

*Financial Statements*  
*Year Ended*  
*December 31, 2010*

*Beazley Foundation, Incorporated*



**DIXON HUGHES GOODMAN** LLP  
Certified Public Accountants and Advisors

***Beazley Foundation, Incorporated***

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**DIXON HUGHES GOODMAN** LLP  
Certified Public Accountants and Advisors

## *Independent Accountants' Review Report*

Board of Directors  
*Beazley Foundation, Incorporated*

We have reviewed the accompanying statement of financial position of *Beazley Foundation, Incorporated* as of December 31, 2010, and the related statements of activities and cash flows for the year then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the review in accordance with *Statements on Standards for Accounting and Review Services* issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the 2010 financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

Based on our review, we are not aware of any material modifications that should be made to the accompanying 2010 financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America

*Dixon Hughes Goodman LLP*

Norfolk, Virginia  
September 9, 2011

*Beazley Foundation, Incorporated*

*Statement of Financial Position*

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December 31, 2010

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**Assets**

**Investments, held by broker trustee**

|                                       |                   |
|---------------------------------------|-------------------|
| Cash equivalents                      | \$ 2,042,266      |
| U.S. government securities            | 1,984,203         |
| Limited partnership                   | 360,528           |
| Mutual funds and corporate securities | 38,976,042        |
| Fixed income investments              | 3,029,695         |
|                                       | <u>46,392,734</u> |

**Assets held by Foundation**

|  |                      |
|--|----------------------|
| Cash and cash equivalents                              | 160,164              |
| Investments, managed by Foundation                     | 1,012,241            |
| Distributions receivable on investments                | 48,835               |
| Prepaid expenses                                       | 4,506                |
| Property and equipment - net                           | 286,711              |
| Cash surrender value of life insurance                 | 16,741               |
| Deferred tax asset - unrelated business taxable income | 254,509              |
|  | <u>1,783,707</u>     |
|  | <u>\$ 48,176,441</u> |

**Liabilities and Net Assets**

|  |                      |
|--|----------------------|
| <b>Accounts payable and accrued expenses</b> | \$ 17,217            |
| <b>Gifts and grants payable</b>              | 1,125,000            |
| <b>Deferred compensation</b>                 | 1,253,919            |
| <b>Excise taxes payable</b>                  | 76,229               |
| <b>Deferred tax liability - excise tax</b>   | 115,978              |
| <b>Total liabilities</b>                     | <u>2,588,343</u>     |
| <b>Net assets - unrestricted</b>             | <u>45,588,098</u>    |
|  | <u>\$ 48,176,441</u> |

*See accompanying notes and accountants' report*

*Beazley Foundation, Incorporated*

*Statement of Activities*

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**Years Ended December 31, 2010**

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**Changes in unrestricted net assets**

**Revenues, gains and losses**

|  |                  |
|--|------------------|
| Net realized gain on sale of investments | \$ 3,305,011     |
| Interest and dividends                   | 1,456,344        |
| Net unrealized gain on investments       | 698,667          |
| Loss from partnership investments        | (210,705)        |
| Other                                    | 56,553           |
|  | <u>5,305,870</u> |

**Expenses**

|                               |                  |
|-------------------------------|------------------|
| Program services:             |                  |
| Gifts and grants              | 2,859,140        |
| Charitable program expenses   | 406,317          |
| Administrative expenses       | 754,701          |
| Income and excise tax expense | 69,939           |
|                               | <u>4,090,097</u> |

|  |                      |
|--|----------------------|
| <b>Change in unrestricted net assets</b>           | 1,215,773            |
| <b>Unrestricted net assets - beginning of year</b> | <u>44,372,325</u>    |
| <b>Unrestricted net assets - end of year</b>       | <u>\$ 45,588,098</u> |

*See accompanying notes and accountants' report*

*Beazley Foundation, Incorporated*

*Statement of Cash Flows*

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**Year Ended December 31, 2010**

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|  |                     |
|--|---------------------|
| <b>Cash flows from operating activities</b>                              |                     |
| Change in net unrestricted assets  | \$ 1,215,773        |
| Adjustments to reconcile to net cash from operating activities:          |                     |
| Depreciation   | 25,010              |
| Net realized gain on sale of investments                                 | (3,305,011)         |
| Net unrealized gain on investments                                       | (698,667)           |
| Net losses from partnership investments                                  | (210,705)           |
| Deferred excise tax benefit  | (28,815)            |
| Deferred compensation benefit  | (36,459)            |
| Deferred compensation paid   | (136,497)           |
| Change in:   |                     |
| Distributions receivable on investments                                  | 39,780              |
| Cash surrender value of life insurance                                   | (856)               |
| Prepaid expenses   | 658                 |
| Accounts payable and accrued expenses                                    | (84,287)            |
| Excise taxes payable   | 107,996             |
| Gifts and grants payable   | 562,271             |
| <b>Net cash from operating activities</b>                                | <u>(2,549,809)</u>  |
| <b>Cash flows from investing activities</b>                              |                     |
| Proceeds from sales of investments                                       | 21,828,832          |
| Purchases of investments   | (21,670,689)        |
| Purchases of property and equipment                                      | (25,809)            |
| Partnership distributions  | 452,729             |
| Investment in partnerships   | (213,082)           |
| <b>Net cash from investing activities</b>                                | <u>371,981</u>      |
| <b>Net change in cash and cash equivalents</b>                           | (2,177,828)         |
| <b>Cash and cash equivalents - beginning of year</b>                     | <u>4,380,258</u>    |
| <b>Cash and cash equivalents - end of year</b>                           | <u>\$ 2,202,430</u> |
| <b>Cash and cash equivalents are presented as follows:</b>               |                     |
| Cash and equivalents, held by bank and broker trustee                    | \$ 2,042,266        |
| Cash and equivalents held by Foundation                                  | 160,164             |
|  | <u>\$ 2,202,430</u> |
| <b>Supplemental disclosure of cash flow information</b>                  |                     |
| Cash paid for excise and income taxes                                    | \$ -                |
| <b>Supplemental disclosure of non cash investing activities</b>          |                     |
| Distribution from partnership directly invested into another partnership | \$ 7,618            |

*See accompanying notes and accountants' report*

*Beazley Foundation, Incorporated*

*Notes to Financial Statements*

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December 31, 2010

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**1. Organization and Nature of Activities**

*Beazley Foundation, Incorporated* (Foundation) was organized by Fred W. Beazley, Marie C. Beazley and their son, Fred W. Beazley, Jr., who contributed the Foundation's original assets to further the cause of charity, education and religion.

**2. Summary of Significant Accounting Policies**

**Financial Statements**

Financial statements of not-for-profit organizations report net assets as permanently restricted, temporarily restricted, and unrestricted based on the existence or absence of donor contributed assets which have temporary or permanent restrictions applicable to them. At December 31, 2010, all of the Foundation's assets have been classified as unrestricted.

**Basis of Accounting**

The Foundation uses the accrual basis of accounting.

**Estimates**

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, and expenses and disclosure of contingent assets and liabilities for the reported periods. Actual results could differ from those estimates and assumptions.

**Investments**

Investments in equity securities with readily determinable fair values and all debt securities are reported at fair market value with unrealized gains and losses included in the statements of activities.

Investments in nonpublicly traded real estate partnerships are generally valued at cost. However, management deems that it is unlikely to receive any benefit beyond its stated capital account. Accordingly, investments are written down to their equity/capital balance if that balance is lower than cost. This method is necessary due to the lack of a readily determinable fair value of the companies or their underlying assets.

**Cash Equivalents**

The Foundation considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

## **Property and Equipment**

Property and equipment are recorded at cost if purchased or at estimated fair market value at time of acquisition if acquired by gift. The Foundation capitalizes purchases over \$300 with an estimated life greater than one year.

Depreciation is provided on a straight-line basis over the following estimated useful lives:

|                           |              |
|---------------------------|--------------|
| Building and improvements | 5 - 40 years |
| Equipment and furnishings | 5 - 15 years |
| Vehicle                   | 5 years      |

## **Gifts and Grants**

Unconditional promises to make gifts and grants are recorded when they are communicated to the recipient and conditional promises to make gifts and grants are recorded once the condition imposed by the Foundation has been met. Gifts and grants are reported for tax purposes on the cash basis.

## **Deferred Compensation**

Deferred compensation represents the estimated present value of future payments required under deferred compensation arrangements using appropriate accrual estimates, a 7% discount factor, and no cost of living adjustment.

## **Excise and Income Taxes**

The Foundation is a private foundation under Internal Revenue Service regulations and thus is required to pay a 1% or 2% excise tax on its net investment income and to make annual charitable distributions of 5% of the average market value of its investment assets in order to avoid additional taxation.

Excise taxes are provided for the effects of transactions reported in the financial statements, and consist of taxes currently due plus deferred taxes related to unrealized losses/gains on investments reported for financial statements. The deferred tax asset/liability represents the future tax return consequences of those losses/gains when realized.

The Foundation is subject to unrelated business tax on its unrelated business income as explained in Note 7. Fiscal years ending on or after December 31, 2007 remain subject to examination by federal and state tax authorities.

## **Concentration of Credit Risk**

Financial instruments which potentially subject the Foundation to concentration of credit risk consist principally of temporary cash investments. The Foundation places its temporary cash investments with high credit quality financial institutions. At December 31, 2010, there were no temporary cash investments on deposit in excess of the FDIC insured limit.

## **Subsequent Events**

In preparing these financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through September 9, 2011, the date the financial statements were available to be issued.

### 3. Investments

Investments held by brokers consist of the following:

|                                       | <u>Cost</u>          | <u>Market</u>        |
|---------------------------------------|----------------------|----------------------|
| Cash equivalents                      | \$ 2,042,266         | \$ 2,042,266         |
| U.S. government securities            | 2,214,540            | 1,984,203            |
| Limited partnerships                  | 234,432              | 360,528              |
| Mutual funds and corporate securities | 33,061,056           | 38,976,042           |
| Fixed income                          | 3,012,772            | 3,029,695            |
|                                       | <u>\$ 40,565,066</u> | <u>\$ 46,392,734</u> |

Investment management fees of \$207,281 were paid to investment managers during 2010.

Investments managed by the Foundation consist of the following:

|   | <u>Cost</u>         | <u>Market</u>       |
|---|---------------------|---------------------|
| Tidewater Holdings Co., LLC 1.456% limited interest                               | \$ (167,841)        | \$ (167,841)        |
| Fairfield Associates, LLC 2.3716% limited interest                                | (129,278)           | (129,278)           |
| Lumber River Associates, LLC 14.5517% limited interest                            | 59,512              | 59,512              |
| Freedom Industrial Associates, LLC 2.396%   | 46,267              | 46,267              |
| Atlanta-Durham Holdings, LLC 1.6129032% limited interest                          | 31,124              | 31,124              |
| Atlanta-Dallas Holdings, LLC 1.570434% limited interest                           | 30,068              | 30,068              |
| Steele Creek Associates, LLC 16.3607% limited interest                            | (56,845)            | (56,845)            |
| Nashville-Dallas Holdings, LLC 1.677% limited interest                            | 57,314              | 57,314              |
| Development Fund, LLC, 3.7237% limited interest                                   | 270,189             | 270,189             |
| Lynnhaven Parkway Associates, LLC 5.4379% limited interest                        | 4,106               | 4,106               |
| Southwood Associates, LLC 12.4352% limited interest                               | 14,181              | 14,181              |
| HG Hamptons Holdings Co., LLC 1.0169% limited interest                            | 1,452               | 1,452               |
| Virginia Multifamily Holdings, LLC 1.3143149%                                     | 81,786              | 81,786              |
| Lakeshore Preston Holdings, LLC 0.9628% limited interest                          | 10,914              | 10,914              |
| RCC Olde Towne Marketplace, LLC 10.7846% limited interest                         | (52,225)            | (52,225)            |
| RCC Olde Towne Marketplace II, LLC 10.7846% limited interest                      | 7,376               | 7,376               |
| Waterman's Holdings, LLC 2.25454% limited interest                                | 67,622              | 67,622              |
| Kitty Hawk Associates, LLC 8.4159% limited interest                               | 39,787              | 39,787              |
| HGI Opportunity Fund III, Inc. .967742% limited interest                          | 115,810             | 115,810             |
| PCSC Associates, LLC 7.2019% limited interest                                     | 184,634             | 184,634             |
| HGI US Property Fund III, LLC 1% limited interest                                 | 129,658             | 129,658             |
| RCC Manning, LLC 7.3407966% limited interest                                      | 95,399              | 95,399              |
| Townebank - 2000 shares of Series A 8% non-cumulative convertible preferred stock | 200,000             | 171,231             |
|   | <u>\$ 1,041,010</u> | <u>\$ 1,012,241</u> |

The limited liability companies represent entities which have invested in various real estate developments and activities.

**4. Property and Equipment**

Property and equipment used for charitable and administrative purposes consist of the following:

|                                 |            |
|---------------------------------|------------|
| Land                            | \$ 58,946  |
| Buildings and improvements      | 539,029    |
| Equipment and furnishings       | 166,093    |
| Vehicle                         | 44,546     |
|                                 | <hr/>      |
|                                 | 808,614    |
| Less - accumulated depreciation | (521,903)  |
|                                 | <hr/>      |
|                                 | \$ 286,711 |

**5. Pension Plan**

The Foundation has a money purchase pension plan which covers all employees. An employee becomes eligible after one year of service and 100% vested after three years of participation. Contributions to the plan are calculated annually at 10% of eligible wages. Contributions were \$51,874 for 2010.

**6. Deferred Compensation**

Previously, the Foundation had deferred compensation agreements with employees. These plans are still in existence for five former officer-trustees or their surviving spouses, one current employee, and the immediate past President who is now serving as a trustee. The agreements call for monthly cash payments from the date of retirement for their lifetime and their spouses' lifetime and are being partially funded by an annuity. At December 31, 2010, five deferred compensation participants or their surviving spouses were receiving benefits under these agreements.

A total of \$136,497 was paid to participants during 2010. The Foundation expects to distribute \$131,221 in 2011 and each year thereafter unless there is a change in participant status due to retirement and/or death or the board elects to provide a cost of living adjustment to participants.

The deferred compensation liability is calculated assuming a 7% discount rate and a 2% annual cost of living adjustment.

During 2010, the Foundation incurred a deferred compensation benefit due to the death of a participant in the plan. This created a reduction in the liability in excess of the increase in expected benefits to be paid for the remaining beneficiaries. The benefit was \$36,459 in 2010.

7. **Excise and Income Tax**

Federal excise and income tax expense on net investment income is as follows:

|  |                  |
|--|------------------|
| Excise tax percentage                  | <u>2%</u>        |
| Excise tax currently due               | \$ 98,754        |
| Deferred excise and income tax expense | <u>(28,815)</u>  |
|  | <u>\$ 69,939</u> |

The tax effects of temporary differences that give rise to significant portions of the net deferred tax asset (liabilities) at December 31, 2010 are presented below:

|                                   |                   |
|-----------------------------------|-------------------|
| Deferred tax assets:              |                   |
| Unrelated business taxable income | \$ 252,892        |
| Disabled access credit            | 1,617             |
|                                   | <u>254,509</u>    |
| Deferred tax liabilities:         |                   |
| Unrealized gains on investments   | <u>(115,978)</u>  |
|                                   | <u>\$ 138,531</u> |

The deferred tax liability - excise tax results from the recognition of unrealized gains and losses in the financial statements on investments held by or on behalf of the Foundation. Unrealized gains or losses are not subject to federal excise tax expense or benefit until these investments are sold and the gains and losses are realized.

The deferred tax asset - unrelated business taxable income results from the losses that are being carried forward and which are associated with unrelated business taxable income generated by the Foundation's investments in various rental real estate limited liability companies. The income from these investments is subject to unrelated business taxable income tax and limited by passive activity rules, which limit the amount of losses deductible in any year to the extent of income generated in that year. Any excess loss is then carried forward until such time as the sufficient income is generated to absorb the loss or until the activity is disposed.

In order to avoid additional excise tax, the Foundation is required to make minimum annual distributions for charitable purposes based on income and the average market value of assets held during each tax year. Qualifying distributions in excess of minimum annual distributions may be carried forward for a specific period to reduce future minimum annual distribution requirements.

A summary of distribution requirements for 2010 is as follows:

|  |                       |
|--|-----------------------|
| Undistributed (over distributed) income from prior year                    | \$ (2,682,391)        |
| Distributable amount   | 2,180,918             |
| Qualifying distributions made  | <u>(3,224,274)</u>    |
| Over distributed income to be credited to next year's distributable amount | <u>\$ (3,725,747)</u> |

## 8. Fair Value Measurements

The Foundation follows accounting standards codification topic 820-10, *Fair Value Measurements* (FASB ASC 820-10), which provides a framework for measuring fair value under generally accepted accounting principles. FASB ASC 820-10 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. FASB ASC 820-10 requires that valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs. FASB ASC 820-10 also establishes a fair value hierarchy, which prioritizes the valuation inputs into three broad levels.

Financial assets and liabilities valued using level 1 inputs are based on unadjusted quoted market prices within active markets. Financial assets and liabilities valued using level 2 inputs are based primarily on quoted prices for similar assets or liabilities in active or inactive markets. Financial assets and liabilities using level 3 inputs are primarily valued using management's assumptions about the assumptions market participants would utilize in pricing the asset or liability. Valuation techniques utilized to determine fair value are consistently applied.

The following table presents the Foundation's fair value hierarchy for the above assets and liabilities measured at fair value on a recurring basis:

The following tables sets forth by level, within the fair value hierarchy, the Foundation's assets and liabilities at fair value as of December 31, 2010:

| Assets                                 | Level 1              | Level 2     | Level 3     | Total Fair Value     |
|--|----------------------|-------------|-------------|----------------------|
| Investments:                           |                      |             |             |                      |
| Cash and money funds                   | \$ 2,068,060         | \$ -        | \$ -        | \$ 2,068,060         |
| U.S. government securities             | 1,984,203            | -           | -           | 1,984,203            |
| Limited partnerships (publicly traded) | 360,528              | -           | -           | 360,528              |
| Preferred stock                        | 171,231              | -           | -           | 171,231              |
| US Corporate securities                | 9,835,471            | -           | -           | 9,835,471            |
| Mutual Funds                           |                      |             |             |                      |
| Income                                 | 3,058,181            | -           | -           | 3,058,181            |
| Value                                  | 3,823,744            | -           | -           | 3,823,744            |
| Growth                                 | 2,868,351            | -           | -           | 2,868,351            |
| Blended                                | 2,941,660            | -           | -           | 2,941,660            |
| US Bond                                | 3,639,702            | -           | -           | 3,639,702            |
| International stock                    | 8,263,491            | -           | -           | 8,263,491            |
| International bond                     | 2,998,651            | -           | -           | 2,998,651            |
| Commodity                              | 1,520,997            | -           | -           | 1,520,997            |
| Corporate bonds                        | 3,029,695            | -           | -           | 3,029,695            |
| <b>Total investments</b>               | <b>\$ 46,563,965</b> | <b>\$ -</b> | <b>\$ -</b> | <b>\$ 46,563,965</b> |

**9. Investment in Real Estate Partnership**

Investments in real estate partnerships are accounted for at cost. Management evaluates the investments for impairment when events or changes in circumstances may have an adverse effect on the fair value of those investments. The aggregate carrying value of investments in real estate partnerships accounted for on the cost method is \$841,010 at December 31, 2010. The Foundation did not identify any events or changes in circumstances that might have an adverse effect on fair value.

**10. Estate of Fred W. Beazley**

The Foundation is the residual beneficiary of the Fred W. and Marie C. Beazley Trust and Emergency Fund which was established on behalf of certain members of the Beazley family. The balance, if any, to be received by the Foundation after distributions to the family is not determinable at the present time.

**11. Gifts and Grants Payable**

The Foundation is committed to provide gift and grant payments to Eastern Virginia Medical School and Virginia Foundation for Independent Colleges which can be cancelled by the Board at any time.

Future gift and grant payments under these commitments are as follows:

|      |    |                  |
|------|----|------------------|
| 2011 | \$ | 325,000          |
| 2012 |    | 200,000          |
| 2013 |    | 200,000          |
| 2014 |    | 200,000          |
| 2015 |    | 200,000          |
|      |    | <hr/>            |
|      | \$ | <u>1,125,000</u> |

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**DIXON HUGHES GOODMAN** LLP  
Certified Public Accountants and Advisors

***Independent Accountants' Report  
on Supplementary Information***

Board of Directors  
***Beazley Foundation, Incorporated***

Our report on our review of the basic financial statements of ***Beazley Foundation, Incorporated*** for 2010 appears on page 1. That review was made for the purpose of expressing a conclusion that there are no material modifications that should be made to the 2010 financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America. The supplementary information on pages 13 – 18 is presented only for purposes of additional analysis. Such information for the year ended December 31, 2010 has been subjected to the inquiry and analytical procedures applied in our review of the basic 2010 financial statements, and we are not aware of any material modifications that should be made thereto.

*Dixon Hughes Goodman LLP*

Norfolk, Virginia  
September 9, 2011

*Beazley Foundation, Incorporated*

*Gifts and Grants Awarded*

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**Year Ended December 31, 2010**

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|  |    |                  |
|--|----|------------------|
| The Academy of Music   | \$ | 55,000           |
| ACCESS College Foundation                                    |    | 75,000           |
| Alzheimer's Association                                      |    | 100              |
| American Council of Trustees and Alumni                      |    | 19,470           |
| Angel Flight of Virginia                                     |    | 25,000           |
| Association of Fundraising Professionals                     |    | 2,500            |
| Atlantic Shores Christian Schools                            |    | 25,000           |
| Barton College   |    | 15,000           |
| Boys & Girls Club of Southeast Virginia                      |    | 50,000           |
| Camp Holiday Trails  |    | 5,000            |
| Cape Henry Collegiate School                                 |    | 25,000           |
| Cerebral Palsy of Virginia                                   |    | 10,000           |
| Chesapeake Bay Academy                                       |    | 25,000           |
| Chesapeake Bay Foundation                                    |    | 44,850           |
| Chesapeake Care Free Clinic                                  |    | 100,000          |
| Chesapeake, City of, First Judicial Circuit of Virginia      |    | 2,000            |
| Chesapeake Service Systems, Inc.                             |    | 50,000           |
| Children's Center, The                                       |    | 25,000           |
| CHIP/Healthy Families Chesapeake                             |    | 25,000           |
| Christ the King School                                       |    | 23,950           |
| Christopher Newport University                               |    | 50,000           |
| Crispus Attucks Cultural Center, Inc.                        |    | 10,000           |
| Eastern Virginia Medical School                              |    | 1,000,000        |
| Edmarc Hospice for Children                                  |    | 50,400           |
| Foodbank of Southeastern Virginia                            |    | 5,000            |
| ForKids, Inc.  |    | 50,000           |
| Genieve Shelter, The   |    | 25,000           |
| Ghent Area Ministry  |    | 5,000            |
| Habitat for Humanity of South Hampton Roads, Inc. (returned) |    | (30,000)         |
| Help and Emergency Response                                  |    | 5,934            |
| Hope House Foundation  |    | 25,000           |
| Horizons - Hampton Roads Student Enrichment Program          |    | 50,000           |
| Ida Barbour Early Learning Center                            |    | 30,825           |
| Jacob's Ladder   |    | 37,850           |
| Lee's Friends  |    | 5,000            |
| Linkhorn Academy   |    | 10,000           |
| Nauticus - National Maritime Center Foundation               |    | 40,000           |
| Subtotal   |    | <u>1,972,879</u> |

*See accountants' report on supplementary information.*

*Beazley Foundation, Incorporated*

*Gifts and Grants Awarded (Continued)*

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**Year Ended December 31, 2010**

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|   |                     |
|---|---------------------|
| Subtotal forward                                      | 1,972,879           |
| Norfolk Christian Schools                             | 25,000              |
| Norfolk Collegiate School                             | 125,000             |
| Oasis Social Ministry                                 | 50,000              |
| Onesimus Ministries of Norfolk, Inc., The             | 2,650               |
| Park Place Child Life Center                          | 20,000              |
| Philanthropy Roundtable                               | 5,000               |
| Portsmouth Catholic Elementary School                 | 25,000              |
| Project Lifesaver International, Inc.                 | 6,083               |
| Portsmouth Community Foundation                       | 22,485              |
| Portsmouth Public Schools - First College/TCC         | 24,533              |
| Portsmouth Schools Foundation Violin in Middle School | 5,000               |
| Portsmouth Schools Foundation Scholarships            | 86,500              |
| Presbyterian Homes and Family Services, Inc.          | 10,000              |
| Salvation Army  | 75,000              |
| Samaritan House                                       | 45,000              |
| Sentara Health Foundation                             | 50,000              |
| Seton Youth Shelters                                  | 25,000              |
| Society of St. Andrew                                 | 5,000               |
| Southeast 4-H Educational Center                      | 10,000              |
| Southeast Council of Foundations                      | 6,500               |
| Suffolk Meals on Wheels                               | 5,000               |
| The 200 Plus Men Foundation, Inc.                     | 15,000              |
| Tidewater Builders Association                        | 10,000              |
| Tidewater Community College Educational Foundation    | 15,000              |
| Tidewater Winds                                       | 5,000               |
| Triple R Ranch  | 25,000              |
| UP Center, The  | 25,000              |
| Vann H. Lefcoe Leadership Development Fund            | 2,500               |
| Virginia Air & Space Center                           | 25,010              |
| Virginia College Fund                                 | 50,000              |
| Virginia Legal Aid Society                            | 25,000              |
| Volunteer Hampton Roads                               | 5,000               |
| Westmoreland Children & Youth Association, Inc.       | 5,000               |
| YMCA of Portsmouth                                    | 50,000              |
| Total   | <u>\$ 2,859,140</u> |

*See accountants' report on supplementary information.*

*Beazley Foundation, Incorporated*

*Charitable Program Expenses*

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**Year Ended December 31, 2010**

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Beazley Senior Center

|                         |                          |
|-------------------------|--------------------------|
| Salaries and wages      | \$ 231,294               |
| Group insurance         | 70,681                   |
| Program supplies        | 24,662                   |
| Utilities               | 21,676                   |
| Payroll taxes           | 17,694                   |
| Depreciation            | 11,934                   |
| Repairs and maintenance | 15,739                   |
| Other insurance         | 6,709                    |
| Office supplies         | 3,389                    |
| Taxes and licenses      | 1,938                    |
| Miscellaneous           | <u>601</u>               |
| <b>Total</b>            | <b><u>\$ 406,317</u></b> |

*See accountants' report on supplementary information.*

*Beazley Foundation, Incorporated*

*Administrative Expenses*

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**Year Ended December 31, 2010**

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|                               |                          |
|-------------------------------|--------------------------|
| Salaries and wages            | \$ 333,828               |
| Investment management fees    | 207,281                  |
| Group insurance               | 69,305                   |
| Pension plan contribution     | 51,874                   |
| Payroll taxes                 | 19,318                   |
| Professional services         | 39,315                   |
| Depreciation                  | 13,076                   |
| Utilities                     | 12,353                   |
| Property taxes                | 12,520                   |
| Staff development             | 5,641                    |
| Other insurance               | 8,761                    |
| Office supplies               | 6,823                    |
| Travel                        | 5,921                    |
| Repairs and maintenance       | 4,438                    |
| Miscellaneous                 | 706                      |
| Deferred compensation benefit | <u>(36,459)</u>          |
| <b>Total</b>                  | <b><u>\$ 754,701</u></b> |

*See accountants' report on supplementary information.*

*Beazley Foundation, Incorporated*

*Gifts and Grants - Cash Basis*

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**Year Ended December 31, 2010**

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|   |    |                  |
|---|----|------------------|
| Academy of Music, The                                   | \$ | 55,000           |
| ACCESS College Foundation                               |    | 75,000           |
| Alzheimer's Association                                 |    | 100              |
| American Council of Trustees and Alumni                 |    | 19,470           |
| Angel Flight of Virginia                                |    | 25,000           |
| Association of Fundraising Professionals                |    | 2,500            |
| Atlantic Shores Christian Schools                       |    | 25,000           |
| Barton College  |    | 15,000           |
| Boys & Girls Club of Southeast Virginia                 |    | 50,000           |
| Camp Holiday Trails                                     |    | 5,000            |
| Cape Henry Collegiate School                            |    | 25,000           |
| Cerebral Palsy of Virginia                              |    | 10,000           |
| Chesapeake Bay Academy                                  |    | 25,000           |
| Chesapeake Bay Foundation                               |    | 44,850           |
| Chesapeake Care Free Clinic                             |    | 100,000          |
| Chesapeake Service Systems, Inc.                        |    | 50,000           |
| Chesapeake, City of, First Judicial Circuit of Virginia |    | 2,000            |
| Children's Center, The                                  |    | 25,000           |
| CHIP/Healthy Families Chesapeake                        |    | 25,000           |
| Christ the King School                                  |    | 23,950           |
| Christopher Newport University                          |    | 50,000           |
| Crispus Attucks Cultural Center, Inc.                   |    | 10,000           |
| Edmarc Hospice for Children                             |    | 50,400           |
| Foodbank of Southeastern Virginia                       |    | 5,000            |
| ForKids, Inc.   |    | 50,000           |
| Ghent Area Ministry                                     |    | 5,000            |
| Help and Emergency Response (H.E.R.)                    |    | 5,934            |
| Hope House Foundation                                   |    | 25,000           |
| Horizons - Hampton Roads Student Enrichment Program     |    | 50,000           |
| Ida Barbour Early Learning Center                       |    | 30,825           |
| Jacob's Ladder  |    | 37,850           |
| Lee's Friends   |    | 5,000            |
| Linkhorn Academy  |    | 10,000           |
| Nauticus - National Maritime Center Foundation          |    | 40,000           |
| Norfolk Christian Schools                               |    | 25,000           |
| Norfolk Collegiate School                               |    | 125,000          |
| Oasis Social Ministry                                   |    | 50,000           |
| Onesimus Ministries of Norfolk, Inc., The               |    | 2,650            |
| Park Place Child Life Center                            |    | 20,000           |
| Philanthropy Roundtable                                 |    | 5,000            |
| Subtotal  |    | <u>1,205,529</u> |

*See accountants' report on supplementary information.*

*Beazley Foundation, Incorporated*

*Gifts and Grants - Cash Basis (Continued)*

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**Year Ended December 31, 2010**

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|   |                     |
|---|---------------------|
| Subtotal forward                                      | 1,205,529           |
| Portsmouth Catholic Regional School                   | 25,000              |
| Portsmouth Community Foundation                       | 22,485              |
| Portsmouth Public Schools - First College/TCC         | 24,533              |
| Portsmouth Schools Foundation Scholarships            | 86,500              |
| Portsmouth Schools Foundation Violin in Middle School | 5,000               |
| Presbyterian Homes and Family Services, Inc.          | 10,000              |
| Project Lifesaver International, Inc.                 | 6,083               |
| Salvation Army  | 75,000              |
| Samaritan House                                       | 45,000              |
| Sentara Health Foundation                             | 50,000              |
| Seton Youth Shelter                                   | 25,000              |
| Society of St. Andrew                                 | 5,000               |
| Southeast 4-H Educational Center, Inc.                | 10,000              |
| Southeastern Council of Foundations                   | 6,500               |
| Suffolk Meals on Wheels                               | 5,000               |
| The 200 Plus Men Foundation, Inc.                     | 15,000              |
| The Genieve Schelter                                  | 25,000              |
| Tidewater Builders Association                        | 10,000              |
| Tidewater Community College                           | 312,729             |
| Tidewater Community College Educational Foundation    | 15,000              |
| Tidewater Winds                                       | 5,000               |
| Triple R Ranch  | 25,000              |
| UP Center, The  | 25,000              |
| Vann H. Lefcoe Leadership Development Fund            | 2,500               |
| Virginia Air and Space Museum                         | 25,010              |
| Virginia College Fund                                 | 50,000              |
| Virginia Foundation of Independent Colleges           | 125,000             |
| Virginia Legal Aid Society                            | 25,000              |
| Volunteer Hampton Roads                               | 5,000               |
| Westmoreland Children & Youth Association, Inc.       | 5,000               |
| YMCA of Portsmouth                                    | 50,000              |
| Total   | <u>\$ 2,326,869</u> |

*See accountants' report on supplementary information.*