



**THE CORPORATION FOR JEFFERSON'S
POPLAR FOREST AND SUBSIDIARY
FINANCIAL REPORT
December 31, 2009 and 2008**

C O N T E N T S

	Page
INDEPENDENT AUDITOR'S REPORT	3
FINANCIAL STATEMENTS	
Consolidated Statements of Financial Position	4
Consolidated Statements of Activity	5
Consolidated Statements of Cash Flows	6
Notes to Consolidated Financial Statements	7

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, 2009 and 2008, 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, 2009 and 2008, 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
April 26, 2010

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

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
December 31, 2009 and 2008**

ASSETS	2009	2008
CURRENT ASSETS		
Cash and cash equivalents	\$ 121,814	\$ 1,190,470
Investments	2,423,084	1,885,464
Contributions receivable, net of allowance for uncollectible contributions, \$5,000 in 2009 and 2008, respectively	34,969	12,786
Inventory	86,809	88,205
Other assets	126,267	98,513
Total current assets	2,792,943	3,275,438
CONTRIBUTIONS RECEIVABLE, long-term	20,556	9,399
PROPERTY AND EQUIPMENT, net	12,683,374	12,570,639
HISTORIC COLLECTIONS	206,113	199,063
	<u>\$ 15,702,986</u>	<u>\$ 16,054,539</u>
 LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 27,094	\$ 47,780
Line of credit	160,000	-
Current maturities of long-term debt	35,096	47,073
Accrued expenses	77,324	60,596
Total current liabilities	299,514	155,449
LONG-TERM DEBT, net of current maturities	964,202	1,470,060
NET ASSETS		
Unrestricted:		
Current operations	12,386,967	12,451,313
Funds functioning as endowment	1,308,400	1,196,030
Total unrestricted net assets	13,695,367	13,647,343
Temporarily restricted	680,243	718,027
Permanently restricted	63,660	63,660
Total net assets	14,439,270	14,429,030
	<u>\$ 15,702,986</u>	<u>\$ 16,054,539</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, 2009 and 2008**

	2009				2008			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
SUPPORT AND REVENUE								
Gifts	\$ 627,846	\$ 244,050	\$ -	\$ 871,896	\$ 1,682,053	\$ 85,045	\$ -	\$ 1,767,098
Government grants	296,755	-	-	296,755	64,863	-	-	64,863
Change in discount of contributions receivable	-	36	-	36	-	6,727	-	6,727
Visitation	369,968	-	-	369,968	222,045	-	-	222,045
Rental property	223,071	-	-	223,071	211,951	-	-	211,951
Investment income	46,560	252	-	46,812	74,363	431	-	74,794
Net unrealized and realized gains (losses) on investments	265,433	1,654	-	267,087	(534,701)	(5,392)	-	(540,093)
Miscellaneous	30,216	-	-	30,216	18,947	-	-	18,947
Loss on sales of fixed assets	(941)	-	-	(941)	(2,978)	-	-	(2,978)
Recovery of uncollectible contributions	-	-	-	-	-	4,999	-	4,999
Net assets released from restrictions:								
Satisfaction of program restrictions	274,380	(274,380)	-	-	238,912	(238,912)	-	-
Expiration of time restrictions	9,396	(9,396)	-	-	136,996	(136,996)	-	-
Total support and revenue	2,142,684	(37,784)	-	2,104,900	2,112,451	(284,098)	-	1,828,353
EXPENSES								
Program:								
Restoration	679,452	-	-	679,452	653,446	-	-	653,446
Visitation/interpretation	716,393	-	-	716,393	591,970	-	-	591,970
Supporting:								
Rental properties	144,400	-	-	144,400	194,135	-	-	194,135
Administrative	126,015	-	-	126,015	121,698	-	-	121,698
Public relations	111,394	-	-	111,394	116,263	-	-	116,263
Fundraising	317,006	-	-	317,006	230,617	-	-	230,617
Total expenses	2,094,660	-	-	2,094,660	1,908,129	-	-	1,908,129
NONOPERATING ACTIVITY								
Net asset reclassification based on change in law (Note 9)	-	-	-	-	(6,682)	6,682	-	-
CHANGE IN NET ASSETS	48,024	(37,784)	-	10,240	197,640	(277,416)	-	(79,776)
NET ASSETS								
Beginning	13,647,343	718,027	63,660	14,429,030	13,449,703	995,443	63,660	14,508,806
Ending	\$ 13,695,367	\$ 680,243	\$ 63,660	\$ 14,439,270	\$ 13,647,343	\$ 718,027	\$ 63,660	\$ 14,429,030

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, 2009 and 2008

	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 10,240	\$ (79,776)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Non-cash gifts	(36,994)	(10,072)
Non-cash expenses	25,849	10,072
Depreciation	244,287	256,395
Loss on sales of fixed assets	941	2,978
Realized and unrealized (gains) losses on investments	(267,087)	540,093
Decrease (increase) in:		
Contributions receivable	(33,340)	136,623
Life insurance receivable	-	100,000
Inventory	1,396	(129)
Other assets	(27,754)	(11,501)
Increase (decrease) in:		
Accounts payable	(20,686)	(16,053)
Accrued expenses	16,728	258
Net cash provided by (used in) operating activities	<u>(86,420)</u>	<u>928,888</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Net sales (purchases) of investments	(270,533)	190,750
Proceeds from sales of fixed assets	-	3,157
Purchase of property and equipment, including collections	<u>(353,868)</u>	<u>(193,859)</u>
Net cash provided by (used in) investing activities	<u>(624,401)</u>	<u>48</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Borrowings from line of credit, net	160,000	-
Principal payments on long-term debt	<u>(517,835)</u>	<u>(45,308)</u>
Net cash used in financing activities	<u>(357,835)</u>	<u>(45,308)</u>
Net increase (decrease) in cash and cash equivalents	(1,068,656)	883,628
CASH AND CASH EQUIVALENTS		
Beginning	1,190,470	306,842
Ending	<u><u>\$ 121,814</u></u>	<u><u>\$ 1,190,470</u></u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid during the year for:		
Interest	<u><u>\$ 68,438</u></u>	<u><u>\$ 95,960</u></u>
NONCASH INVESTING ACTIVITY		
Gifts of property, including collections	<u><u>\$ 11,145</u></u>	<u><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, 2009 and 2008**

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, 2009 and 2008**

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, 2009.

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.

(Continued)

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2009 and 2008**

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 \$134,753 with expirations ranging from 2010 to 2029. 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 2006, 2007, and 2008 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 Company 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 April 26, 2010, the date the financial statements were available to be issued.

Reclassifications:

Certain amounts in the prior year's financial statements have been reclassified to conform to the current year's presentation.

(Continued)

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2009 and 2008**

Note 2. Temporarily Restricted Net Assets

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

	<u>2009</u>	<u>2008</u>
Historical preservation and restoration	\$ 598,572	\$ 691,042
Land acquisition	34,579	3,500
Archaeological research and interpretation	30,475	8,531
Promotional initiatives	6,197	1,300
Educational initiatives	47	47
For periods after December 31, 2009	10,373	-
For periods after December 31, 2008	-	13,607
	<u>\$ 680,243</u>	<u>\$ 718,027</u>

Note 3. Permanently Restricted Net Assets

Permanently restricted net assets at December 31, 2009 and 2008, consist of the following:

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

Note 4. Contributions Receivable

Contributions receivable are due as follows:

	<u>2009</u>	<u>2008</u>
Less than one year	\$ 40,536	\$ 18,300
One to five years	<u>21,668</u>	<u>10,600</u>
	62,204	28,900
Allowance for uncollectible contributions	(5,000)	(5,000)
Discount calculated at 2-5%	<u>(1,679)</u>	<u>(1,715)</u>
Total	<u>\$ 55,525</u>	<u>\$ 22,185</u>

Approximately 54% and 52% of contributions receivable are due from one donor at December 31, 2009 and 2008, 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 two government grants with original awards totaling \$281,945. The conditional portion of these grants remaining at December 31, 2009 totaled \$123,101.

(Continued)

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2009 and 2008**

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:

			2009			2008		
			Cost	Fair Value	Unrealized Gains (Losses)	Cost	Fair Value	Unrealized Gains (Losses)
Endowment:								
Equity securities	\$	298,405	\$	340,338	\$ 41,933	\$ 396,490	\$ 360,007	\$ (36,483)
Government bonds		187,606		196,189	8,583	238,255	257,853	19,598
Corporate obligations		145,622		151,978	6,356	150,224	149,193	(1,031)
Mutual funds		778,803		612,686	(166,117)	724,333	412,591	(311,742)
Short-term investments		22,778		22,778	-	30,820	30,820	-
		<u>1,433,214</u>		<u>1,323,969</u>	<u>(109,245)</u>	<u>1,540,122</u>	<u>1,210,464</u>	<u>(329,658)</u>
Other investments:								
Government bonds		440,000		440,000	-	675,000	675,000	-
Corporate obligations		130,000		130,000	-	-	-	-
Mutual funds		426,155		529,115	102,960	-	-	-
		<u>996,155</u>		<u>1,099,115</u>	<u>102,960</u>	<u>675,000</u>	<u>675,000</u>	<u>-</u>
Total	\$	<u>2,429,369</u>	\$	<u>2,423,084</u>	<u>\$ (6,285)</u>	<u>\$ 2,215,122</u>	<u>\$ 1,885,464</u>	<u>\$ (329,658)</u>

Investment fees of \$4,445 and \$5,211 were paid during 2009 and 2008, respectively. Short-term investments are primarily invested in liquid investments with a securities company.

(Continued)

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2009 and 2008**

Note 6. Property and Equipment

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

	<u>2009</u>	<u>2008</u>
Land and improvements	\$ 6,199,041	\$ 6,124,017
Buildings	9,182,663	9,030,070
Furniture, fixtures, and equipment	577,787	472,957
Vehicles	24,204	24,204
	15,983,695	15,651,248
Less accumulated depreciation	<u>3,300,321</u>	<u>3,080,609</u>
	<u>\$ 12,683,374</u>	<u>\$ 12,570,639</u>

Historic buildings with a cost of \$800,670 are not depreciated. Labor and benefits capitalized in property and equipment additions totaled \$83,898 and \$112,119 for the years ended December 31, 2009 and 2008, respectively.

Note 7. Line of Credit

At December 31, 2009, 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% and a maximum rate of 4.93% (2.75% at December 31, 2009). 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 January 2010 under substantially the same terms, due February 2011. Interest expense on the line of credit totaled \$2,907 and \$647 for the years ended December 31, 2009 and 2008, respectively. Total interest expensed by the Corporation was \$68,438 and \$89,089 for the years ended December 31, 2009 and 2008, respectively.

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2009 and 2008**

Note 8. Long-Term Debt

Long-term debt consists of:

	Final Maturity	2009	2008
Note payable, seller, 5.99%, collateralized by certain equipment	2012	\$ 9,321	\$ 12,801
Note payable, seller, 6.5%, payable \$2,088 monthly including principal and interest, collateralized by certain real property	2012	-	271,103
Notes payable, bank, 5.6%, payable \$7,233 monthly including principal and interest, collateralized by certain real property	2013	989,977	1,233,229
		999,298	1,517,133
Less principal amounts due within one year		35,096	47,073
		<u>\$ 964,202</u>	<u>\$ 1,470,060</u>

Aggregate principal payments are scheduled as follows: 2010 - \$35,096; 2011 - \$37,153; 2012 - \$36,872, and 2013 - \$890,177.

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.

(Continued)

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2009 and 2008**

Note 9. Endowment (Continued)

Interpretation of relevant law: (Continued)

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.

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.

(Continued)

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2009 and 2008**

Note 9. Endowment (Continued)

Endowment net asset composition:

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>
December 31, 2008				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted	\$ -	\$ 774	\$ 13,660	\$ 14,434
Board-designated	1,196,030	-	-	1,196,030
Total endowment	<u>\$ 1,196,030</u>	<u>\$ 774</u>	<u>\$ 13,660</u>	<u>\$ 1,210,464</u>

(Continued)

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2009 and 2008**

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, 2008	\$ 1,787,647	\$ -	\$ 13,660	\$ 1,801,307
Net asset reclassification based on change in law	(6,682)	6,682	-	-
Investment returns:				
Investment income	42,634	431	-	43,065
Net depreciation (realized and unrealized)	(533,782)	(5,392)	-	(539,174)
Total investment return	(491,148)	(4,961)	-	(496,109)
Appropriation of endowment assets for expenditure	(93,787)	(947)	-	(94,734)
Endowment net assets, December 31, 2008	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	<u>\$ 1,308,400</u>	<u>\$ 1,909</u>	<u>\$ 13,660</u>	<u>\$ 1,323,969</u>

(Continued)

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2009 and 2008**

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 Corporation recognized \$83,504 and \$81,809 of revenue from the golf course lease in 2009 and 2008, respectively.

The Corporation leased the swim and tennis club property under a five-year lease (which began April 1, 2008) for a minimum future rental of \$14,600 per year. The Corporation recognized \$8,198 and \$15,330 of revenue from the swim and tennis club lease in 2009 and 2008, respectively. Subsequent to year end, the lease was terminated for nonperformance.

In addition, the Corporation leases certain other property on an annual basis for which revenue for 2009 and 2008 amounted to \$130,971 and \$114,812, respectively. The net investment in land and buildings, which are included in property and equipment, is as follows:

	Rental Property	
	2009	2008
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	1,523,604	1,512,147
Less accumulated depreciation	<u>(794,930)</u>	<u>(737,289)</u>
Net investment	<u>\$ 1,697,099</u>	<u>\$ 1,743,283</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 \$91,227 and \$83,026 for the years ended December 31, 2009 and 2008, respectively.

(Continued)

**THE CORPORATION FOR JEFFERSON'S
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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2009 and 2008**

Note 13. Natural Expenses

Functional expenses for the years ended December 31, 2009 and 2008, are composed of the following natural expenses:

	<u>2009</u>	<u>2008</u>
Compensation and benefits	\$ 1,001,344	\$ 945,040
Utilities, maintenance, and depreciation	340,534	338,340
Taxes and insurance	103,388	106,189
Cost of retail sales	72,075	53,515
Postage, printing, and supplies	69,201	56,491
Other	<u>508,118</u>	<u>408,554</u>
Total operating expenses	<u>\$ 2,094,660</u>	<u>\$ 1,908,129</u>