THE GREATER NEW ORLEANS FOUNDATION

Audits of Combined Financial Statements

December 31, 2007 and 2006

Contents

LaPorte Sehrt
Romig Hand
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report

To the Board of Directors
The Greater New Orleans Foundation

We have audited the accompanying combined statements of financial position of The Greater New Orleans Foundation (the Foundation) as of December 31, 2007 and 2006, and the related combined statements of activities and cash flows for the years then ended. These combined financial statements are the responsibility of The Greater New Orleans Foundation's management. Our responsibility is to express an opinion on these combined 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 examining, on a test basis, evidence supporting the amounts and disclosures in the combined financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of The Greater New Orleans Foundation as of December 31, 2007 and 2006, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

LaPorte, Sehrt, Romig & Hand

A Professional Accounting Corporation

May 1, 2008

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THE GREATER NEW ORLEANS FOUNDATION
Combined Statements of Financial Position
December 31, 2007 and 2006

	2007	2006
Assets		
Cash and Cash Equivalents	$ 4,204,203	$ 1,325,081
Accounts and Interest Receivable	240,622	811,530
Unconditional Promises to Give (Net of Discount of $186,930 for 2007 and 2006)	646,768	691,819
Investments	181,907,246	147,693,383
Assets Held in Charitable Remainder Trusts and Lead Trust	3,516,036	3,553,452
Beneficial Interests in Remainder Trusts	250,532	246,509
Depreciable Assets, Net	62,553	12,133
Real Estate Held	985,000	985,000
Other Assets	231,284	206,330
Total Assets	$ 192,044,244	$ 155,525,237
Liabilities and Net Assets		
Liabilities		
Accounts Payable	$ 139,746	$ 132,015
Grants Payable	558,708	686,990
Liabilities Under Split-Interest Agreements	2,505,717	2,412,652
Agency Funds	10,525,445	8,688,096
Total Liabilities	13,729,616	11,919,753
Net Assets		
Unrestricted		
Endowment Purposes	69,748,180	67,418,725
Available for Grants	96,369,175	69,968,356
Temporarily Restricted	12,197,273	6,218,403
Total Net Assets	178,314,628	143,605,484
Total Liabilities and Net Assets	$ 192,044,244	$ 155,525,237

THE GREATER NEW ORLEANS FOUNDATION
Combined Statement of Activities
For the Year Ended December 31, 2007

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support and Revenues				
Contributions	$ 24,248,109	$ 7,772,083	$ -	$ 32,020,192
Fees	1,110,810	-	-	1,110,810
Interest, Dividends and Realized Gains	12,772,804	-	-	12,772,804
Change in Value of Split-Interest Agreements	(37,859)	(20,253)	-	(58,112)
Net Unrealized Gains on Investments	3,874,301	-	-	3,874,301
Net Assets Released from Restriction	1,772,960	(1,772,960)	-	-
Total Support and Revenues	43,741,125	5,978,870	-	49,719,995
Expenses				
Grants	11,918,105	-	-	11,918,105
Administrative Expenses	2,072,990	-	-	2,072,990
Administrative Fees	1,019,756	-	-	1,019,756
Total Expenses	15,010,851	-	-	15,010,851
Change in Net Assets	28,730,274	5,978,870	-	34,709,144
Net Assets, Beginning of Year	137,387,081	6,218,403	-	143,605,484
Net Assets, End of Year	$ 166,117,355	$ 12,197,273	$ -	$ 178,314,628

THE GREATER NEW ORLEANS FOUNDATION
Combined Statement of Activities
For the Year Ended December 31, 2006

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support and Revenues				
Contributions	$ 16,964,109	$ 7,596,656	$ -	$ 24,560,765
Fees	1,098,729	-	-	1,098,729
Interest, Dividends and Realized Gains	6,803,528	-	-	6,803,528
Change in Value of Split-Interest Agreements	(66,146)	111,337	-	45,191
Net Unrealized Gains on Investments	7,807,135	-	-	7,807,135
Other Income	1,829	-	-	1,829
Net Assets Released from Restriction	6,367,652	(6,367,652)	-	-
Total Support and Revenues	38,976,836	1,340,341	-	40,317,177
Expenses		-	-	-
Grants	18,601,087	-	-	18,601,087
Administrative Expenses	1,416,298	-	-	1,416,298
Administrative Fees	921,870	-	-	921,870
Total Expenses	20,939,255	-	-	20,939,255
Change in Net Assets	18,037,581	1,340,341	-	19,377,922
Net Assets, Beginning of Year	119,349,500	4,878,062	-	124,227,562
Net Assets, End of Year	$ 137,387,081	$ 6,218,403	$ -	$ 143,605,484

THE GREATER NEW ORLEANS FOUNDATION
Combined Statements of Cash Flows
For the Years Ended December 31, 2007 and 2006

	2007	2006
Cash Flows from Operating Activities		
Change in Net Assets	$34,709,144	$19,377,922
Adjustments to Reconcile Change in Net Assets		
to Net Cash Provided by Operating Activities		
Net Unrealized Gains on Investments	(3,874,301)	(7,807,135)
Depreciation	4,889	2,851
Decrease (Increase) in Accounts and Interest Receivable	570,908	(546,984)
Decrease in Unconditional Promises to Give	45,051	-
Decrease (Increase) in Assets Held in Trusts	37,416	(82,927)
Increase in Beneficial Interest in Remainder Trust	(4,023)	(18,407)
Increase in Other Assets	(24,954)	(15,524)
Increase in Accounts Payable	7,731	12,087
(Decrease) Increase in Grants Payable	(128,282)	465,030
Increase in Liabilities Under Split-Interest Agreements	93,065	36,230
Increase in Agency Funds	1,837,349	1,030,811
Net Cash Provided by Operating Activities	33,273,993	12,453,954
Cash Flows from Investing Activities		
Proceeds from Sale of Investments	34,126,601	3,524,501
Purchase of Investments	(64,466,164)	(17,171,337)
Purchase of Depreciable Assets	(55,308)	-
Net Cash Used in Investing Activities	(30,394,871)	(13,646,836)
Net Increase (Decrease) in Cash and Cash Equivalents	2,879,122	(1,192,882)
Cash and Cash Equivalents, Beginning of Year	1,325,081	2,517,963
Cash and Cash Equivalents, End of Year	$ 4,204,203	$ 1,325,081

Note 1. Summary of Significant Accounting Policies

The Greater New Orleans Foundation and its supporting organizations (the Foundation) are a community foundation created to build charitable endowments and to assist the community in many areas. The Foundation administers many individual charitable funds, each established with a gift instrument describing either the general or specific purposes from which grants will be made. The Foundation's spending policy for endowed funds is based on a percentage of a twelve quarter rolling average. The Foundation improves the quality of life for all citizens of the area, now and for future generations. As a catalyst and resource for philanthropy, the Foundation demonstrates strategic grant making that invests in leaders and systematic change, builds irrevocable endowments for the community's changing issues and opportunities, and serves as a flexible and cost-effective vehicle for philanthropists to invest in their community.

Basis of Accounting

The Foundation prepares its financial statements in accordance with accounting principles generally accepted in the United States of America, which involves the application of accrual accounting; consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when incurred.

Combined Financial Statements

The financial statements of the Foundation include the accounts of The Greater New Orleans Foundation and eight supporting organizations.

Supporting Organizations

Supporting organizations are affiliated charitable organizations, which enjoy the continuing involvement of their founders yet gain public charity status through their affiliation with the Foundation. The net assets of the supporting organizations at December 31, 2007 and 2006, were $21,197,791 and $20,168,448, respectively, and are included in Unrestricted - Available for Grants net assets classification.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations.* Under SFAS No. 117, the Foundation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

In accordance with SFAS No. 116, *Accounting for Contributions Received and Contributions Made,* the Foundation's contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

Note 1. Summary of Significant Accounting Policies (Continued)

Accounting standards provide that if the governing body of an organization has the ability to remove a donor restriction, the contributions should be classified as unrestricted net assets. However, under the Foundation's governing instruments, the assets are held as endowment funds until such time (if ever) as the governing body deems it prudent and appropriate to expend some part of the principal or appreciation. Accordingly, the combined financial statements classify all net assets that meet these criteria as unrestricted, but segregate the portion that is held as endowment from the funds that are currently available for grants and administration.

The Foundation received contributions of $7,772,083 in 2007 and $7,596,656 in 2006 designated for hurricane relief and for the rebuilding of New Orleans. At December 31, 2007 and 2006, these net assets were $10,653,652 and $4,641,315, respectively, and are included in temporarily restricted net assets in the Foundation's combined statement of financial position.

New Donations
New donations are accrued when all events required for the transfer of the assets from the donor to the Foundation have occurred.

Investments
In accordance with SFAS No. 124, *Accounting for Certain Investments Held by Not-for-Profit Organizations,* the Foundation's investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair value in the Combined Statements of Financial Position. Unrealized and realized gains and losses are included in the change in net assets. An investment in a non-publicly traded company is stated at the value established in the most recent valuation of the company.

Dividend and interest income is accrued when earned.

Promises to Give
Contributions are recognized when the donor makes a promise to give to the Foundation that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the year in which the contributions are 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.

Depreciable Assets
Assets are recorded at cost. Depreciation is provided on the straight-line method. Computer and office equipment are depreciated over a five-year period. Leasehold improvements are depreciated over the life of the lease.

Note 1. Summary of Significant Accounting Policies (Continued)

Grants

Grants payable are grants authorized but unpaid at year-end. The recipients of these grants are subject to routine performance requirements.

Administrative Fees

The Foundation charges administrative fees to the various funds. Revenues from such assessments totaled $1,110,810 in 2007 and $1,098,729 in 2006, respectively.

Cash and Cash Equivalents

The Foundation considers investments in money market accounts to be cash equivalents, except for certain money market accounts maintained with investments at financial institutions which are reported as investments, as disclosed in Note 3.

Income Taxes

The Foundation is exempt from federal tax under Section 501(c)(3) of the U.S. Internal Revenue Code and is not a private foundation. Gifts to the Foundation are tax deductible.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America includes the use of estimates that affect the financial statements. Accordingly, actual results could differ from those estimates.

Note 2. Agency Funds

Agency Funds are funds in which the Foundation acts as a trustee and has a duty to hold and manage assets for the benefit of a specific beneficiary. Activity related to agency funds for the years ended December 31, 2007 and 2006 are as follows:

	2007	2006
Funds Received	$ 2,543,076	$ 2,511,226
Interest and Dividends	689,609	421,898
Gains on Investments	198,254	526,527
Disbursements to Beneficiaries	(1,542,892)	(2,384,805)
Administrative Fees	(50,698)	(44,035)
Net Change	1,837,349	1,030,811
Agency Funds		
Beginning of Year	8,688,096	7,657,285
End of Year	$ 10,525,445	$ 8,688,096

Note 3. Investments

Investments consist of the following as of December 31, 2007:

		Fair Market Value		Cost or Assigned Amount
Equity Funds	**$**	**101,884,800**	**$**	**79,268,621**
Fixed Income Funds		**31,870,755**		**31,064,151**
Money Market Funds		**33,672,289**		**33,622,028**
Other Investments		**14,479,402**		**12,545,000**
Total	**$**	**181,907,246**	**$**	**156,499,800**

Investments consist of the following as of December 31, 2006:

		Fair Market Value		Cost or Assigned Amount
Equity Funds	$	92,752,471	$	70,123,414
Fixed Income Funds		29,430,069		30,070,301
Money Market Funds		14,204,177		15,269,671
Investment in Non-Publicly Traded Co.		516,428		3,794,522
Other Investments		10,790,238		9,535,000
Total	$	147,693,383	$	128,792,908

During 2006 and continuing in 2007, the Board decided to further diversify the investment portfolio by investing in certain Private Equity ventures. Through varying investment vehicles, the Greater New Orleans Foundation has committed $18,000,000 to these investments while funding $4,795,000. The Board continues to review additional investment opportunities while maintaining the targeted asset allocation within its investment policy.

Note 4. Split-Interest Agreements

The Foundation's split-interest agreements at December 31, 2007, include nine charitable remainder unitrusts, five charitable remainder annuity trusts, one charitable lead unitrust, and three charitable gift annuities. The Foundation is named trustee on seven of the unitrusts, the five annuity trusts and the three gift annuities.

Note 4. Split-Interest Agreements (Continued)

Charitable remainder trusts (unitrusts and annuity trusts) provide for the payment of distributions to designated beneficiaries over the trusts' terms. At the end of the trusts' terms, the remaining assets are available for the Foundation's use. The portion of the trust attributable to the present value of the future benefits to be received by the Foundation is recorded as a temporarily restricted contribution in the combined statement of activities in the period the trust is established. Assets held in the charitable remainder trusts were $3,271,216 and $3,346,892 at December 31, 2007 and 2006, respectively, and are reported at fair market value in the Foundation's combined statements of financial position. Changes in fair market value of charitable remainder trusts are reflected as a change in net assets in the Foundation's combined statements of activities. On a quarterly basis, the Foundation reviews the need to revalue the liability to make distributions to the designated beneficiaries based on actuarial assumptions. The present value of the estimated future payments $2,001,049 and $2,047,778 at December 31, 2007 and 2006, respectively is calculated using discount rates that range from 3.8% to 10.0% and applicable mortality tables.

The net asset values of the charitable remainder trusts for which the Foundation is not the trustee were $250,532 and $246,509 at December 31, 2007 and 2006, respectively. These trusts are reported as beneficial interest in remainder trusts in the Foundation's combined statements of financial position and are stated at fair market value of the assets held in trust less the present value of future payments to the designated income beneficiaries.

In 1998, a donor established a trust with a financial institution naming the Foundation as the lead beneficiary of a charitable lead unitrust. Under the terms of the split-interest agreement, the Foundation is to receive 10% of the net fair market value of the trust's assets as of the first day of each year for its unrestricted use until the trust term expires in 2008. At the end of the trust term, the trust is to continue for the benefit of others. Assets held in the lead trust were $244,820 and $206,561 at December 31, 2007 and 2006, respectively. Based on the trust term and the use of a 6.8% discount rate, the present value of future benefits expected to be available for others was estimated to be $221,898 and $175,096 at December 31, 2007 and 2006, respectively, which is included in Liabilities Under Split-Interest Agreements in the Foundation's combined statements of financial position.

Note 4. Split-Interest Agreements (Continued)

The portion of net assets related to the split-interest agreements that are classified as Temporarily Restricted Net Assets at December 31 are as follows:

	2007	2006
Assets Held in Charitable Remainder Trusts	**$ 3,271,216**	$ 3,346,892
Assets Held in Charitable Lead Trusts	**244,820**	206,561
Total Assets Held in Charitable Remainder Trusts and Lead Trusts	**3,516,036**	3,553,453
Beneficial Interests in Remainder Trusts	**250,532**	246,509
Total Assets	**3,766,568**	3,799,962
Liabilities Under Charitable Remainder Trusts	**2,001,049**	2,047,778
Liabilities Under Lead Trust	**221,898**	175,096
Total Liabilities	**2,222,947**	2,222,874
Temporarily Restricted Net Assets	**$ 1,543,621**	$ 1,577,088

Charitable gift annuities were established in 1998, 2003 and 2007 in which assets were transferred to the Foundation. The Foundation pays $55,962 annually to the donors until the donors' death. The assets of $397,305 and $274,893 at December 31, 2007 and 2006, respectively, are included in investments and the present value of estimated future payments of $282,770 and $189,778 at December 31, 2007 and 2006, respectively, are included in the Liabilities Under Split-Interest Agreements in the Foundation's combined statements of financial position.

Note 5. Real Estate Held

The Foundation received a donation of real estate during 2001. The donation was a residential property with an appraised value of $985,000, which was part of a life estate contract. This donation was recorded as a contribution in the combined statement of activities.

Note 6. Depreciable Assets

Depreciable assets are summarized as follows by major classification at:

December 31,	2007	2006
Computer Equipment	$ 67,552	$ 67,552
Office Equipment	82,904	27,596
Leasehold Improvements	17,363	17,363
	167,819	112,511
Less: Accumulated Depreciation	(105,266)	(100,378)
Net Depreciable Assets	$ 62,553	$ 12,133

Depreciation expense was $4,889 in 2007 and $2,851 in 2006.

Note 7. Restricted Assets

Temporarily restricted net assets as of December 31st have the following donor restrictions on them:

December 31,	2007	2006
Restricted for the Purpose of:		
Charitable Remainder Trusts	$ 1,543,621	$ 1,577,088
Hurricane Relief	10,653,652	4,641,315
Total	$ 12,197,273	$ 6,218,403

Note 8. Release of Restricted Assets

Net assets were released from restrictions by meeting the time restrictions or by incurring expenses satisfying the restricted purposes.

December 31,	2007	2006
Restrictions Accomplished:		
Hurricane Relief Grants and Fees	$ 1,712,113	$ 6,304,808
Charitable Lead Trust Grants	60,847	62,844
Total	$ 1,772,960	$ 6,367,652

Note 9. Building Lease

The Foundation leases office space through August 31, 2008. Rental expense was $138,197 in 2007 and $143,630 in 2006, respectively. The Foundation subleased a portion of its space for a total of $24,711 in 2007 and $23,308 in 2006, respectively. Sublease payments are due monthly through August 2008.

Minimum future obligations on the lease and sublease in effect as of December 31, 2007, are as follows:

December 31,	Lease Expense	Sublease Income
2008	$ 78,430	$ 13,913
Total	$ 78,430	$ 13,913

Note 10. Pension Plan

The Foundation has a defined contribution pension plan for all employees. Employees are eligible to participate in the plan after completing six months of service. This plan specifies that the Foundation contribute on behalf of the employees based on their annual compensation. The Foundation's contribution was 8% of the employees' compensation for 2007 and 2006. Contributions were $52,474 and $36,796 for 2007 and 2006, respectively.

Note 11. Contingency

The Internal Revenue Service (IRS) audited one of the Foundation's supporting organizations and attempted to reclassify it to a private non-operating foundation and impose additional taxes as a result thereof. During 2007, the IRS notified the Foundation that it has closed this matter with no recommended changes in the supporting organization structure.

Note 12. Fair Value of Financial Instruments

The following disclosure is made in accordance with the requirements of SFAS No. 107, *Disclosures About Fair Value of Financial Instruments*. Financial instruments are defined as cash and contractual rights and obligations that require settlement, directly or indirectly, in cash. Listed below are the carrying amounts of financial instruments which approximate fair value.

Note 12. Fair Value of Financial Instruments (Continued)

	December 31, 2007		December 31, 2006	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	(In Thousands)			
Financial Assets				
Cash and Cash Equivalents	$ 4,204,203	$ 4,204,203	$ 1,325,081	$ 1,325,081
Accounts and Interest Receivable	240,622	240,622	811,530	811,530
Unconditional Promises to Give, Net	646,768	646,768	691,819	691,819
Investments	181,907,246	181,907,246	147,693,383	147,693,383
Assets Held in Charitable Remainder Trusts and Lead Trust	3,516,036	3,516,036	3,553,452	3,553,452
Beneficial Interests in Remainder Trusts	250,532	250,532	246,509	246,509
Financial Liabilities				
Accounts Payable	$ 139,746	$ 139,746	$ 132,015	$ 132,015
Grants Payable	558,708	558,708	686,990	686,990
Liabilities Under Split-Interest Agreements	2,505,717	2,505,717	2,412,652	2,412,652

Note 13. Reclassification of Restricted Net Assets

Temporarily restricted net assets totaling $3,000,000 for the year ended December 31, 2006 have been reclassified as unrestricted net assets due to a reclassification of an inter-fund grant. This reclassification has no impact on total reported grants payable and no impact on total Net Assets of the Foundation as of December 31, 2006.