Annual Report 2016
**CY 2016 GRANTS**

Awarded $45,000,000 to the North Carolina Agricultural Foundation to construct the Plant Sciences Initiative facility at North Carolina State University.

Awarded 5 grants totaling $25,000,000 through the Major Site Development Initiative to organizations in 5 counties.

Awarded 28 grants totaling $17,834,936 in the third round of the Community-Based Grantsmaking Initiative in the Western and Southeastern Prosperity Zones.

Awarded $4,488,000 through the Economic Catalyst grants to support job creation projects which are projected to create 1,591 jobs that were at risk without Golden LEAF support.

**IMPACT REPORTS 2016**

- Total jobs created: 3,302
- Capital investment: $875,153,956
- New payroll: $97,405,945
- Number of people trained: 3,447
- 3rd party credentials: 580
- Degree/diploma/certificate: 330
Awarded $1,368,000 to MCNC to expand the Golden LEAF Rural Broadband Initiative by extending middle-mile fiber from Guilford into Randolph, Montgomery, and Richmond counties.

75 GRANTS
$105,862,846.65

CY 2016

Golden LEAF Scholarship Programs

Scholarships to help students from rural counties across the state attend NC colleges and universities:

4 Year Scholarship Program
(for students attending NC public and private universities and colleges):
- 215 new scholarships,
- 490 renewal scholarships, and
- 3 scholarships for students in the (RIBN) Regionally Increasing Baccalaureate Nurses program

Golden LEAF Scholars Leadership Program:
- Provided leadership training and internships in rural NC communities to 258 Golden LEAF Scholarship recipients

2 Year Scholarship Program
(to help students attend participating NC community colleges):
- Over 1,900 scholarships

Agriculture
$46,101,405

Disaster Recovery Bridge Loans
$2,000,000

Broadband
$1,368,000

Education (STEM and/or Digital Learning)
$10,819,460.65

Healthcare
$775,000

Jobs
$33,712,300

Scholarships
$4,984,297

Workforce Preparedness
$6,102,384

Awarded $2,000,000 to establish loan programs to provide short-term emergency bridge loans to small businesses and farms recovering from damages suffered during Hurricane Matthew, tropical storms, and western wildfires.

Awarded $1,368,000 to MCNC to expand the Golden LEAF Rural Broadband Initiative by extending middle-mile fiber from Guilford into Randolph, Montgomery, and Richmond counties.
To the people of North Carolina –

In calendar year 2016, the Golden LEAF Foundation Board of Directors awarded over $105 million in grants, one of the most active years of grantsmaking in the Foundation’s history.

The Foundation’s mission is to transform the economy of rural, tobacco-dependent and economically distressed areas of the state. There are times when the Foundation must act in a bold and aggressive manner to capitalize on opportunities to move North Carolina forward.

Two such opportunities presented themselves in 2016. Golden LEAF awarded grants totaling $48 million to assist in the construction of North Carolina State University's Plant Sciences Initiative facility, which is designed to increase the quality and quantity of cutting-edge research to benefit North Carolina’s diverse agricultural communities. Golden LEAF joined agriculture commodity groups and private donors and leveraged state support from the NC Connect Bond act to enable this bold vision to move forward.

The Foundation, again with support from the private and public sector, also funded $25 million in infrastructure to improve the competitiveness of North Carolina’s most promising large manufacturing sites. One company, Clearwater Paper, has already committed to create substantial jobs and make capital investment in Cleveland County. Additional interest from companies looking to locate in NC has resulted from the announced investment.

These major grant awards did not take away from our traditional grant programs. The Foundation awarded 70 additional grants totaling more than $35 million through several programs to facilitate job creation and capital investment, and to build our human capital and physical infrastructure to support economic development.

In December 2016, the General Assembly gave us the responsibility to administer grant programs to fund local government infrastructure and small business loans for communities recovering from hurricanes, tropical storms and wildfires that devastated our fellow citizens and communities. By June 1, 2017, we will have awarded the full $25 million in state-appropriated funds to help these local economies recover as thoroughly and quickly as possible.

As we write, we do not know the obstacles we will face, nor the opportunities that emerge, in the coming year. But with the resources entrusted to Golden LEAF, we will be ready to address them forthrightly.

Barry Dodson, Chair

Dan Gerlach, President
MISSION
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.

PURPOSE
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.

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, as of December 2016.

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.

ACCOUNTABILITY & TRANSPARENCY
Golden LEAF is committed to being accountable for the money entrusted to it. A description of every grant can be viewed by searching 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”. You can also follow us on twitter @ncLEAFchief and @NCgoldenLEAF.
GRANT FUNDING PRIORITIES

Golden LEAF focuses grantsmaking in areas that show the most promise for assisting rural, economically distressed, and tobacco-dependent 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.

CURRENT 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 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, supported 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 five year period, the Initiative will reach all regions of North Carolina. Through 2016, Golden LEAF has awarded 64 grants totaling $39.9 million to organizations in Northeast, Sandhills, Northwest, Western and Southeastern Prosperity Zones. Awards were made in support of 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 Piedmont Triad and Southwest Prosperity Zones. Grants are expected to be awarded in the Piedmont Triad and Southwest Prosperity Zones by June 2017. For more information about this Initiative, click here.
**FINANCIALS**

The Foundation's financial statements undergo an annual audit, which was conducted by BDO USA, LLP for the year ended June 30, 2016. 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 unmodified opinion on these financial statements. A copy of BDO USA, LLP's audit report dated September 29, 2016 may be viewed on the Golden LEAF website, www.goldenleaf.org.

Statement of Position and Governmental Fund Balance Sheet June 30, 2016

<table>
<thead>
<tr>
<th>ASSETS</th>
<th>General Fund</th>
<th>Reclassifications and Eliminations</th>
<th>Statement of Net Position</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>$869,099</td>
<td>$</td>
<td>$869,099</td>
</tr>
<tr>
<td>Sales tax refund and other receivables</td>
<td>130</td>
<td>-</td>
<td>130</td>
</tr>
<tr>
<td>Note receivable</td>
<td>174,211</td>
<td>-</td>
<td>174,211</td>
</tr>
<tr>
<td>Prepaid items</td>
<td>99,548</td>
<td>-</td>
<td>99,548</td>
</tr>
<tr>
<td>Investments</td>
<td>915,282,839</td>
<td>-</td>
<td>915,282,839</td>
</tr>
<tr>
<td>Capital assets-nondepreciable</td>
<td>-</td>
<td>903,906</td>
<td>903,906</td>
</tr>
<tr>
<td>Capital assets-depreciable, net</td>
<td>-</td>
<td>2,608,620</td>
<td>2,608,620</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td><strong>$916,425,827</strong></td>
<td><strong>$3,512,526</strong></td>
<td><strong>$919,938,353</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>LIABILITIES</th>
<th>General Fund</th>
<th>Reclassifications and Eliminations</th>
<th>Statement of Net Position</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts payable</td>
<td>$98,570</td>
<td>$</td>
<td>$98,570</td>
</tr>
<tr>
<td>Accrued liabilities</td>
<td>60,737</td>
<td>-</td>
<td>60,737</td>
</tr>
<tr>
<td>Grants payable</td>
<td>67,837,353</td>
<td>-</td>
<td>67,837,353</td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td><strong>67,996,660</strong></td>
<td>-</td>
<td><strong>67,996,660</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>FUND BALANCE/NET POSITION</th>
<th>General Fund</th>
<th>Reclassifications and Eliminations</th>
<th>Statement of Net Position</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nonspendable prepaid items</td>
<td>99,548</td>
<td>(99,548)</td>
<td>-</td>
</tr>
<tr>
<td>Net investment in capital assets</td>
<td>-</td>
<td>3,512,526</td>
<td>3,512,526</td>
</tr>
<tr>
<td>Restricted for broadband projects</td>
<td>1,726,018</td>
<td>-</td>
<td>1,726,018</td>
</tr>
<tr>
<td>Unassigned/unrestricted</td>
<td>846,603,601</td>
<td>99,548</td>
<td>846,703,149</td>
</tr>
<tr>
<td><strong>Total Fund Balance/Net Position</strong></td>
<td><strong>848,429,167</strong></td>
<td><strong>3,512,526</strong></td>
<td><strong>851,941,693</strong></td>
</tr>
</tbody>
</table>

Statement of Activities and Governmental Fund Revenues, Expenditures, and Changes in Fund Balance June 30, 2016

<table>
<thead>
<tr>
<th>REVENUES</th>
<th>General Fund</th>
<th>Reclassifications and Eliminations</th>
<th>Statement of Activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proceeds from state settlement</td>
<td>$10,000,000</td>
<td>$</td>
<td>$10,000,000</td>
</tr>
<tr>
<td>Grant revenue</td>
<td>1,212,167</td>
<td>-</td>
<td>1,212,167</td>
</tr>
<tr>
<td>Other income</td>
<td>3,332</td>
<td>-</td>
<td>3,332</td>
</tr>
<tr>
<td><strong>Total Revenues</strong></td>
<td><strong>7,007,589</strong></td>
<td>-</td>
<td><strong>7,007,589</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>EXPENDITURES/EXPENSES</th>
<th>General Fund</th>
<th>Reclassifications and Eliminations</th>
<th>Statement of Activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grant distributions</td>
<td>27,739,556</td>
<td>-</td>
<td>27,739,556</td>
</tr>
<tr>
<td>Administrative costs</td>
<td>2,452,216</td>
<td>-</td>
<td>2,452,216</td>
</tr>
<tr>
<td>Capital outlays</td>
<td>28,807</td>
<td>(28,807)</td>
<td>-</td>
</tr>
<tr>
<td>Loss on capital assets</td>
<td>-</td>
<td>2,081</td>
<td>2,081</td>
</tr>
<tr>
<td>Depreciation expense</td>
<td>-</td>
<td>97,832</td>
<td>97,832</td>
</tr>
<tr>
<td>Unrelated business income tax</td>
<td>19,953</td>
<td>-</td>
<td>19,953</td>
</tr>
<tr>
<td><strong>Total Expenditures/Expenses</strong></td>
<td><strong>30,240,532</strong></td>
<td>71,106</td>
<td><strong>30,311,638</strong></td>
</tr>
</tbody>
</table>

| Excess Revenues Under Expenditures/Expenses | (23,232,943) | (71,106) | (23,304,049) |
| Change in Fund Balance/Net Position | (23,232,943) | (71,106) | (23,304,049) |
| **Fund Balance/Net Position, beginning of year** | **871,662,110** | **3,583,632** | **875,245,742** |
| **Fund Balance/Net Position, end of year** | **$848,429,167** | **$3,512,526** | **$851,941,693** |
BOARD OF DIRECTORS

APPOINTED BY THE GOVERNOR
Tommy Hester  Henderson
Lee Roberts  Raleigh
Thomas Stith  Durham
David M. Stover  Raleigh
Ralph N. Strayhorn  III  Charlotte

APPOINTED BY THE PRESIDENT PRO TEM
Barry Z. Dodson  (Chair)  Stoneville
Don Flow  Winston-Salem
Randy Isenhower  Newton
David Rose  Nashville
Jerome Vick  Wilson

APPOINTED BY THE SPEAKER
Murchison “Bo” Biggs  Lumberton
S. Lawrence Davenport  Greenville
Carolyn H. Justice  Hampstead
Johnathan L. Rhyne  Lincolnton
Ruth Samuelson  Charlotte

REMEMBERING RUTH CULBERTSON SAMUELSON

On January 23, 2017, our Board member Ruth Culbertson Samuelson passed on. Ruth served on the Foundation Board with the passion, commitment, thoughtfulness, compassion, and generous spirit that she brought to everything in her personal and professional life. She never hesitated to ask the tough question, to help us see something from a different viewpoint, and to solve challenges with collegiality. More than anything, Ruth was faithful to her beliefs, which made her the special and wonderful woman she was. Golden LEAF misses her. Her spirit lives on in our work.