such investment is designed to achieve the total return necessary to preserve the principal of the funds after deductions for expenses, inflation, and the distributable amounts prescribed by the distribution policy of the Foundation. Ideally, the Committee seeks to achieve net returns greater than those of a composite benchmark comprised of those indices identified by the Committee as most appropriate for each portfolio.

Diversification of investments is one of the Committee's primary strategies for fulfilling the

Foundation's responsibilities. Since the selection and weighting of asset classes are primary determinants of both investment return and volatility, the selection of those classes and the allocations among them are regularly and carefully considered and monitored by the Investment Committee.

A portfolio consisting mainly of Vanguard Group mutual funds and a number of non-traditional investment partnerships, and a diversified portfolio managed by Bank of America, make up about two-thirds of the Community Foundation's assets. Managers of other portfolios, all of which serve at the pleasure of the Investment Committee, include American Funds, RBC Dain Rauscher and Trillium Asset Management Corporation.

The Committee retains Timothy W. Dempsey of DHK Financial Advisors, Inc., Portsmouth, New Hampshire, as an independent advisor for help in the setting of investment policy, asset allocation, performance measurement and benchmarking, and the selection of investment managers.

Copies of the Community Foundation's Investment Policy and Operating Principles are available upon request.

2007-2008 Investment Committee Commentary

Fiscal year 2008 was a difficult year to achieve any significant investment growth. Our Global Growth Portfolio, which holds over \$44 million (the assets of some 75% of the individual charitable funds of the Foundation), returned .2% for the one-year period, 8.5% for the three years, and 12.4% for the five years ending March 31st but thankfully outperformed both its one and three-year benchmark by 1.3 percentage points, and its five-year benchmark by almost one full percentage point. Our other common portfolios all matched their one, three and five-year benchmarks. In all cases, these returns are expressed net of investment management fees.

Our overall investment performance last year was severely affected by the significant downturn in the worldwide equity markets during the last

three months of calendar year 2007 and the first three months of 2008. Investment gains of over 7% for the first six months were virtually eliminated in the second half of the year. Thankfully, the crisis in the sub-prime bond market did not affect any of our portfolios directly to even the slightest degree; however, there was no escaping the crisis in confidence this caused and the escalating price of energy, both of which negatively impacted all investment markets.

During the year, the Committee continued to deploy assets in the Global Growth Portfolio and the Bank of America Trust Portfolio to a number of non-public investment partnerships. As of the end of the fiscal year, 11.6% of our Global Growth Portfolio was invested in some fourteen private placement alternative type investments, including multi-strategy hedge funds, venture capital and private equity funds,

private real estate and natural resource funds, and a well diversified mezzanine financing partnership. Bank of America, manager of our second largest portfolio, also continued to allocate to a similarly broad array of alternative investment partnerships. As of the end of the fiscal year, 8.3% of this portfolio had been allocated to this broad asset class to many of the same partnerships held by our Global Growth Portfolio. Both the Investment Committee and the Bank have agreed to set a target allocation to these types of investments at 15%, a goal it will reach over the next several years.

Finally, during the past year the Committee said farewell to Jay Yoder, a member of the Investment Committee since 2001, whose relocation to North Carolina fulfilled a lifelong dream. Jay's knowledge, experience, and commitment to the mission of the Community Foundation were truly invaluable. His counsel will be greatly missed. We were extremely fortunate that Mauricia Geissler, Amherst College's director of investments, agreed to fill that vacancy. Mauricia brings a tremendous wealth of expertise, knowledge and experience, and we are all extremely grateful that she has agreed to serve the Foundation in this manner.

Funds Assisted in Grantmaking

The Community Foundation advises and assists in grantmaking, serving as a centralized clearinghouse for grant applications, notification of awards, distribution of funds, and monitoring and evaluation of grants for a number of trust funds held by Bank of America. These funds are not controlled by the Community Foundation, are not included in the audited financial statements, and total \$24,640,006.

Total funds under management or available for charitable purposes: \$121,829,942.

Statements of Financial Position

March 31, 2008 and 2007

	2008	2007
Assets		
Cash and money market funds	\$2,671,447	\$ 3,931,215
Investments	85,163,521	86,261,968
Assets held under charitable trusts	5,624,383	5,939,817
Contributions receivable, net	657,294	788,903
Note receivable	561,853	596,959
Loans receivable, net	2,447,666	2,374,641
Prepaid expenses	28,950	25,453
Property and equipment, net	34,822	39,240
Total Assets	\$97,189,936	\$99,958,196
Liabilities and Net Assets		
Liabilities		
Accrued expenses	\$18,811	\$ 91,960
Liability under unitrust agreements	3,782,345	3,868,748
Agency funds	4,972,436	4,005,390
Total Liabilities	8,773,592	7,966,098
Net Assets		
Unrestricted	28,329,632	29,654,797
Temporarily restricted	55,396,308	57,647,555
Permanently restricted	4,690,404	4,689,746
Total Net Assets	88,416,344	91,992,098
Total Liabilities and Net Assets	\$97,189,936	\$99,958,196

A complete set of audited financial statements is available upon request.