Letter from the Chair and President

To the people of North Carolina —

As of December 31, 2015, the Golden LEAF Foundation has awarded 1,349 grants totaling almost $600 million since our inception in 1999. These numbers are only the beginning of our story which includes:

- 57,720 private sector jobs created
- $443 million in annual payroll from those jobs
- 62,011 North Carolinians trained through Golden LEAF resources
- 15,800 scholarships awarded to students to attend college who are committed to their rural communities

We believe the above clearly shows that our mission is being met in North Carolina. Results matter, and the Foundation continues to expand its work. In 2015 alone, Golden LEAF awarded $35 million in grants. The outcomes from these grants will come to fruition in future years, and the potential is strong.

Our dedicated Board and staff come from all over the state and offer a myriad of experiences and expertise that make them excellent stewards of the Foundation’s resources.

In 2015, the Foundation created a program to build the health care workforce in rural communities, supporting partnerships of education institutions and health care providers. Grants were awarded across the state, from Cullowhee to Lumberton, and we look forward to reporting on those results.

Biotechnology, a longstanding grantsmaking interest of the Foundation, saw a resurgence as Golden LEAF awarded grants for two of the largest economic development projects in eastern North Carolina in recent history, supporting workforce training in Pitt County to assist with the expansion of Patheon and infrastructure in Johnston County to assist with the expansion of Novo Nordisk.

We are grateful that the General Assembly restored $10 million in annual payments from the Master Settlement Agreement to Golden LEAF. Our Board immediately added this amount to our grantsmaking budget for 2016, targeting immediate job creation opportunities and investing in long-term human and physical infrastructure in the Western and Southeastern Prosperity Zones.

Though the investment environment is challenging, the Foundation continues to aim and achieve competitive returns on its endowment while maintaining a much lower risk profile compared to foundations and endowments of similar size.

We appreciate all the support, passion and vision that you offer, and pledge to continue to be excellent partners in the work of long-term economic advancement.
Golden LEAF awarded 63 GRANTS totaling $35,979,636 in calendar year 2015

Calendar year 2015 grant awards included, but were not limited to, the following Golden LEAF grant programs/initiatives:

- **JOB CREATION**
  - **WORKFORCE TRAINING**
    - **AGRICULTURE**
      - **SCHOLARSHIPS**
        - **HEALTHCARE**
          - **EDUCATIONAL INITIATIVES**

- **more than $12 million** to projects in the Sandhills and Northwest Prosperity Zones through the Community-Based Grantsmaking Initiative;

- **more than $8 million** to support job creation projects that were at risk without Golden LEAF support through the Foundation’s Economic Catalyst program;

- **more than $5 million** to help students from rural, economically distressed communities attend two- and four-year colleges through Golden LEAF Scholarships and prepare to work in rural communities;

- **more than $4 million** to support other special initiatives of the Foundation;

- **more than $3 million** to help meet the need for professional and highly skilled health care workers in rural, medically underserved areas of North Carolina through the Health Care Workforce Initiative; and

- **more than $2 million** through the Foundation’s Open Grants Program for projects related to agriculture, job creation and retention and workforce preparedness.

* Grant amounts reported throughout this report reflect the current grant amounts for calendar year 2015, unless otherwise indicated, and do not include grants that have been rescinded prior to release of funds.

Click here to search all Golden LEAF’s grant awards since 2000
Click here to see the list of calendar year 2015 grant awards
Established in 1999, the Golden LEAF Foundation was created to manage half of North Carolina's share of funds from the Master Settlement Agreement between states and participating 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.

MISSION

Golden LEAF’s mission is to increase economic opportunity in North Carolina’s rural and tobacco-dependent communities through leadership in grantsmaking, collaboration, innovation, and stewardship as an independent and perpetual foundation.

GOLDEN LEAF BOARD AND STAFF

Located in Rocky Mount, NC, the Golden LEAF Foundation is governed by a 15-member Board of Directors appointed by the North Carolina Governor, President Pro Tem of the Senate and Speaker of the House. The Foundation has 16 staff members. Please see the last page of this report for a complete list of Golden LEAF Board and Staff.

OPEN DOOR POLICY

Golden LEAF welcomes eligible entities to submit an application seeking funds for projects that are consistent with Golden LEAF’s mission and priorities. The Foundation encourages potential applicants to visit www.goldenleaf.org, to read more about current grant 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.

GRANT FUNDING PRIORITIES

Golden LEAF focuses grantsmaking in areas that show the most promise for assisting targeted communities with economic transition and/or diversification. Priority areas include agriculture, job creation and retention, and workforce preparedness. Golden LEAF only awards grants to 501(c)(3) nonprofits and governmental entities. For an overview of the Foundation’s grant programs and information about applying for a grant, click here.

ACCOUNTABILITY & TRANSPARENCY

Golden LEAF is committed to being accountable for the money entrusted to it. A description of every grant can be viewed by visiting our Grants Search Database. Decisions on all grants are made in meetings open to the public. Golden LEAF implements a grants monitoring process that includes review and verification of written reports regarding outcomes and activities as well as increased on-site monitoring and a mandatory face-to-face grants management workshop. You can also view the Foundation’s audited financials online at www.goldenleaf.org.

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 for related media articles throughout the state “Golden LEAF News”. Click here to view past editions of “LEAF Lines” and click here for “Golden LEAF News”.
Grant Programs and Initiatives

**OPEN GRANTS PROGRAM**

In the Open Grants Program, Golden LEAF focuses its grantsmaking 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.*

**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. Golden LEAF strongly encourages applicants to contact 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.*

**GOLDEN LEAF 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. Our four-year scholarship recipients also qualify to participate in the Golden LEAF Scholars Leadership Program, managed through a grant to the Center for Creative Leadership.

*Click here for more information about Golden LEAF Scholarship opportunities.*

**COMMUNITY-BASED GRANTSMAKING INITIATIVE**

Golden LEAF launched the Community-Based Grantsmaking Initiative in the summer of 2013 in the Northeast Prosperity Zone as a continuation of the Foundation’s community-based grantsmaking programs. The Foundation invites counties to apply to participate by Prosperity Zone(s) in this competitive grant program. Over a four year period, the Initiative will reach all regions of North Carolina. To date, Golden LEAF has awarded 46 grants totaling $29.8 million to organizations in Northeast, Sandhills and Northwest Prosperity Zones, supporting projects that address workforce preparedness, infrastructure, education, agriculture, economic development, and health care. The Community-Based Grantsmaking Initiative is currently being implemented in North Carolina’s Southeastern and Western Prosperity Zones. Grants are expected to be awarded in the Southeastern and Western Prosperity Zones by June 2016.

*For more information about this Initiative, click here.*
The Foundation's financial statements undergo an annual audit, which was conducted by BDO USA, LLP for the year ended June 30, 2015. The Foundations' 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 unmodified opinion on these financial statements. A copy of BDO USA, LLP's audit report dated September 28, 2015 may be viewed on the Golden LEAF web site, www.goldenleaf.org.

Statement of Position and
Governmental Fund Balance Sheet  June 30, 2015

<table>
<thead>
<tr>
<th>General Fund</th>
<th>Reclassifications and Eliminations</th>
<th>Statement of Net Position</th>
</tr>
</thead>
<tbody>
<tr>
<td>ASSETS</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$423,895</td>
<td>-</td>
</tr>
<tr>
<td>Sales tax refund and other receivables</td>
<td>5,110</td>
<td>-</td>
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<tr>
<td>Note receivable</td>
<td>203,318</td>
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<tr>
<td>Prepaid items</td>
<td>100,582</td>
<td>-</td>
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<tr>
<td>Investments</td>
<td>940,424,029</td>
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<tr>
<td>Capital assets-nondepreciable</td>
<td>-</td>
<td>903,906</td>
</tr>
<tr>
<td>Capital assets-depreciable, net</td>
<td>-</td>
<td>2,679,726</td>
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<tr>
<td>Total Assets</td>
<td>$941,156,934</td>
<td>$3,583,632</td>
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<td>LIABILITYS</td>
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<tr>
<td>Accounts payable</td>
<td>$80,208</td>
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<tr>
<td>Accrued liabilities</td>
<td>55,031</td>
<td>-</td>
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<tr>
<td>Grants payable</td>
<td>69,359,585</td>
<td>-</td>
</tr>
<tr>
<td>Total Liabilities</td>
<td>69,494,824</td>
<td>-</td>
</tr>
<tr>
<td>FUND BALANCE/ NET POSITION</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Nonspendable prepaid items</td>
<td>100,582</td>
<td>(100,582)</td>
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<tr>
<td>Net investment in capital assets</td>
<td>-</td>
<td>3,583,632</td>
</tr>
<tr>
<td>Restricted for broadband projects</td>
<td>513,851</td>
<td>-</td>
</tr>
<tr>
<td>Unassigned/unrestricted</td>
<td>871,047,677</td>
<td>100,582</td>
</tr>
<tr>
<td>Total Fund Balance/Net Position</td>
<td>871,662,110</td>
<td>3,583,632</td>
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<tr>
<td>Total Liabilities and Fund Balance/Net Position</td>
<td>$941,156,934</td>
<td>$3,583,632</td>
</tr>
</tbody>
</table>

Statement of Activities and Governmental Fund Revenues, Expenditures, and Changes in Fund Balance  June 30, 2015

<table>
<thead>
<tr>
<th>General Fund</th>
<th>Reclassifications and Eliminations</th>
<th>Statement of Activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>REVENUES</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment income</td>
<td>$21,159,438</td>
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</tr>
<tr>
<td>Grant revenue</td>
<td>513,851</td>
<td>-</td>
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<tr>
<td>Other income</td>
<td>9,280</td>
<td>-</td>
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<tr>
<td>Total Revenues</td>
<td>21,682,569</td>
<td>-</td>
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<tr>
<td>EXPENDITURES/ EXPENSES</td>
<td></td>
<td></td>
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<tr>
<td>Grant distributions</td>
<td>29,374,747</td>
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<tr>
<td>Administrative costs</td>
<td>2,418,184</td>
<td>-</td>
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<tr>
<td>Capital outlays</td>
<td>24,251</td>
<td>(24,251)</td>
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<tr>
<td>Loss on fixed assets</td>
<td>-</td>
<td>1,417</td>
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<tr>
<td>Depreciation expense</td>
<td>-</td>
<td>96,961</td>
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<tr>
<td>Unrelated business income tax</td>
<td>21,086</td>
<td>-</td>
</tr>
<tr>
<td>Total Expenditures/Expenses</td>
<td>31,838,268</td>
<td>74,127</td>
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<tr>
<td>Excess Revenues Over (Under) Expenditures/Expenses</td>
<td>(10,155,699)</td>
<td>(74,127)</td>
</tr>
<tr>
<td>Change in Fund Balance/Net Position</td>
<td>(10,155,699)</td>
<td>(74,127)</td>
</tr>
<tr>
<td>Fund Balance/Net Position, beginning of year</td>
<td>881,817,809</td>
<td>3,657,759</td>
</tr>
<tr>
<td>Fund Balance/Net Position, end of year</td>
<td>$871,662,110</td>
<td>$3,583,632</td>
</tr>
</tbody>
</table>
BOARD OF DIRECTORS
(as of 12/31/15)

BARRY Z. DODSON
Board Chairman
Stoneville, NC
Appointed by President Pro Tem of the Senate

MURCHISON "BO" BIGGS
Lumberton, NC
Appointed by Speaker of the House

BRITT COBB
Raleigh, NC
Appointed by Governor

S. LAWRENCE DAVENPORT
Greenville, NC
Appointed by Speaker of the House

DON FLOW
Winston-Salem, NC
Appointed by President Pro Tem of the Senate

BILLY RAY HALL
Angier, NC
Appointed by Governor

TOMMY HESTER
Henderson, NC
Appointed by Governor

RANDY ISENHOWER
Newton, NC
Appointed by President Pro Tem of the Senate

CAROLYN H. JUSTICE
Hampstead, NC
Appointed by Speaker of the House

JOHNATHAN L. RHYNE, JR.
Lincolnton, NC
Appointed by Speaker of the House

DAVID ROSE
Nashville, NC
Appointed by President Pro Tem of the Senate

RUTH SAMUELSON
Charlotte, NC
Appointed by Speaker of the House

DAVID M. STOVER
Raleigh, NC
Appointed by Governor

RALPH N. STRAYHORN, III
Charlotte, NC
Appointed by Governor

JEROME VICK
Wilson, NC
Appointed by President Pro Tem of the Senate

Golden LEAF FOUNDATION
2015 Annual Report

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