



2012 ANNUAL REPORT

# MESSAGE FROM THE CHAIR AND PRESIDENT



WILLIAM CLARKE  
BOARD CHAIR



DAN GERLACH  
PRESIDENT

To the people of North Carolina —

In 2012, the Golden LEAF Foundation awarded \$33.8 million in grants supporting 87 different projects in tobacco-dependent, economically distressed, and rural communities across North Carolina.

Golden LEAF heard from employers with available positions that they could not find qualified workers to fill. In response, the Foundation funded grants of more than \$6 million dollars to train workers in advanced manufacturing. The goal of these projects is to put 3,500 North Carolinians to work and drive down the state's stubbornly high unemployment rate. The Foundation contracted with an outside firm to evaluate these grants, so that we may learn what works and what does not.

Our Economic Catalyst grants helped 7 companies, mostly manufacturers, locate or expand in North Carolina, bringing tens of millions in potential capital investment and hundreds of high-wage jobs. It is our belief that manufacturing will continue to play a vital role in rural North Carolina's economy, albeit in a different form.

The Community Assistance Initiative was

completed in 7 counties, providing almost \$13 million for school, infrastructure, community college, agriculture, health care, tourism and economic development projects. Golden LEAF plans to complete the first round of this Initiative in 2013. This 6-year program will have invested more than \$90 million in more than 40 of North Carolina's economically distressed counties. With the participation of citizens in these communities, Golden LEAF has funded and will continue to fund projects developed in and recommended by the communities themselves. We are currently evaluating the Initiative to determine ways to improve the process.

We also provided new opportunities through our Golden LEAF Scholars program. Approximately 900 students received assistance for four-year and community college tuition and expenses this year. More than 158 freshmen and sophomore scholars at 30 of our state's colleges and universities participated in leadership development and internships funded by Golden LEAF. Students from 55 rural counties served their communities through real-world work exposure in

healthcare, education, law and business fields.

Grantsmaking also continued for agricultural development, health care job creation, workforce training, and economic development in our Open Grants Program.

As good stewards of the money entrusted to the Golden LEAF Foundation, we recently revamped our grants monitoring to provide reporting consistency across our programs. The new process will help us monitor our grants more efficiently and effectively without creating undue burden on our grantees.

Our ability to continue to award meaningful grants to help tobacco-dependent, economically distressed and rural communities at this level depends on two things: the returns on our investments and the ongoing payments from the Master Settlement Agreement. We continue to be good stewards of the resources and use the MSA payments wisely to ensure that the Golden LEAF money gets to where it should go — communities like yours.

We are grateful for a successful 2012, and look forward to the years to come.

# CALENDAR YEAR 2012 GRANT AWARDS



A Jones County Community Assistance Initiative grant is helping these students earn qualifications required by area employers. The Career Tech Academy is a Lenoir Community College program offered in Jones County as a dual enrollment opportunity for high school students to earn a skills certificate, diploma, or credential in welding, machining, plumbing, electrical, and/or HVAC.



Ray Chambers, a commercial vegetable grower in Haywood County, grew Ju Hua (Chinese chrysanthemum) last year and was able to harvest and sell it to Western North Carolina based natural products retailer Golden Needle. The Golden LEAF-funded "Realizing the Potential of the WNC Natural Products Industry" grants are helping growers and natural products industries in Western NC.

Golden LEAF awarded 87 grants totaling \$33,838,024.92 in calendar year 2012. Grants supported a diverse set of projects in programmatic areas including agriculture, workforce training, job creation and retention, rural healthcare, scholarships, and educational initiatives. [Click here to see the list of calendar year 2012 grant awards.](#)

The grant awards in 2012 are broken down according to the following Golden LEAF grant programs/ initiatives. Grant awards included, but were not limited to:

- more than \$12.9 million to projects in Tier I counties through the Community Assistance Initiative,
- more than \$2.7 million to support job creation projects that were at risk without Golden LEAF support through the Foundation's Economic Catalyst program,
- more than \$4 million through the Foundation's Open Grants Program for projects related to agriculture, job creation and retention and workforce preparedness,
- more than \$4 million for scholarship aid to help students from rural, economically distressed communities attend two and four year colleges through Golden LEAF Scholarships,
- more than \$5.7 million for an Essential Skills in Advanced Manufacturing Workforce Initiative to support advanced manufacturing skills for the state's industry needs
- more than \$750,000 to support Rural Health Care efforts across the state.

[Click here to search Golden LEAF's grant awards, since inception.](#)

*\* Grant amounts reported throughout this report reflect the current grant amounts for calendar year 2012 grants as of January 15, 2013, unless otherwise indicated, and do not include grants that have been rescinded prior to release of funds.*

# ABOUT GOLDEN LEAF



Grant recipients are now required to attend a face-to-face Grants Management Workshop as part of the Foundation's new grants monitoring policies.



Golden LEAF attended a ribbon cutting for Beaufort County Community College's new allied health building on August 13, 2012. The project was supported by a \$1 million Golden LEAF Community Assistance Initiative grant and a \$200,000 grant through the Open Grants Program.

## OUR PURPOSE

Established in 1999, the Golden LEAF Foundation was created to manage one-half of North Carolina's share of funds from the Master Settlement Agreement between states and tobacco companies. Golden LEAF supports tobacco-dependent, economically distressed and rural communities in North Carolina as they work to transition to more prosperous and stable economies.

## OPEN DOOR POLICY

Golden LEAF welcomes eligible entities to request funding for projects that are consistent with Golden LEAF's priorities. The Foundation encourages potential applicants to visit our website to read more about program priorities and to contact programs staff to discuss project ideas or ask questions before submitting a grant application or letter of inquiry. Call 888-684-8404 or [click here for a list of programs staff](#).

## APPLYING FOR A GRANT

Golden LEAF focuses grantsmaking in areas that show the most promise for assisting targeted communities with economic transition or diversification. Priority areas include agriculture, job creation and retention, and workforce preparedness. Golden LEAF makes grants to 501(c)(3) nonprofits and governmental entities.

## ACCOUNTABILITY & TRANSPARENCY

Golden LEAF is committed to being accountable for the money entrusted to it. Every grant can be viewed by visiting our website [www.goldenleaf.org](http://www.goldenleaf.org). In 2013, the Foundation will work to make the website even more user friendly. Decisions on all grants are made in meetings open to the public. Golden LEAF is implementing a new process of grants monitoring, which includes new forms and polices on reporting as well as increased on-site monitoring and a mandatory face-to-face grants management workshop. [You can also view the audited financials online at \[www.goldenleaf.org\]\(http://www.goldenleaf.org\).](#)

# GRANT PROGRAMS AND INITIATIVES

## OPEN GRANTS PROGRAM

In the Open Grants Program, Golden LEAF's grantsmaking is focused in the areas of agriculture, job creation and retention and workforce preparedness. The Open Grants Program makes funding opportunities available throughout the year. [Click here for more information about applying for an Open Grants Program grant.](#)

## SCHOLARSHIPS

Golden LEAF awards grants to the North Carolina State Education Assistance Authority and the North Carolina Community College System to provide scholarships for students from qualifying counties to attend participating North Carolina colleges and universities. [Click here for more information about Golden LEAF Scholarship opportunities.](#)

## ECONOMIC CATALYST

The Foundation's Economic Catalyst Program awards grants to eligible entities to encourage industries to locate or expand in tobacco-dependent or economically distressed areas of the state and to create jobs. Applicants are strongly encouraged to contact Golden LEAF staff to discuss potential projects, eligibility and conditions that may be applicable prior to submitting an application. [Click here for more information about applying for an Economic Catalyst grant.](#)

## RURAL HOPE

This program was created in 2007 and was designed to enhance access to health care and create jobs by assisting with the construction and expansion of rural health care facilities. The health care industry represents an economic engine for rural communities as it often is a top employer and plays an important role in the ability to recruit citizens and companies. The program is currently closed.

## COMMUNITY ASSISTANCE INITIATIVE

The Community Assistance Initiative is a facilitated grant process targeting the needs of communities designated "Tier 1" by the NC Department of Commerce. [Click here to read more about the Community Assistance Initiative.](#)

## ESSENTIAL SKILLS IN ADVANCED MANUFACTURING WORKFORCE TRAINING INITIATIVE

The initiative was formed in 2012 to assist the state with job creation and address the skills gap that companies face when trying to hire qualified workers with the technical expertise required in advanced manufacturing. The Initiative focused on increasing access to training for high wage jobs, connecting the state's industries with the skilled workers they need, and enhancing the capacity of the state's training institutions. The Initiative is currently closed but look for a potential announcement for additional funding in 2013.

# FINANCIALS

The Foundation's financial statements undergo an annual audit, which was conducted by BDO USA, LLP for the year ended June 30, 2012. The Foundation's financial statements are presented in conformity with the accounting principles and reporting guidelines established by the Governmental Accounting Standards Board (GASB). BDO USA, LLP expressed an unqualified opinion on these financial statements. A copy of BDO USA, LLP's audit report dated September 28, 2012 may be viewed on the Golden LEAF web site, [www.goldenleaf.org](http://www.goldenleaf.org).

Statement of Net Assets and  
Governmental Fund Balance Sheet *June 30, 2012*

|  | General Fund          | Reclassifications<br>and Eliminations | Statement of<br>Net Assets |
|--|-----------------------|---------------------------------------|----------------------------|
| <b>ASSETS</b>  |                       |                                       |                            |
| Cash and cash equivalents                            | \$ 445,273            | \$ -                                  | \$ 445,273                 |
| Sales tax refund and other receivables               | 1,927                 | -                                     | 1,927                      |
| Prepaid items  | 84,348                | -                                     | 84,348                     |
| Investments  | 792,851,355           | -                                     | 792,851,355                |
| Capital assets-nondepreciable                        | -                     | 908,131                               | 908,131                    |
| Capital assets-depreciable, net                      | -                     | 2,896,429                             | 2,896,429                  |
| <b>Total Assets</b>                                  | <b>\$ 793,382,903</b> | <b>\$ 3,804,560</b>                   | <b>\$ 797,187,463</b>      |
| <b>LIABILITIES</b>                                   |                       |                                       |                            |
| Accounts payable                                     | \$ 83,881             | \$ -                                  | \$ 83,881                  |
| Accrued liabilities                                  | 36,490                | -                                     | 36,490                     |
| Grants payable                                       | 84,505,557            | -                                     | 84,505,557                 |
| <b>Total Liabilities</b>                             | <b>84,625,928</b>     | <b>-</b>                              | <b>84,625,928</b>          |
| <b>FUND BALANCE/<br/>NET ASSETS</b>                  |                       |                                       |                            |
| Nonspendable prepaid items                           | 84,348                | (84,348)                              | -                          |
| Invested in capital assets                           | -                     | 3,804,560                             | 3,804,560                  |
| Unassigned   | 708,672,627           | 84,348                                | 708,756,975                |
| <b>Total Fund Balance/Net Assets</b>                 | <b>708,756,975</b>    | <b>3,804,560</b>                      | <b>712,561,535</b>         |
| <b>Total Liabilities and Fund Balance/Net Assets</b> | <b>\$ 793,382,903</b> | <b>\$ 3,804,560</b>                   | <b>\$ 797,187,463</b>      |

# FINANCIALS



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## Statement of Activities and Governmental Fund Revenues, Expenditures, and Changes in Fund Balance *June 30, 2012*

|                           |  | General Fund          | Reclassifications<br>and Eliminations | Statement of<br>Activities |
|---------------------------|--|-----------------------|---------------------------------------|----------------------------|
| REVENUES                  | Proceeds from state settlement                     | \$ 70,489,443         | \$ -                                  | \$ 70,489,443              |
|                           | Investment loss, net                               | (9,645,339)           | -                                     | (9,645,339)                |
|                           | Other income                                       | 6,569                 | -                                     | 6,569                      |
|                           | Total Revenues                                     | <u>60,850,673</u>     | -                                     | <u>60,850,673</u>          |
| EXPENDITURES/<br>EXPENSES | Grant distributions                                | 32,821,202            | -                                     | 32,821,202                 |
|                           | Administrative costs                               | 2,332,627             | -                                     | 2,332,627                  |
|                           | Capital outlays                                    | 11,088                | (11,088)                              | -                          |
|                           | Loss on fixed assets                               | -                     | 74                                    | 74                         |
|                           | Depreciation expense                               | -                     | 106,954                               | 106,954                    |
|                           | Other expenses                                     | 17,563,760            | -                                     | 17,563,760                 |
|                           | Total Expenditures/Expenses                        | <u>52,728,677</u>     | <u>95,940</u>                         | <u>52,824,617</u>          |
|                           | Excess Revenues Over (Under) Expenditures/Expenses | 8,121,996             | (95,940)                              | 8,026,056                  |
|                           | Change in Fund Balance/Net Assets                  | 8,121,996             | (95,940)                              | 8,026,056                  |
|                           | Fund Balance/Net Assets, beginning of year         | 700,634,979           | 3,900,500                             | 704,535,479                |
|                           | Fund Balance/Net Assets, end of year               | <u>\$ 708,756,975</u> | <u>\$ 3,804,560</u>                   | <u>\$ 712,561,535</u>      |

# BOARD OF DIRECTORS (as of 12/31/12)

**WILLIAM CLARKE**

*Board chairman*

*Asheville*

*Appointed by the President Pro Tempore*

**WADE BARBER**

*Pittsboro*

*Appointed by the Speaker*

**DALE C. BONE** (Deceased 12/11/12)

*Wilson*

*Appointed by the President Pro Tempore*

**PAUL BROOKS**

*Pembroke*

*Appointed by the Governor*

**J. THOMAS BUNN**

*Raleigh*

*Appointed by the Speaker*

**BRITT COBB**

*Raleigh*

*Appointed by the Governor*

**S. LAWRENCE DAVENPORT**

*Greenville*

*Appointed by the Speaker*

**BILLY RAY HALL**

*Angier*

*Appointed by the Governor*

**JAMES H. JOHNSON**

*Pittsboro*

*Appointed by the Speaker*

**YVONNE J. JOHNSON**

*Greensboro*

*Appointed by the Governor*

**REV. LACY JOYNER**

*Oxford*

*Appointed by the President Pro Tempore*

**JOHNATHAN L. RHYNE, JR.**

*Lincolnton*

*Appointed by the Speaker*

**DAVID STEPHENSON, III**

*Lumberton*

*Appointed by the President Pro Tempore*

**TOM TAFT**

*Greenville*

*Appointed by the Governor*



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## OUR NEWS

To keep up with Golden LEAF's latest news, grant programs and opportunities and grantee accomplishments, [click here to sign up for our e-newsletter](#) (LEAF Lines) and our media mentions throughout the state (Golden LEAF News). [Click here to view past editions of LEAF Lines](#) and [here for Golden LEAF News](#).

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