



**THE CORPORATION FOR JEFFERSON'S
POPLAR FOREST AND SUBSIDIARY
FINANCIAL REPORT
December 31, 2010 and 2009**

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POPLAR FOREST AND SUBSIDIARY**

FINANCIAL REPORT

December 31, 2010 and 2009

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
The Corporation for Jefferson's
Poplar Forest and Subsidiary
Forest, Virginia

We have audited the accompanying consolidated statements of financial position of The Corporation for Jefferson's Poplar Forest and Subsidiary (the "Corporation") as of December 31, 2010 and 2009, and the related consolidated statements of activity and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these consolidated 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 consolidated 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 Corporation's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of The Corporation for Jefferson's Poplar Forest and Subsidiary 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.

Brown, Edwards & Company, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

Lynchburg, Virginia
May 23, 2011

**THE CORPORATION FOR JEFFERSON'S
POPLAR FOREST AND SUBSIDIARY**

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
December 31, 2010 and 2009**

ASSETS	2010	2009
CURRENT ASSETS		
Cash and cash equivalents	\$ 274,441	\$ 121,814
Investments	1,699,811	2,423,084
Contributions receivable, net of allowance for uncollectible contributions, \$5,000 in 2010 and 2009	17,976	34,969
Inventory	114,984	86,809
Other assets	140,248	126,267
Total current assets	2,247,460	2,792,943
CONTRIBUTIONS RECEIVABLE, long-term	3,174	20,556
PROPERTY AND EQUIPMENT, net	12,742,214	12,683,374
HISTORIC COLLECTIONS	209,713	206,113
	<u>\$ 15,202,561</u>	<u>\$ 15,702,986</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 48,265	\$ 27,094
Line of credit	50,000	160,000
Current maturities of long-term debt	37,154	35,096
Accrued expenses	82,818	77,324
Total current liabilities	218,237	299,514
LONG-TERM DEBT, net of current maturities	927,031	964,202
NET ASSETS		
Unrestricted:		
Current operations	12,069,722	12,386,967
Funds functioning as endowment	1,324,084	1,308,400
Total unrestricted net assets	13,393,806	13,695,367
Temporarily restricted	549,827	680,243
Permanently restricted	113,660	63,660
Total net assets	14,057,293	14,439,270
	<u>\$ 15,202,561</u>	<u>\$ 15,702,986</u>

The Notes to Consolidated Financial Statements
are an integral part of these statements.

**THE CORPORATION FOR JEFFERSON'S
POPLAR FOREST AND SUBSIDIARY**

**CONSOLIDATED STATEMENTS OF ACTIVITY
Years ended December 31, 2010 and 2009**

	2010				2009			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
SUPPORT AND REVENUE								
Gifts	\$ 673,300	\$ 109,979	\$ 50,000	\$ 833,279	\$ 627,846	\$ 244,050	\$ -	\$ 871,896
Government grants	192,345	-	-	192,345	296,755	-	-	296,755
Change in discount of contributions receivable	-	891	-	891	-	36	-	36
Visitation	366,254	-	-	366,254	369,968	-	-	369,968
Rental property	206,011	-	-	206,011	223,071	-	-	223,071
Investment income	28,318	202	-	28,520	46,560	252	-	46,812
Net unrealized and realized gains on investments	54,950	651	-	55,601	265,433	1,654	-	267,087
Miscellaneous	21,388	-	-	21,388	30,216	-	-	30,216
Loss on sales of fixed assets	(1,782)	-	-	(1,782)	(941)	-	-	(941)
Uncollectible contributions	(750)	-	-	(750)	-	-	-	-
Net assets released from restrictions:								
Satisfaction of program restrictions	219,658	(219,658)	-	-	274,380	(274,380)	-	-
Expiration of time restrictions	22,481	(22,481)	-	-	9,396	(9,396)	-	-
Total support and revenue	1,782,173	(130,416)	50,000	1,701,757	2,142,684	(37,784)	-	2,104,900
EXPENSES								
Program:								
Restoration	752,287	-	-	752,287	679,452	-	-	679,452
Visitation/interpretation	720,435	-	-	720,435	716,393	-	-	716,393
Supporting:								
Rental properties	143,300	-	-	143,300	144,400	-	-	144,400
Administrative	122,247	-	-	122,247	126,015	-	-	126,015
Public relations	87,449	-	-	87,449	111,394	-	-	111,394
Fundraising	258,016	-	-	258,016	317,006	-	-	317,006
Total expenses	2,083,734	-	-	2,083,734	2,094,660	-	-	2,094,660
CHANGE IN NET ASSETS	(301,561)	(130,416)	50,000	(381,977)	48,024	(37,784)	-	10,240
NET ASSETS								
Beginning	13,695,367	680,243	63,660	14,439,270	13,647,343	718,027	63,660	14,429,030
Ending	\$ 13,393,806	\$ 549,827	\$ 113,660	\$ 14,057,293	\$ 13,695,367	\$ 680,243	\$ 63,660	\$ 14,439,270

The Notes to Consolidated Financial Statements
are an integral part of these statements.

**THE CORPORATION FOR JEFFERSON'S
POPLAR FOREST AND SUBSIDIARY**

**CONSOLIDATED STATEMENTS OF CASH FLOWS
Years ended December 31, 2010 and 2009**

	<u>2010</u>	<u>2009</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (381,977)	\$ 10,240
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Non-cash gifts	(39,854)	(36,994)
Non-cash expenses	27,991	25,849
Depreciation	260,937	244,287
Loss on sales of fixed assets	1,782	941
Realized and unrealized gains on investments	(55,601)	(267,087)
Contributions restricted for investment in endowment	(50,000)	-
Decrease (increase) in:		
Contributions receivable	34,375	(33,340)
Inventory	(28,175)	1,396
Other assets	(13,981)	(27,754)
Increase (decrease) in:		
Accounts payable	10,693	(20,686)
Accrued expenses	5,494	16,728
Net cash used in operating activities	<u>(228,316)</u>	<u>(86,420)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Net sales (purchases) of investments	778,874	(270,533)
Purchase of property and equipment, including collections	(302,818)	(353,868)
Net cash provided by (used in) investing activities	<u>476,056</u>	<u>(624,401)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Borrowings from (payments on) line of credit, net	(110,000)	160,000
Principal payments on long-term debt	(35,113)	(517,835)
Contributions restricted for investment in endowment	50,000	-
Net cash used in financing activities	<u>(95,113)</u>	<u>(357,835)</u>
Net increase (decrease) in cash and cash equivalents	152,627	(1,068,656)
CASH AND CASH EQUIVALENTS		
Beginning	121,814	1,190,470
Ending	<u>\$ 274,441</u>	<u>\$ 121,814</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid during the year for:		
Interest	<u>\$ 61,739</u>	<u>\$ 68,438</u>
NONCASH INVESTING ACTIVITY		
Gifts of property, including collections	<u>\$ 11,863</u>	<u>\$ 11,145</u>
Amounts in accounts payable for property and equipment	<u>\$ 10,478</u>	<u>\$ -</u>

The Notes to Consolidated Financial Statements are an integral part of these statements.

**THE CORPORATION FOR JEFFERSON'S
POPLAR FOREST AND SUBSIDIARY**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2010 and 2009**

Note 1. Summary of Significant Accounting Policies

The mission of The Corporation for Jefferson's Poplar Forest (the "Corporation") is to preserve Jefferson's plantation and retreat for the educational and cultural benefit of the public and to inspire people to address the issues of today with Jefferson's spirit of creativity and curiosity. The Corporation solicits individuals, corporations, and foundations for contributions and grants.

The consolidated financial statements of the Corporation have been prepared on the accrual basis. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

Principles of consolidation:

The consolidated financial statements include the accounts of the Corporation and its wholly owned subsidiary, Poplar Forest Swim and Tennis Club, Inc. The Swim and Tennis Club was operating on the tract of land immediately west of the Jefferson house prior to 1993 when the Corporation purchased that historic property. All significant intercompany transactions have been eliminated in consolidation.

Estimates:

The preparation of financial statements in conformity with U. S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could vary from the estimates that were used.

Classification of net assets:

The Corporation's net assets have been grouped into the following three classes:

Unrestricted Net Assets – Unrestricted net assets generally result from revenues derived from providing services, receiving unrestricted contributions, recognizing unrealized and realized gains and losses, and receiving dividends and interest from investing in income-producing assets; less expenses incurred in providing services, raising contributions, and performing administrative functions.

Temporarily Restricted Net Assets – Temporarily restricted net assets generally result from contributions and other inflows of assets whose use by the Corporation is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Corporation pursuant to those stipulations.

Permanently Restricted Net Assets – Permanently restricted net assets generally result from contributions and other inflows of assets whose use by the Corporation is limited by donor-imposed stipulations that neither expire nor can be fulfilled or otherwise removed by the Corporation.

**THE CORPORATION FOR JEFFERSON'S
POPLAR FOREST AND SUBSIDIARY**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2010 and 2009**

Note 1. Summary of Significant Accounting Policies (Continued)

Classification of gifts:

Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a 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.

The Corporation reports gifts of land, buildings, and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Corporation reports expirations of donor restrictions as unrestricted when the donated or acquired long-lived assets are placed in service.

Cash and cash equivalents:

For the purposes of the statement of cash flows, the Corporation considers cash and cash equivalents to include cash on hand and temporary investments purchased with an original maturity of three months or less. The Corporation's cash is deposited with one regional bank. Deposits were not in excess of insured limits at December 31, 2010.

Investments:

Investments are recorded at market value as of the balance sheet date. Net unrealized and realized gains and losses are reflected in the statement of activities. Gifts of investments are recorded at their fair value as of the date of gift.

Inventory:

Inventory (of the Museum Shop) is stated at the lower of cost (first-in, first-out basis) or market.

Property and equipment:

Property and equipment are stated at cost at the date of acquisition or fair value at the date of donation, in the case of gifts, less accumulated depreciation. Restoration costs are capitalized and depreciated while repairs and maintenance are charged to expense in the year incurred. The original costs of historic buildings are not depreciated. Depreciation of buildings and equipment is provided over the estimated useful lives of the respective assets on a straight-line basis.

Historic collections:

Works of art, antiques, and historical treasures are recorded at cost, if purchased or at their fair value at the date of gift. These collections do not include archaeological or architectural artifacts.

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**THE CORPORATION FOR JEFFERSON'S
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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2010 and 2009**

Note 1. Summary of Significant Accounting Policies (Continued)

Contributed services:

A substantial number of unpaid volunteers have made significant contributions of their time to the Corporation as docents, laboratory assistants, and administrative assistants. The value of such services has not been determined.

Allocation of expenses:

The costs of providing the various programs and other activities have been summarized on a functional basis in the accompanying statements of activity. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Income taxes:

The Corporation is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. In addition, the Corporation has been classified as an organization that is not a private foundation under Section 509(a)(2). The wholly owned subsidiary is subject to federal and state income taxes. The subsidiary has a net operating loss carryforward totaling \$143,322 with expirations ranging from 2011 to 2030. For deferred tax purposes, a 100% valuation allowance has been recorded against the deferred tax asset. The Corporation's income tax and information returns for 2008, 2009, and 2010 are subject to examination by the Internal Revenue Service.

Fair value disclosures:

Certain financial assets and liabilities are measured and reported on a fair value basis. FASB ASC 820 (Topic 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. Topic 820 establishes a fair value hierarchy that prioritizes each input to the valuation method used to measure fair value into one of the following three broad levels:

Level 1 – Quoted prices in active markets for identical assets or liabilities that the Corporation has the ability to access at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are either for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, or inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 – Unobservable inputs for the asset or liability where there is little, if any, market activity for the asset or liability at the measurement date.

Subsequent events:

Management has evaluated subsequent events through May 23, 2011, the date the financial statements were available to be issued.

(Continued)

**THE CORPORATION FOR JEFFERSON'S
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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2010 and 2009**

Note 2. Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes or periods:

	<u>2010</u>	<u>2009</u>
Historical preservation and restoration	\$ 475,247	\$ 598,572
Land acquisition	18,263	34,579
Archaeological research and interpretation	39,190	30,475
Promotional initiatives	-	6,197
Educational initiatives	5,555	47
For periods after December 31, 2010	11,572	-
For periods after December 31, 2009	-	10,373
	<u>\$ 549,827</u>	<u>\$ 680,243</u>

Note 3. Permanently Restricted Net Assets

Permanently restricted net assets, consist of the following:

	<u>2010</u>	<u>2009</u>
Endowment investments	\$ 63,660	\$ 13,660
Antique tool collection held in perpetuity	50,000	50,000
	<u>\$ 113,660</u>	<u>\$ 63,660</u>

Note 4. Contributions Receivable

Contributions receivable are due as follows:

	<u>2010</u>	<u>2009</u>
Less than one year	\$ 23,578	\$ 40,536
One to five years	3,360	21,668
	26,938	62,204
Allowance for uncollectible contributions	(5,000)	(5,000)
Discount calculated at 2-5%	(788)	(1,679)
Total	<u>\$ 21,150</u>	<u>\$ 55,525</u>

Approximately 62% and 54% of contributions receivable are due from one donor at December 31, 2010 and 2009, respectively.

The Corporation has received other promises to give which are not recorded as receivables until certain expenses are incurred. These conditional promises consist of five grants with original awards totaling \$682,009. The conditional portion of these grants remaining at December 31, 2010 totaled \$290,971.

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**THE CORPORATION FOR JEFFERSON'S
POPLAR FOREST AND SUBSIDIARY**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2010 and 2009**

Note 5. Investments

Investments are stated at fair market value based on quoted prices in active markets (Level 1 inputs) and are summarized as follows as of December 31:

			2010			2009		
			Cost	Fair Value	Unrealized Gains (Losses)	Cost	Fair Value	Unrealized Gains (Losses)
Endowment:								
Equity securities	\$	743,567	\$	787,993	\$ 44,426	\$ 298,405	\$ 340,338	\$ 41,933
Government bonds		128,070		123,680	(4,390)	187,606	196,189	8,583
Corporate obligations		139,259		135,144	(4,115)	145,622	151,978	6,356
Mutual funds		252,898		262,965	10,067	778,803	612,686	(166,117)
Short-term investments		80,029		80,029	-	22,778	22,778	-
		<u>1,343,823</u>		<u>1,389,811</u>	<u>45,988</u>	<u>1,433,214</u>	<u>1,323,969</u>	<u>(109,245)</u>
Other investments:								
Government bonds		310,000		310,000	-	440,000	440,000	-
Corporate obligations		-		-	-	130,000	130,000	-
Mutual funds		-		-	-	426,155	529,115	102,960
		<u>310,000</u>		<u>310,000</u>	<u>-</u>	<u>996,155</u>	<u>1,099,115</u>	<u>102,960</u>
Total	\$	<u>1,653,823</u>	\$	<u>1,699,811</u>	<u>\$ 45,988</u>	<u>\$ 2,429,369</u>	<u>\$ 2,423,084</u>	<u>\$ (6,285)</u>

Investment fees of \$5,465 and \$4,445 were paid during 2010 and 2009, respectively. Short-term investments are primarily invested in liquid investments with a securities company.

(Continued)

**THE CORPORATION FOR JEFFERSON'S
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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2010 and 2009**

Note 6. Property and Equipment

A summary of property and equipment, at cost, follows:

	2010	2009
Land and improvements	\$ 6,255,831	\$ 6,199,041
Buildings	9,358,712	9,182,663
Furniture, fixtures, and equipment	647,777	577,787
Vehicles	24,204	24,204
	<u>16,286,524</u>	<u>15,983,695</u>
Less accumulated depreciation	<u>3,544,310</u>	<u>3,300,321</u>
	<u><u>\$ 12,742,214</u></u>	<u><u>\$ 12,683,374</u></u>

Historic buildings with a cost of \$800,670 are not depreciated. Labor and benefits capitalized in property and equipment additions totaled \$18,548 and \$83,898 for the years ended December 31, 2010 and 2009, respectively.

Note 7. Line of Credit

At December 31, 2010, the Corporation had a line of credit with a bank which provided for short-term borrowings up to \$1,000,000 at an interest rate of LIBOR plus 1.75%, subject to a minimum rate of 2.75% at December 31, 2010. This line is unsecured and requires the Corporation to maintain a minimum tangible net worth of \$10,000,000 and unrestricted cash and marketable securities of at least \$1,000,000 at all times. The line was renewed in February 2011 under substantially the same terms, due March 2012. Interest expense on the line of credit totaled \$5,909 and \$2,907 for the years ended December 31, 2010 and 2009, respectively. Total interest expensed by the Corporation was \$61,739 and \$68,438 for the years ended December 31, 2010 and 2009, respectively.

Note 8. Long-Term Debt

Long-term debt consists of:

	Final Maturity	2010	2009
Note payable, seller, 5.99%, collateralized by certain equipment.	2012	\$ 5,627	\$ 9,321
Notes payable, bank, 5.6%, payable \$7,233 monthly including principal and interest, collateralized by certain real property.	2013	<u>958,558</u>	<u>989,977</u>
		964,185	999,298
Less principal amounts due within one year.		<u>37,154</u>	<u>35,096</u>
		<u><u>\$ 927,031</u></u>	<u><u>\$ 964,202</u></u>

Aggregate principal payments are scheduled as follows: 2011 – \$37,154; 2012 – \$36,874; and 2013 – \$890,157.

(Continued)

**THE CORPORATION FOR JEFFERSON'S
POPLAR FOREST AND SUBSIDIARY**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2010 and 2009**

Note 9. Endowment

The Corporation's endowment includes both donor-restricted endowment funds and funds designated by the Board of Trustees to function as endowments. Net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of relevant law:

During 2008, the Virginia General Assembly enacted the Uniform Prudent Management of Institutional Funds Act (UPMIFA). The Corporation's Board of Trustees 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. As a result of this interpretation, the Corporation 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 Corporation in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Corporation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the endowment fund
2. The purposes of the Corporation 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 the appreciation of investments
6. Other resources of the Corporation
7. The investment policies of the Corporation

Return objectives and risk parameters:

The Corporation has adopted investment and spending policies for the endowment fund that attempt to preserve and increase the real (inflation-adjusted) value of the fund and to provide a predictable and increasing distribution to carry out the purpose of the fund. Under these policies, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results that outperform inflation by three percentage points each year. The Corporation expects its endowment funds, over time, to provide a total rate of return that exceeds the median of a generally accepted universe of similar funds.

**THE CORPORATION FOR JEFFERSON'S
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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2010 and 2009**

Note 9. Endowment (Continued)

Strategies employed for achieving objectives:

To satisfy its long-term rate-of-return objectives, the Corporation 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 Corporation targets a diversified asset allocation that places a greater emphasis on equity-based instruments to achieve its long-term return objectives within prudent risk constraints.

Spending policy:

The Corporation has a policy of appropriating annual distributions from the endowment fund equal to 4½ percent of the average of the market value of the fund on June 30 in each of the three preceding years.

Endowment net asset composition:

December 31, 2010				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted	\$ -	\$ 2,067	\$ 63,660	\$ 65,727
Board-designated	1,324,084	-	-	1,324,084
Total endowment	<u>\$ 1,324,084</u>	<u>\$ 2,067</u>	<u>\$ 63,660</u>	<u>\$ 1,389,811</u>
December 31, 2009				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted	\$ -	\$ 1,909	\$ 13,660	\$ 15,569
Board-designated	1,308,400	-	-	1,308,400
Total endowment	<u>\$ 1,308,400</u>	<u>\$ 1,909</u>	<u>\$ 13,660</u>	<u>\$ 1,323,969</u>

(Continued)

**THE CORPORATION FOR JEFFERSON'S
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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2010 and 2009**

Note 9. Endowment (Continued)

Changes in endowment net assets:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, January 1, 2009	\$ 1,196,030	\$ 774	\$ 13,660	\$ 1,210,464
Investment returns:				
Investment income	24,907	252	-	25,159
Net appreciation (realized and unrealized)	163,780	1,654	-	165,434
Total investment return	188,687	1,906	-	190,593
Appropriation of endowment assets for expenditure	(76,317)	(771)	-	(77,088)
Endowment net assets, December 31, 2009	1,308,400	1,909	13,660	1,323,969
Gift	-	-	50,000	50,000
Investment returns:				
Investment income	19,988	202	-	20,190
Net appreciation (realized and unrealized)	64,457	651	-	65,108
Total investment return	84,445	853	-	85,298
Appropriation of endowment assets for expenditure	(68,761)	(695)	-	(69,456)
Endowment net assets, December 31, 2010	<u>\$ 1,324,084</u>	<u>\$ 2,067</u>	<u>\$ 63,660</u>	<u>\$ 1,389,811</u>

(Continued)

**THE CORPORATION FOR JEFFERSON'S
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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2010 and 2009**

Note 10. Rental Property Revenue

As lessor, the Corporation leases a golf course which comprises a portion of its real property. The minimum future rental on this fifteen-year lease (which began February 1, 2003, and was extended February 28, 2008) is \$6,000 per month, plus an annual adjustment for inflation. The lease was amended on February 1, 2011, to reduce the rent to \$5,000 per month effective for the period beginning November 2010 and ending October 2011. The Corporation recognized \$81,140 and \$83,504 of revenue from the golf course lease in 2010 and 2009, respectively.

The Corporation did not secure a tenant for the swim and tennis club property in 2010. The Corporation recognized \$8,198 of revenue from a swim and tennis club lease in 2009.

In addition, the Corporation leases certain other property on an annual basis for which revenue for 2010 and 2009 amounted to \$124,871 and \$130,971, respectively. The net investment in land and buildings, which are included in property and equipment, is as follows:

	Rental Property	
	2010	2009
Golf course – land and buildings, at cost	\$ 580,823	\$ 580,823
Swim and tennis club facility, at cost	387,602	387,602
Other property, at cost	1,528,194	1,523,604
Less accumulated depreciation	<u>(843,503)</u>	<u>(794,930)</u>
Net investment	<u>\$ 1,653,116</u>	<u>\$ 1,697,099</u>

Note 11. Purchase Commitments

The Corporation has options to purchase surrounding properties in an effort to preserve significant sites as part of a long-range plan. Outstanding options allow the Corporation to have first refusal on properties as they are offered for sale at predetermined prices or terms of negotiation.

Note 12. Employee Benefits

The Corporation has a 401(k) retirement plan, which covers substantially all full-time employees. Under the plan, participating employees may elect to reduce their compensation by an amount up to the maximum limitation in the Internal Revenue Code, with such amount being contributed to the plan for their benefit. Additionally, the Corporation may contribute an amount determined annually by its Board of Directors.

The Corporation's share of contributions to the plan totaled \$87,848 and \$91,227 for the years ended December 31, 2010 and 2009, respectively.

(Continued)

**THE CORPORATION FOR JEFFERSON'S
POPLAR FOREST AND SUBSIDIARY**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2010 and 2009**

Note 13. Natural Expenses

Functional expenses for the years ended December 31, 2010 and 2009, are composed of the following natural expenses:

	<u>2010</u>	<u>2009</u>
Compensation and benefits	\$ 1,150,354	\$ 1,001,344
Utilities, maintenance, and depreciation	372,444	340,534
Taxes and insurance	95,624	103,388
Postage, printing, and supplies	67,163	69,201
Cost of retail sales	56,242	72,075
Other	<u>341,907</u>	<u>508,118</u>
Total operating expenses	<u><u>\$ 2,083,734</u></u>	<u><u>\$ 2,094,660</u></u>

**INDEPENDENT AUDITOR'S REPORT
ON SUPPLEMENTAL DATA**

To the Board of Directors of
The Corporation for Jefferson's
Poplar Forest and Subsidiary
Forest, Virginia

Our report on our audit of the basic consolidated financial statements of The Corporation for Jefferson's Poplar Forest and Subsidiary for the year ended December 31, 2010, appears on page 3. That audit was conducted for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The consolidating statement of financial position and consolidating statement of activity on pages 20 and 21 are presented for purposes of additional analysis and are not a required part of the basic consolidated financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic consolidated financial statements taken as a whole.

Brown, Edwards & Company, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

Lynchburg, Virginia
May 23, 2011

**THE CORPORATION FOR JEFFERSON'S
POPLAR FOREST AND SUBSIDIARY**

**CONSOLIDATING STATEMENT OF FINANCIAL POSITION
December 31, 2010**

	Not-for- Profit Organization	For Profit Organization	Eliminating Entries	Consolidated Balance
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	\$ 274,419	\$ 22	\$ -	\$ 274,441
Investments	1,699,811	-	-	1,699,811
Contributions receivable, net	17,976	-	-	17,976
Inventory	114,984	-	-	114,984
Other assets	211,467	1,121	(72,340)	140,248
Total current assets	2,318,657	1,143	(72,340)	2,247,460
CONTRIBUTIONS RECEIVABLE, long-term	3,174	-	-	3,174
PROPERTY AND EQUIPMENT, net	12,594,250	147,964	-	12,742,214
HISTORIC COLLECTIONS	209,713	-	-	209,713
INVESTMENT IN SUBSIDIARY	243,315	-	(243,315)	-
	<u>\$ 15,369,109</u>	<u>\$ 149,107</u>	<u>\$ (315,655)</u>	<u>\$ 15,202,561</u>
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Accounts payable	\$ 48,265	\$ -	\$ -	\$ 48,265
Line of credit	50,000	-	-	50,000
Current maturities of long-term debt	37,154	-	-	37,154
Accrued expenses	82,818	-	-	82,818
Due to not-for-profit organization	-	72,340	(72,340)	-
Total current liabilities	218,237	72,340	(72,340)	218,237
LONG-TERM DEBT, net of current maturities	927,031	-	-	927,031
NET ASSETS				
Unrestricted	13,560,354	76,767	(243,315)	13,393,806
Temporarily restricted	549,827	-	-	549,827
Permanently restricted	113,660	-	-	113,660
Total net assets	14,223,841	76,767	(243,315)	14,057,293
	<u>\$ 15,369,109</u>	<u>\$ 149,107</u>	<u>\$ (315,655)</u>	<u>\$ 15,202,561</u>

**THE CORPORATION FOR JEFFERSON'S
POPLAR FOREST AND SUBSIDIARY**

**CONSOLIDATING STATEMENT OF ACTIVITY
Year ended December 31, 2010**

	Not-for- Profit Organization	For Profit Organization	Eliminating Entries	Consolidated Balance
SUPPORT AND REVENUE				
Gifts	\$ 833,279	\$ -	\$ -	\$ 833,279
Government grants	192,345	-	-	192,345
Change in discount of contributions receivable	891	-	-	891
Visitation	366,254	-	-	366,254
Rental property	206,011	-	-	206,011
Investment income	28,520	-	-	28,520
Net unrealized and realized gains on investments	55,601	-	-	55,601
Miscellaneous	21,388	-	-	21,388
Loss on sales of fixed assets	(1,782)	-	-	(1,782)
Uncollectible contributions	(750)	-	-	(750)
	<u>1,701,757</u>	<u>-</u>	<u>-</u>	<u>1,701,757</u>
EXPENSES				
Program:				
Restoration	752,287	-	-	752,287
Visitation/interpretation	720,435	-	-	720,435
Supporting:				
Rental properties	127,931	15,369	-	143,300
Administrative	122,247	-	-	122,247
Public relations	87,449	-	-	87,449
Fundraising	258,016	-	-	258,016
	<u>2,068,365</u>	<u>15,369</u>	<u>-</u>	<u>2,083,734</u>
CHANGES IN NET ASSETS	(366,608)	(15,369)	-	(381,977)
NET ASSETS				
Beginning of year	14,590,449	92,136	(243,315)	14,439,270
End of year	<u>\$ 14,223,841</u>	<u>\$ 76,767</u>	<u>\$ (243,315)</u>	<u>\$ 14,057,293</u>