

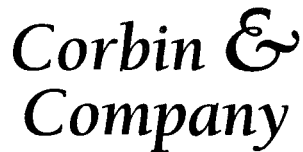
**BEAZLEY FOUNDATION
INCORPORATED**

PORTSMOUTH, VIRGINIA

DECEMBER 31, 2012

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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

Board of Directors
Beazley Foundation, Incorporated
Portsmouth, Virginia

We have reviewed the accompanying statements of financial position of Beazley Foundation, Incorporated as of December 31, 2012 and 2011, and the related statements of activities and cash flows for the years 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 taken 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 financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

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

Our review was made for the purpose of expressing a conclusion that there are no material modifications that should be made to the financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America. The supplementary information included in the accompanying schedules of charitable program expenses, administrative expenses, gifts and grants awarded, and gifts and grants - cash basis is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, and we did not become aware of any material modifications that should be made to such information.

November 5, 2013

BEAZLEY FOUNDATION, INCORPORATED

STATEMENTS OF FINANCIAL POSITION

DECEMBER

2012

2011

ASSETS

Investments held by broker trustee:

Cash equivalents	\$ 1,669,843	\$ 5,322,074
U.S. government securities	2,159,366	2,538,518
Limited partnership	71,379	144,529
Mutual funds and corporate securities	39,093,909	33,311,550
Fixed income investments	2,565,927	2,454,987
Total investments held by broker trustee	<u>45,560,424</u>	<u>43,771,658</u>

Assets held by Foundation:

Cash and cash equivalents	192,633	110,624
Investments managed by Foundation	2,877,395	2,940,643
Prepaid expenses	4,553	4,630
Prepaid excise taxes	32,204	103,105
Property and equipment - net	283,497	271,394
Cash surrender value of life insurance	18,389	17,581
Deferred tax asset - unrelated business taxable income	203,830	289,951
Total assets held by Foundation	<u>3,612,501</u>	<u>3,737,928</u>

TOTAL ASSETS \$ 49,172,925 \$ 47,509,586

See accompanying notes and independent accountants' review report.

DECEMBER

2012

2011

LIABILITIES AND NET ASSETS

Liabilities:

Accounts payable and accrued expenses	\$ 16,964	\$ 17,770
Gifts and grants payable	600,000	1,117,500
Deferred compensation	1,190,899	1,228,322
Deferred tax liability - excise taxes	133,295	96,446
Total liabilities	1,941,158	2,460,038

Net assets - unrestricted	47,231,767	45,049,548
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TOTAL LIABILITIES AND NET ASSETS	\$ 49,172,925	\$ 47,509,586
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BEAZLEY FOUNDATION, INCORPORATED

STATEMENTS OF ACTIVITIES

YEARS ENDED
DECEMBER

2012 2011

UNRESTRICTED NET ASSETS

Revenue:

Net realized gain on sale of investments	\$ 1,486,137	\$ 1,773,146
Interest and dividends	1,350,827	1,385,717
Net unrealized gain (loss) on investments	1,691,158	(2,895,184)
Income (loss) from real estate entities	384,952	(158,321)
Other income	102	3,790
Total unrestricted support	<u>4,913,176</u>	<u>109,148</u>

Expenses:

Program services:		
Gifts and grants	1,261,519	1,286,100
Charitable program expenses	421,003	401,510
Administrative expenses	900,129	946,821
Income and excise tax expense (benefit)	148,306	(35,674)
Total expenses	<u>2,730,957</u>	<u>2,598,757</u>

Change in unrestricted net assets **2,182,219** (2,489,609)

Unrestricted net assets - beginning of year **45,049,548** 47,539,157

Unrestricted net assets - end of year **\$ 47,231,767** \$ 45,049,548

See accompanying notes and independent accountants' review report.

BEAZLEY FOUNDATION, INCORPORATED

STATEMENTS OF CASH FLOWS

YEARS ENDED
DECEMBER

2012 2011

Cash flows from operating activities:

Change in net unrestricted assets	\$ 2,182,219	\$ (2,489,609)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	22,207	27,967
Net realized gain on sale of investments	(1,486,137)	(1,773,146)
Net unrealized (gain) loss on investments	(1,691,158)	2,944,019
Net (income) loss from real estate entities	(384,952)	158,321
Deferred taxes - net	122,970	(94,189)
Deferred compensation benefit	93,798	105,624
Deferred compensation paid	(131,221)	(131,221)
(Increase) decrease in:		
Prepaid expenses	77	(124)
Prepaid excise taxes	70,901	(101,962)
Cash surrender value of life insurance	(808)	(840)
Increase (decrease) in:		
Accounts payable and accrued expenses	(806)	553
Gifts and grants payable	(517,500)	(7,500)
Net cash used by operating activities	<u>(1,720,410)</u>	<u>(1,362,107)</u>

Cash flows from investing activities:

Proceeds from the sale of investments	27,993,080	26,673,699
Purchases of investments	(30,230,534)	(22,211,948)
Real estate entity distributions	717,675	272,594
Investments in real estate entities	(295,723)	(129,320)
Acquisitions of property and equipment	(34,310)	(12,650)
Net cash provided (used) by investing activities	<u>(1,849,812)</u>	<u>4,592,375</u>

Net change in cash (3,570,222) 3,230,268

Cash - beginning of year 5,432,698 2,202,430

Cash - end of year \$ 1,862,476 \$ 5,432,698

See accompanying notes and independent accountants' review report.

BEAZLEY FOUNDATION, INCORPORATED

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2012

NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Nature of Business:

The Beazley Foundation, Incorporated (the 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.

Summary of Significant Accounting Policies:

(A) Basis of Financial Presentation:

The Foundation uses the accrual method of accounting and as such recognizes revenues when earned and expenses when incurred.

Revenues received are recorded as unrestricted, temporarily restricted, or permanently restricted net assets depending on the existence or nature of any restrictions imposed by the donor. At the end of December 31, 2012, all of the Foundation's assets have been classified as unrestricted.

(B) Cash and Cash Equivalents:

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

(C) 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 change in net assets.

Investments in non-publicly traded real estate ventures are generally valued at the amount invested less any return of capital received by the Foundation. This method is necessary due to the lack of a readily determinable fair value of the companies or their underlying assets.

BEAZLEY FOUNDATION, INCORPORATED

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2012

NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

(D) 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.

(E) Property and Equipment:

Property and equipment purchases are capitalized at cost if purchased or at estimated fair market value at time of acquisition if acquired by gift, and depreciated using the straight-line method over the following estimated useful lives:

Buildings and improvements	5-40 years
Equipment and furnishings	5-15 years
Vehicle	5 years

(F) Excise and Income Taxes:

The Foundation is exempt from federal income taxes under Section 501(c)(3) and is classified as a private foundation under Section 509(a) of the Internal Revenue Code. The Foundation is subject to federal excise taxes and unrelated business tax on its unrelated business income as explained in Note 5.

Excise taxes and unrelated business taxes are provided for the tax effects of transactions reported in the financial statements and consist of taxes currently due plus deferred taxes related to differences between the bases of certain assets and liabilities for financial and tax reporting. The differences relate primarily to unrealized gains and losses on investments and unrelated business loss carryovers. Deferred taxes represent the future tax return consequences of those differences, which will be taxable or deductible when the assets and liabilities are recovered or settled.

As of December 31, 2012, the tax years that remain subject to examination by taxing authorities begin with 2009. The Foundation believes it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

BEAZLEY FOUNDATION, INCORPORATED

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2012

NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

(G) Concentration of Credit Risk:

The Foundation maintains its cash in bank deposit accounts at high credit quality financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation. At times, account balances may exceed federally insured limits. The Bureau has not experienced any losses on such accounts.

(H) Use of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 - INVESTMENTS:

Investments held by broker trustee consist of the following:

	<u>2012</u>		<u>2011</u>	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Cash equivalents	\$ 1,669,843	\$ 1,669,843	\$ 5,322,074	\$ 5,322,074
U S Government securities	2,119,538	2,159,366	2,467,314	2,538,518
Limited partnerships	53,070	71,379	92,147	144,529
Mutual funds and corporate equities	34,783,842	39,093,909	30,727,682	33,311,550
Fixed income	2,439,592	2,565,927	2,418,334	2,454,987
Total	<u>\$ 41,065,885</u>	<u>\$ 45,560,424</u>	<u>\$ 41,027,551</u>	<u>\$ 43,771,658</u>

Investment management fees of \$212,484 and \$224,093 were paid to investment managers during 2012 and 2011, respectively.

BEAZLEY FOUNDATION, INCORPORATED

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2012

NOTE 2 - INVESTMENTS (Continued):

Investments managed by the Foundation consist of the following:

	2012		2011	
	Book Value	Fair Value	Book Value	Fair Value
Atlanta-Dallas Holdings, LLC 1.570434% limited interest	\$ (1,443)	\$ 176,474	10,812	182,070
Atlanta-Durham Holdings, LLC 1.6129032% limited interest	9,996	166,223	27,410	168,651
Development Fund, LLC 3.7237% limited interest	283,286	283,834	267,093	297,831
Fairfield Associates, LLC 2.3716% limited interest	(146,444)	36,430	(139,285)	36,901
Freedom Industrial Associates, LLC 2.396%	50,109	31,240	47,010	35,733
HG Hampton Holdings, Co., LLC 1.0169% limited interest	(21,445)	123,782	(32,099)	134,974
HGI Opportunity Fund III, Inc. 0.967742% limited interest	33,037	121,652	40,089	128,809
HGI US Property Fund III, LLC 1% limited interest	66,610	123,343	103,905	136,397
HGI US Property Fund IV, LLC 1% limited interest	89,898	105,916	59,265	115,574
HGI US Property Fund V, LLC 0.9375% limited interest	145,121	147,439	-	-
Kitty Hawk Associates, LLC 8.4159% limited interest	30,849	59,189	25,834	61,527
Lakeshore Preston Holdings, LLC 0.9628% limited interest	(42,408)	159,666	(19,758)	165,637
Lumber River Associates, LLC 14.5517% limited interest	-	-	48,474	26,837
Lynnhaven Parkway Associates, LLC 5.4379% limited interest	-	-	(3,926)	22,657
Nashville-Dallas Holdings, LLC 1.677% limited interest	4,568	187,858	23,532	204,556
PCSC Associates, LLC 7.2019% limited interest	163,210	180,127	175,711	186,127
RCC GF, LLC 1.9656% limited interest	40,269	42,315	48,044	47,315
RCC Manning, LLC 7.3407966% limited interest	73,824	72,258	84,496	82,748
RCC Olde Towne Marketplace II, LLC 10.7846% limited interest	19,315	-	16,654	-
RCC Olde Towne Marketplace, LLC 10.7846% limited interest	(98,496)	66,768	(78,729)	70,706
Southwood Associates, LLC 12.4352% limited interest	(10,929)	56,060	(5,140)	67,060
Steele Creek Associates, LLC 16.3607% limited interest	(97,028)	74,660	(94,761)	98,660
Tidewater Holdings Co., LLC 1.456% limited interest	(215,161)	178,607	(208,482)	181,099
Virginia Multifamily Holdings, LLC 1.3143149%	25,370	128,523	55,510	145,834
Waterman's Holdings, LLC 2.25454% limited interest	23,140	152,440	44,668	157,440
Wheeler REIT, LP 0.9083703% limited interest	81,945	40,311	-	-
Townebank - 2000 shares of Series A 8% non-cumulative convertible preferred stock	200,000	162,280	200,000	185,500
Total	<u>\$ 707,193</u>	<u>\$ 2,877,395</u>	<u>\$ 696,327</u>	<u>\$ 2,940,643</u>

BEAZLEY FOUNDATION, INCORPORATED

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2012

NOTE 2 - INVESTMENTS (Continued):

The limited liability companies and partnerships represent entities which have invested in various real estate developments and activities and have limited or no observable fair market value inputs. Investments in the real estate entities are accounted for based on the amount invested less any return of capital received by the Foundation. 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 Foundation did not identify any events or changes in circumstances that might have an adverse effect on fair value. The book values of the real estate investments are presented at the value of the Foundation's capital accounts in the various entities.

NOTE 3 - PROPERTY AND EQUIPMENT:

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

	<u>2012</u>	<u>2011</u>
Land	\$ 58,946	\$ 58,946
Buildings and improvements	563,883	556,845
Equipment and furnishings	163,661	159,877
Vehicle	17,972	44,546
Total property and equipment	<u>804,462</u>	<u>820,214</u>
Less - accumulated depreciation	520,965	548,820
Property and equipment - net	<u>\$ 283,497</u>	<u>\$ 271,394</u>

NOTE 4 - GIFTS AND GRANTS PAYABLE:

The Foundation is committed to provide annual gift and grant payments of \$200,000 to the Eastern Virginia Medical School through 2015. All the gifts and grants can be cancelled by the Board at any time.

BEAZLEY FOUNDATION, INCORPORATED

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2012

NOTE 5 - EXCISE AND INCOME TAX:

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

	<u>2012</u>	<u>2011</u>
Excise tax percentage	<u>1%</u>	<u>2%</u>
Excise tax current due	25,336	57,539
Deferred excise and income tax expense (benefit)	<u>122,970</u>	<u>(93,213)</u>
Total income and excise tax expense (benefit)	<u>\$ 148,306</u>	<u>\$ (35,674)</u>

The tax effects of temporary differences that give rise to significant portions of the net deferred tax assets (liabilities) at December 31, 2012 and 2011 are presented below:

	<u>2012</u>	<u>2011</u>
Deferred tax assets:		
Unrelated business taxable income	\$ 202,213	\$ 288,334
Disabled access credit	<u>1,617</u>	<u>1,617</u>
	203,830	289,951
Deferred tax liabilities:		
Unrealized gains on investments	<u>(133,295)</u>	<u>(96,446)</u>
	<u>\$ 70,535</u>	<u>\$ 193,505</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 and losses are not subject to federal excise tax expense or benefit until these investments are sold and the gains and losses are realized.

BEAZLEY FOUNDATION, INCORPORATED

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2012

NOTE 5 - EXCISE AND INCOME TAX (Continued):

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 tax 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 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 (using a five year average). 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 the years ended December 31, 2012 and 2011 is as follows:

	<u>2012</u>	<u>2011</u>
Over distributed income from prior year	\$ (3,800,576)	\$ (3,725,747)
Distributable amount	2,236,898	2,256,062
Qualifying distributions made	(2,776,117)	(2,330,891)
Expiration of over distributed income from 2007	<u>1,057,963</u>	<u>-</u>
Over distributed income to be credited to next year's distributed amount	<u>\$ (3,281,832)</u>	<u>\$ (3,800,576)</u>

BEAZLEY FOUNDATION, INCORPORATED

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2012

NOTE 6 - DEFERRED COMPENSATION:

The Foundation has deferred compensation agreements 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' lifetimes and are being partially funded by an annuity. At December 31, 2012, five deferred compensation participants or their surviving spouses were receiving benefits under these agreements.

During the year ended December 31, 2012 and 2011, \$93,798 and \$105,624, respectively, of deferred compensation expense was accrued. The deferred compensation liability is estimated to be \$1,190,899 and \$1,228,322 at December 31, 2012 and 2011, respectively, and is calculated assuming a 7% discount rate and no annual cost of living adjustment.

A total of \$131,221 was paid to participants during each of the years ended December 31, 2012 and 2011. The Foundation expects to distribute \$131,221 in 2013 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.

NOTE 7 - PENSION PLANS:

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. The Foundation contributions to the plan are calculated annually at 10% of eligible wages. For the years ended December 31, 2012 and 2011 the Foundation recorded contributions and plan expenses of \$55,226 and \$54,537, respectively.

BEAZLEY FOUNDATION, INCORPORATED

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2012

NOTE 8 - 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.

NOTE 9 - FAIR VALUE MEASUREMENTS:

Generally accepted accounting principles define fair value, establish a framework for measuring fair value, and establish a fair value hierarchy that prioritizes the inputs to valuation techniques. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value measurement assumes that the transaction to sell the asset or transfer the liability occurs in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market. Valuation techniques that are consistent with the market, income or cost approach are used to measure fair value.

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels:

- **Level 1** inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Foundation has the ability to access.
- **Level 2** inputs are inputs (other than quoted prices included within level 1) that are observable for the asset or liability, either directly or indirectly.
- **Level 3** are unobservable inputs for the asset or liability and rely on management's own assumptions about the assumptions that market participants would use in pricing the asset or liability. (The unobservable inputs should be developed based on the best information available in the circumstances and may include the Foundation's own data.)

BEAZLEY FOUNDATION, INCORPORATED

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2012

NOTE 9 - FAIR VALUE MEASUREMENTS (Continued):

The following tables present the Foundation's fair value hierarchy for those assets and liabilities measured at fair value on a recurring basis.

Fair Value Measurements on a Recurring Basis as of December 31, 2012

<u>Assets</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments:				
Cash and money funds	\$ -	\$ 1,669,843	\$ -	\$ 1,669,843
U.S. government securities	2,159,366	-	-	2,159,366
Limited partnerships (publicly traded)	71,379	-	-	71,379
Real estate entities	-	-	2,715,115	2,715,115
Preferred stock	162,280	-	-	162,280
Corporate equities	10,931,358	-	-	10,931,358
Mutual funds	28,162,551	-	-	28,162,551
Corporate bonds	2,565,927	-	-	2,565,927
Total	<u>\$ 44,052,861</u>	<u>\$ 1,669,843</u>	<u>\$ 2,715,115</u>	<u>\$ 48,437,819</u>

Fair Value Measurements on a Recurring Basis as of December 31, 2011

<u>Assets</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments:				
Cash and money funds	\$ -	\$ 5,322,074	\$ -	\$ 5,322,074
U.S. government securities	2,538,518	-	-	2,538,518
Limited partnerships (publicly traded)	144,529	-	-	144,529
Real estate entities	-	-	2,755,143	2,755,143
Preferred stock	185,500	-	-	185,500
Corporate equities	9,060,860	-	-	9,060,860
Mutual funds	24,250,690	-	-	24,250,690
Corporate bonds	2,454,987	-	-	2,454,987
Total	<u>\$ 38,635,084</u>	<u>\$ 5,322,074</u>	<u>\$ 2,755,143</u>	<u>\$ 46,712,301</u>

BEAZLEY FOUNDATION, INCORPORATED

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2012

NOTE 10 - PRIOR PERIOD ADJUSTMENTS:

The fair value of the Foundation's investments in real estate limited liability companies and partnerships was restated in 2012, resulting in the following changes to unrestricted net assets as of December 31, 2011, and the related statement of activities for the period then ended:

	<u>INVESTMENTS MANAGED BY FOUNDATION</u>	<u>DEFERRED TAX LIABILITY EXCISE TAXES</u>	<u>CHANGE IN NET ASSETS</u>
As previously reported	\$ 729,693	\$ 52,227	\$ (2,782,653)
Understatement in fair market value of investments in real estate LLC's and patnerships	2,210,950	-	299,024
Deferred taxes on unrealized gain in real estate investments	-	44,219	(5,980)
As adjusted	<u>\$ 2,940,643</u>	<u>\$ 96,446</u>	<u>\$ (2,489,609)</u>

NOTE 11 - SUBSEQUENT EVENTS:

In preparing these financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through November 5, 2013, the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

BEAZLEY FOUNDATION, INCORPORATED

CHARITABLE PROGRAM EXPENSES

YEARS ENDED
DECEMBER

2012

2011

Beazley Senior Center

Salaries and wages	\$ 232,753	\$ 231,088
Group insurance	73,036	74,388
Program supplies	31,968	24,445
Utilities	19,417	19,915
Repairs and maintenance	19,264	8,292
Payroll taxes	17,806	17,678
Depreciation	13,875	14,745
Other insurance	7,302	6,382
Office supplies	2,860	2,603
Taxes and licenses	2,276	1,934
Miscellaneous	446	40
	<u> </u>	<u> </u>
Total charitable program expenses	<u>\$ 421,003</u>	<u>\$ 401,510</u>

See independent accountants' review report.

BEAZLEY FOUNDATION, INCORPORATED

ADMINISTRATIVE EXPENSES	YEARS ENDED	
	DECEMBER	
	2012	2011
Salaries and wages	\$ 373,003	\$ 368,926
Investment management fees	212,484	224,093
Deferred compensation	93,798	105,624
Pension plan contribution	55,226	54,537
Group insurance	54,796	71,036
Taxes and licenses	23,937	12,168
Payroll taxes	20,263	19,755
Professional services	13,850	17,265
Travel and entertainment	11,530	9,617
Utilities	11,521	13,153
Depreciation	8,332	13,223
Other insurance	7,938	7,789
Repairs and maintenance	6,419	3,760
Office supplies	5,432	17,133
Staff development	1,090	7,627
Miscellaneous	510	1,115
Total administrative expenses	<u>\$ 900,129</u>	<u>\$ 946,821</u>

See independent accountants' review report.

BEAZLEY FOUNDATION, INCORPORATED

GIFTS AND GRANTS AWARDED

YEAR ENDED DECEMBER 31, 2012

Academy of Music	\$	50,000
ACCESS College Foundation		25,000
Administration of Justice Fund		2,500
Alliance Christian Academy		10,000
Alzheimer's Association		100
American Council of Trustees & Alumni		17,526
Association of Fundraising Professionals		2,500
Barrier Islands Center		20,000
Bluefield College		56,250
Camp Holiday Trails		5,000
Cerebral Palsy of Virginia		5,000
Chesapeake Care Free Clinic		40,000
Chesapeake Public Schools		3,500
CHIP of South Hampton Roads		50,000
Christopher Academy		13,470
College of William & Mary		35,000
Crittenden, Eclipse & Hobson Heritage Foundation		10,000
Edmarc Hospice for Children		5,000
Emily Green Shores Home		10,000
Foodbank of Southeastern Virginia		35,000
ForKids, Inc.		20,000
Foundation Center		5,000
Friends of the Portsmouth Juvenile Court, Inc.		16,273
Girls, Inc.		17,118
Horizons Hampton Roads, Inc.		50,000
Jacob's Ladder		38,810
Jamestown-Yorktown		50,000
Lee's Friends		11,593
Nansemond Suffolk Academy		5,000
Norfolk Collegiate School		14,987
Our House Families		15,000
Park Place Child Life Center		8,500
Philanthropy Roundtable		5,000
Portsmouth Schools Foundation		211,393
Portsmouth Service League		100,000

See independent accountants' review report.

Regent University	45,000
Saint Matthews School	10,000
Salvation Army	20,000
Society of St. Andrew	5,000
Southeast Virginia Community Foundation	1,522
Southeastern Council of Foundations	5,000
Special Olympics of Virginia	5,000
Stonebridge School	35,000
Tidewater Builders Association	8,000
Tidewater Community College Educational Foundation	15,000
Tidewater Winds	5,000
United Way of South Hampton Roads	40,000
Vann H. Lefcoe Leadership Development	3,737
Virginia College Fund	40,000
Virginia Legal Aid Society	15,000
Virginia Supportive Housing	20,000
Volunteer Hampton Roads	10,000
Westmoreland Children & Youth Association, Inc.	13,740
	<u>\$ 1,261,519</u>

BEAZLEY FOUNDATION, INCORPORATED

GIFTS AND GRANTS AWARDED - CASH BASIS

YEAR ENDED DECEMBER 31, 2012

Academy of Music	\$	50,000
ACCESS College Foundation		25,000
Administration of Justice Fund		2,500
Alliance Christian Academy		10,000
Alzheimer's Association		100
American Council of Trustees & Alumni		17,526
An Achievable Dream, Inc.		50,000
Association of Fundraising Professionals		2,500
Barrier Islands Center		20,000
Bluefield College		56,250
Boys & Girls Club of Southeast Virginia		30,000
Camp Holiday Trails		5,000
Cerebral Palsy of Virginia		5,000
Chesapeake Care Free Clinic		40,000
Chesapeake Public Schools		3,500
CHIP of South Hampton Roads		50,000
Christopher Academy		13,470
College of William & Mary		35,000
Crittenden, Eclipse & Hobson Heritage Foundation		10,000
Eastern Virginia Medical School		200,000
Edmarc Hospice for Children		5,000
Emily Green Shores Home		10,000
Foodbank of Southeastern Virginia		35,000
ForKids, Inc.		20,000
Foundation Center		5,000
Friends of the Portsmouth Juvenile Court, Inc.		16,273
Girls, Inc.		17,118
Horizons Hampton Roads, Inc.		50,000
Jacob's Ladder		38,810
Jamestown-Yorktown Foundation, Inc.		50,000
Lee's Friends		11,593
Nansemond Suffolk Academy		5,000
Norfolk Collegiate School		14,987
Our House Families		15,000
Park Place Child Life Center		8,500

See independent accountants' review report.

Philanthropy Roundtable	5,000
Portsmouth Museum Foundation, Inc.	75,000
Portsmouth Schools Foundation	211,393
Portsmouth Service League First Citizen Committee	100,000
Regent University	45,000
Saint Mary's Home for Disabled Children	62,500
Saint Matthews School	10,000
Salvation Army	20,000
Society of St. Andrew	5,000
Southeast Virginia Community Foundation	1,522
Southeastern Council of Foundations	5,000
Special Olympics of Virginia	5,000
Stonebridge School	35,000
Tidewater Builders Association	8,000
Tidewater Community College Educational Foundation	115,000
Tidewater Winds	5,000
United Way of South Hampton Roads	40,000
Vann H. Lefcoe Leadership Development	3,737
Virginia College Fund	40,000
Virginia Legal Aid Society	15,000
Virginia Supportive Housing	20,000
Volunteer Hampton Roads	10,000
Westmoreland Children & Youth Association, Inc.	13,740
	<u>\$ 1,779,019</u>