

THE COMMUNITY FOUNDATION OF  
DECATUR/MACON COUNTY

FINANCIAL REPORT

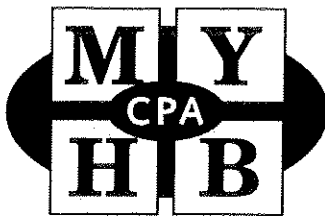
December 31, 2010

THE COMMUNITY FOUNDATION OF DECAUTR/MACON COUNTY

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## McGuire, Yuhas, Huffman & Buckley, P.C.

Certified Public Accountants & Consultants

March 19, 2011

### INDEPENDENT AUDITORS' REPORT


The Board of Directors  
The Community Foundation of  
Decatur/Macon County  
Decatur, Illinois

We have audited the accompanying statements of financial position of The Community Foundation of Decatur/Macon County as of December 31, 2010 and 2009 and the related statement of activities and cash flows for the years then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Community Foundation of Decatur/Macon County as of December 31, 2010 and 2009 and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying information on pages 19 through 22 is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

  
McGuire, Yuhas, Huffman & Buckley, P.C.

THE COMMUNITY FOUNDATION OF DECATUR/MACON COUNTY

STATEMENTS OF FINANCIAL POSITION

December 31, 2010 and 2009

	<u>2010</u>	<u>2009</u>
<b>ASSETS</b>		
Cash	\$ 1,542,196	\$ 943,131
Investments	19,102,037	12,111,574
Donated Property	139,900	
Prepaid Expenses	4,650	16,350
Promises to give less unamortized discount of \$1,163 (2009 \$3,095)	230,605	643,575
Furniture and equipment, net of accumulated depreciation of \$21,243 (2009 - \$16,186)	<u>13,296</u>	<u>18,353</u>
<b>Total Assets</b>	<b>\$ <u>21,032,684</u></b>	<b>\$ <u>13,732,984</u></b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts Payable	\$ 12,059	\$ 5,000
Agency Funds	<u>1,917,178</u>	<u>558,531</u>
<b>Total Liabilities</b>	<b><u>1,929,237</u></b>	<b><u>563,531</u></b>
<b>NET ASSETS</b>		
<b>Unrestricted Net Assets:</b>		
Operating Funds	161,904	150,451
Donor-Advised	18,606,543	12,852,613
<b>Total Unrestricted Net Assets</b>	<b><u>18,768,447</u></b>	<b><u>13,003,064</u></b>
<b>Temporarily Restricted Net Assets:</b>		
Donor-Advised	<u>335,000</u>	<u>166,389</u>
<b>Total Temporarily Restricted Net Assets</b>	<b><u>335,000</u></b>	<b><u>166,389</u></b>
<b>Total Net Assets</b>	<b><u>19,103,447</u></b>	<b><u>13,169,453</u></b>
<b>Total Liabilities and Net Assets</b>	<b>\$ <u>21,032,684</u></b>	<b>\$ <u>13,732,984</u></b>

Notes to Financial Statements are an integral part of this statement.

THE COMMUNITY FOUNDATION OF DECATUR/MACON COUNTY

STATEMENTS OF ACTIVITIES

Years Ended December 31, 2010 and 2009

	<u>2010</u>	<u>2009</u>
<b>UNRESTRICTED NET ASSETS</b>		
Support, Revenue and Reclassifications:		
Gifts	\$ 6,592,665	\$ 4,449,314
Decatur Legacy Membership Dues	11,300	11,000
In-kind Gifts	-	1,050
Investment Income, Net of Amounts Earned on Agency Funds	1,532,454	1,381,249
	<u>8,136,419</u>	<u>5,842,613</u>
Net Assets Released From Restrictions:		
Satisfaction of Purpose Restriction	166,389	146,002
Total Support, Revenue and Reclassifications	<u>8,302,808</u>	<u>5,988,615</u>
Expenses:		
Program Services	2,341,181	1,224,511
General and Administrative	94,006	100,694
Fund-Raising	102,238	104,453
Total Expenses	<u>2,537,425</u>	<u>1,429,658</u>
Increase (Decrease) in Unrestricted Net Assets	<u>5,765,383</u>	<u>4,558,957</u>
<b>TEMPORARILY RESTRICTED NET ASSETS</b>		
Support, Revenue and Reclassifications:		
Gifts	335,000	160,800
Net Assets Released From Restrictions:		
Satisfaction of Purpose Restriction	(166,389)	(146,002)
Total Support, Revenue and Reclassifications	<u>168,611</u>	<u>14,798</u>
Increase(Decrease) in Temporarily Restricted Net Assets	<u>168,611</u>	<u>14,798</u>
Total Increase(Decrease) in Net Assets	5,933,994	4,573,755
Net Assets, Beginning of Year	<u>13,169,453</u>	<u>8,595,698</u>
Net Assets, End of Year	<u>\$ 19,103,447</u>	<u>\$ 13,169,453</u>

Notes to Financial Statements are an integral part of this statement.

THE COMMUNITY FOUNDATION OF DECATUR/MACON COUNTY

STATEMENTS OF CASH FLOWS

Years Ended December 31, 2010 and 2009

	<u>2010</u>	<u>2009</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Changes in Net Assets	\$ 5,933,994	\$ 4,573,755
Adjustments to Reconcile Change in Net Assets to Net Cash Flows from Operating Activities:		
Depreciation	5,057	5,729
Discounts on Promises to Give	(1,932)	926
Unrealized (Appreciation) Depreciation on Investments	(1,120,589)	(1,129,343)
Donated Securities included in Gifts	(2,244,143)	(1,822,415)
(Increase) Decrease in Assets:		
Property	(139,900)	
Promises to Give Receivable	414,902	475,286
Prepaid Expenses	11,701	15,224
Increase (Decrease) in Liabilities:		
Agency Funds	1,358,647	134,941
Accounts Payable	7,059	5,000
	<u>4,224,795</u>	<u>2,259,103</u>
<b>CASH FLOWS USED BY INVESTING ACTIVITIES</b>		
Purchase of Investments	<u>(3,625,731)</u>	<u>(1,940,593)</u>
	<u>(3,625,731)</u>	<u>(1,940,593)</u>
Net Increase(Decrease) in Cash and Cash Equivalents	599,064	318,510
Cash and Cash Equivalents, beginning	<u>943,131</u>	<u>624,621</u>
Cash and Cash Equivalents, ending	<u>\$ 1,542,196</u>	<u>\$ 943,131</u>
<b>SUPPLEMENTAL DISCLOSURES</b>		
Noncash Investing and Financing Transactions:		
Gifts of Investments & Donated Property	<u>\$ 2,384,043</u>	<u>\$ 1,822,415</u>

Notes to Financial Statements are an integral part of this statement.

THE COMMUNITY FOUNDATION OF  
DECATUR/MACON COUNTY

NOTES TO FINANCIAL STATEMENTS  
December 31, 2010 and 2009

Note 1 Summary of Significant Accounting Policies

Organization Data

The Community Foundation of Decatur/Macon County (the Foundation) was incorporated under the laws of the State of Illinois as a not-for-profit organization. The Foundation is a community trust organized to enhance the quality of life in the greater Decatur and Macon County area, and toward that end, to receive, administer and distribute property in cash and in kind primarily to benefit the people, institutions and community for philanthropic purposes. The Foundation administers approximately 180 individual funds, each established with an instrument of gift describing either the general or specific purposes for which grants are to be made, usually from income only, but in some cases, from principal. The Foundation's governing instruments also allow for invasion of principal and for it to exercise its variance power. Additionally, on occasion, the Foundation receives funds for specific charitable purposes which are pass-through in nature.

Basis of Accounting

The Foundation's financial statements have been prepared on the accrual basis of accounting. Accordingly, revenues are recognized when earned, and expenses are recognized when incurred.

Grants Payable

Grants payable to selected or designated organizations and the related expense are recorded when the grants are approved by the Foundation.

Net Assets

The Foundation classifies net assets into two categories: unrestricted and temporarily restricted. All contributions and grants are considered to be available for unrestricted use unless specifically restricted by the donor.

Unrestricted net assets consist of the following types of internally-designated funds:

Operating funds - Funds used for the general operation of the Foundation.

Donor-advised and other funds - Funds established by donor contributions that enable donors to make recommendations from time to time about the distributions from the funds.

THE COMMUNITY FOUNDATION OF  
DECATUR/MACON COUNTY

NOTES TO FINANCIAL STATEMENTS  
December 31, 2010 and 2009  
(Continued)

Note 1 Summary of Significant Accounting Policies - (Continued)

The donors' advice in the grant making process is considered by the Board of Directors in making grants from these resources. Other funds include field of service funds used to support particular interests to the donor, designated funds intended to benefit designated charitable organizations, and scholarship funds intended to assist students in obtaining an education.

The Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 958-225, "Accounting for Contributions Received and Contributions Made", and its interpretations provide that if the governing body of an organization has the ability to remove a donor restriction (i.e., variance power), the contribution should be classified as an unrestricted net asset. To ensure tax deductibility of donors' gifts, the Foundation is required by the IRS to exercise final discretion concerning expenditures from its funds. Accordingly, all net assets and related activity over which the management of the Foundation exercises direct control are classified as unrestricted net assets in the accompanying financial statements. However, if the donor has indicated a desire to support a particular area of interest or organization, the Foundation Board will designate the contribution for that use.

Contributions Receivable (Promises to Give)

Unconditional promises to give are recognized as revenue in the period received and as assets. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Contributions receivable due in future years are reflected at a discount of 1.93% for 2010 and 2.34% for 2009. This is done to present the receivables at the estimated present value of future cash flows.

Furniture and Equipment

The Foundation capitalizes expenditures for furniture and equipment. Furniture and equipment purchase are stated at cost. Depreciation is provided over the estimated useful lives of the assets using the straight-line method.

Investment Policy

It is the Foundation's policy to hold its investments to obtain a ratio of approximately 50 - 75% equity securities, 25 - 50% debt or fixed income securities, 0 - 10% commodities, and 0 - 15% cash equivalents, based on market value.

THE COMMUNITY FOUNDATION OF  
DECATUR/MACON COUNTY

NOTES TO FINANCIAL STATEMENTS  
December 31, 2010 and 2009  
(Continued)

Note 1 Summary of Significant Accounting Policies - (Continued)

Present Spending Policy

The Board of the Foundation expects to approve, for grant making purposes, an amount up to 5% of its net assets available for such use. The rate, amounts, and base against which policy is applied are subject to change at the sole discretion of the Board.

Investments

Investments are carried at market value, except for life insurance policies which are valued at their cash surrender value. The Foundation records all donated securities at their fair market value at the date of donation. Interest and dividends and gains and losses are reflected in the statement of activities as change in unrestricted net assets.

Concentration of Credit Risk

Financial instruments that potentially subject the Foundation to concentrations of credit risk consist principally of unconditional promises to give, as these originate in Decatur and Macon County.

The Foundation maintains its cash balances at several financial institutions located in Decatur, Illinois. The balances at each institution are insured by the Federal Deposit Insurance Corporation for up to \$250,000. From time to time during the year, deposits exceed federally insured limits. At December 31, 2010, deposits including certificates of deposit exceeded federally insured limits by \$177,650 (2009 - \$336,063). Management does not believe that it is exposed to any significant risk in connection with the uninsured cash balances.

The Foundation's investments are invested mostly in mutual funds. These investments are uninsured and subject to the credit risk of the financial markets.

Income Taxes

The Foundation is a non-profit corporation and is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. In addition, the Foundation qualifies for the charitable contribution deduction under Section 170(b)(1)(a) and has been classified as an organization that is not a private foundation under Section 509(a)(2).

THE COMMUNITY FOUNDATION OF  
DECATUR/MACON COUNTY

NOTES TO FINANCIAL STATEMENTS  
December 31, 2010 and 2009  
(Continued)

Note 1 Summary of Significant Accounting Policies - (Continued)

Cash and Cash Equivalents

For the purposes of the statements of cash flows, the Foundation considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Agency Funds

The Foundation accepts transfers of assets from other nonprofit organizations. When the nonprofit organization names itself as the beneficiary of the transferred assets, the Community Foundation records the assets received and a liability for the amount due back to the organization, rather than recognizing revenue, as the Foundation is acting as an agent on behalf of the other nonprofit organization. Investment income produced from these assets is also accounted for as a liability. During the current year, two funds were transferred from net assets to agency funds. Any matching funds these funds had previously received were not transferred into the agency funds, but were retained as net assets.

Note 2 Investments

Investments in marketable securities are held by commercial banks, segregated within the trust departments, or by brokerage houses, a custodian for the Foundation. They consist primarily of mutual funds. Pursuant to its investment policy, the Foundation diversifies its holdings into various assets classes, principally debt and equity holdings. Mutual funds are evaluated on the basis of their underlying securities. As of December 31, 2010, a majority of the Foundation's holdings are in the fund Russell LifePoints Balanced Strategy Fund.

THE COMMUNITY FOUNDATION OF  
DECATUR/MACON COUNTY

NOTES TO FINANCIAL STATEMENTS  
December 31, 2010 and 2009  
(Continued)

Note 2      Investments - (Continued)

Investments consist of the following at December 31, 2010 and 2009:

	2010 Fair Value	2009 Fair Value
	-----	-----
Certificates of deposit	\$ 91,310	\$ 794,591
Cash and money market funds	494,094	964,719
Common Stock	10,589	0
Corporate and government bonds	551,473	858,805
Mutual funds	17,942,685	9,483,849
Insurance policy- cash surrender value	11,886	9,610
	-----	-----
	\$19,102,037	\$12,111,574
	=====	=====

Investment income at December 31, 2010 and 2009 is summarized as follows:

	2010 ----	2009 ----
Interest and dividends	\$ 537,881	\$ 335,356
Realized and unrealized gains and losses	1,113,340	1,129,343
	=====	=====
	1,651,221	1,464,699
Amount allocated to agency endowments	118,767	83,450
	-----	-----
Total investment income	\$ 1,532,454	\$ 1,381,249
	=====	=====

Note 3      Lease

During 2004, the Foundation entered into a 5½ year lease for office space. The lease required all rent for the entire lease term to be paid in advance. During 2008, the Foundation entered into a three year lease for the third floor of their current location. This lease required the Foundation to pay for remodeling of the space. The amount spent was recorded as prepaid rent. The Foundation will also pay an annual amount of \$3,000, during the first two years of the lease, and \$1,500 annually thereafter, for the cost of utilities. This space is being used for the Education Coalition.

THE COMMUNITY FOUNDATION OF  
DECATUR/MACON COUNTY

NOTES TO FINANCIAL STATEMENTS  
December 31, 2010 and 2009  
(Continued)

Note 3 Lease - (Continued)

The Foundation recognized twelve months of rent expense for 2010 totaling \$16,067 (2009 - \$15,282), leaving a prepaid balance at December 31, 2010 of \$3,267 (2009 - \$13,333). In addition, there is an option to extend the first lease for an additional 4½ years, or until the end of the second lease for \$500 per month. This option has not been finalized as of December 31, 2010.

Note 4 Promises to Give Receivable

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using an assumed risk free interest rate (1.93% at December 31, 2010 and 2.34% at December 31, 2009).

Amortization of the discounts is included in contribution revenue. As of December 31, 2010, contributors to the Foundation have made written unconditional promises to give, totaling \$231,768 (2009 - \$646,670). These pledges are due as follows:

	2010	2009
	----	----
Less than one year	\$ 191,598	\$ 558,500
One to five years	40,170	88,170
	-----	-----
	231,768	646,670
Less unamortized discount	(1,163)	( 3,095)
	-----	-----
Total promises to give	\$ 230,605	\$ 643,575
	=====	=====

Note 5 Intentions to Give

The Foundation is aware that it has been named as beneficiary of several life insurance policies, IRA accounts and bequests. Because the Foundation's interest is conditional, the value of these intended gifts has not been established, nor have these gifts been recognized as an asset or contribution revenue.

THE COMMUNITY FOUNDATION OF  
DECATUR/MACON COUNTY

NOTES TO FINANCIAL STATEMENTS  
December 31, 2010 and 2009  
(Continued)

Note 6 Furniture and Equipment

Furniture and equipment included the following at December 31, 2010 and 2009:

	2010	2009
	----	----
Furniture and equipment	\$ 34,539	\$ 34,539
Accumulated depreciation	(21,243)	(16,186)
	-----	-----
Net property and equipment	\$ 13,296	\$ 18,353
	=====	=====

Furniture and equipment are capitalized at cost when purchased and at fair value if donated. Depreciation is computed using the straight line method based on expected useful life and amounted to \$5,057 and \$5,729 for the years ending December 31, 2010 and 2009, respectively.

Note 7 Agency Funds

The Foundation receives and distributes assets under certain agency and intermediary arrangements. ASC Topic 958-605-25-23, Transfers of Assets to a Not-for-Profit Organization or Charitable Trust that Raises or Holds Contributions for Others, establishes standards for transactions in which a community foundation accepts a contribution from a donor and agrees to transfer those assets, the return on investment of those assets, or both, to an entity that is specified by the donor. Liabilities have been established in accordance with ASC Topic 958 which specifically requires that if a not-for-profit organization establishes a fund at a community foundation with its own funds and specifies itself or its affiliate as the beneficiary of that fund, the community foundation must account for the transfer of such assets as a liability. In addition, related amounts received or distributed, investment income or loss, and expenses are presented on the accompanying statement of activities.

THE COMMUNITY FOUNDATION OF  
DECATUR/MACON COUNTY

NOTES TO FINANCIAL STATEMENTS  
December 31, 2010 and 2009  
(Continued)

Note 7 Agency Funds - (Continued)

Transactions in agency funds are summarized as follows:

	2010	2009
	-----	-----
Additions:		
Contributions	\$1,259,915	\$ 71,584
Investment income	118,767	83,450
Deductions:		
Grants to designated organizations	\$ (20,035)	\$ (20,093)
Increase (Decrease) in agency funds	1,358,647	134,941
Balance in agency funds, Beginning of year	558,531	423,590
	-----	-----
Balance in agency funds, End of year	\$1,917,718	\$ 558,531
	=====	=====

At December 31, 2010 and 2009, individual balances which make up the total agency fund balance are as follows:

	2010	2009
	-----	-----
Decatur Area Arts Council Endowment	\$ 190,696	\$ 180,601
Energy Assistance Fund	5,478	4,933
Governor Oglesby Mansion Endowment	56,909	13,450
Rock Springs Endowment	12,591	11,340
Girl Scouts of Central IL Endowment	29,307	23,124
United Way Endowment	97,732	88,016
Victory Pharmacy Endowment	7,723	6,953
Walter & Inabell Kirby Memorial Endowment	42,017	38,994
Webster-Cantrell Hall Endowment	208,187	160,925
YMCA Endowment	32,003	30,195
Big Brothers/Big Sisters	38,816	
Macon County 4-H Agreement	106,667	
LSA-Pritts	51,167	
LSA-Horn	54,806	
LSA-Burdick	43,145	
LSA-Brink	1,290	
LSA-Tieman	35,535	
LSA-Fund I	324,787	
Northwest Softball	404,924	
Nancy Koopman Scholarship Fund	173,398	
	-----	-----
	\$1,917,178	\$ 558,531
	=====	=====

THE COMMUNITY FOUNDATION OF  
DECATUR/MACON COUNTY

NOTES TO FINANCIAL STATEMENTS  
December 31, 2010 and 2009  
(Continued)

Note 8 Donor-advised and Other Funds

Donor-advised and other funds consist of the following as of December 31, 2010 and 2009:

	2010	2009
	----	----
Donor-advised funds	\$ 5,329,752	\$ 1,968,939
Discretionary funds	158,678	57,166
Field of service funds	7,398,791	5,749,408
Designated funds	3,460,164	3,772,250
Scholarship funds	2,594,158	1,471,239
	-----	-----
	\$18,941,543	\$13,019,002
	=====	=====

Temporarily restricted assets of \$335,000 are included in the above amounts for 2010 (\$166,389 - 2009).

The Foundation's policy is to assess each fund an annual fee of 1% of its market value. Such amounts are credited to unrestricted discretionary funds to offset administrative expenses. For the years ended December 31, 2010 and 2009, the Foundation assessed \$135,367 and \$83,503, respectively, against the various donor-advised and other funds.

For the years ended December 31, 2010 and 2009, grants were awarded and payments totaling \$2,108,366 and \$1,004,207, respectively, were made to a wide variety of charities, organizations and scholarship recipients. These benefited social service agencies, local churches, education, environment, arts and others. Included in total grants are payments for expenses which benefit programs under the control of the Foundation. For 2010, these amounts included \$202,615 for Education Coalition administrative expenses, \$29,617 for Early Childhood Education administrative expenses, and \$160,631 for other program related administrative expenses. For 2009, these amounts included \$132,554 for Education Coalition administrative expenses, \$50,855 for Early Childhood Education administrative expenses, and \$71,175 for other program related administrative expenses.

Note 9 Custodial Obligations

At December 31, 2010, the Foundation was acting as custodian for a local community group, Decatur Legacy. Partner nonprofit organizations and professional firms pay dues in order to help pay for conducting an annual awareness campaign, public relations projects, billboards, etc. The amount held for the group was \$7,305 at December 31, 2010 (2009 - \$7,635).

THE COMMUNITY FOUNDATION OF  
DECATUR/MACON COUNTY

NOTES TO FINANCIAL STATEMENTS  
December 31, 2010 and 2009  
(Continued)

Note 10 Simplified Employee Pension (SEP) Plan

Effective January 1, 2001, the Organization adopted a Simplified Employee Pension (SEP) Plan. Employer contributions under this plan are made at the Employer's discretion and are based upon the total compensation of each participant. Eligibility requires the employee to have attained the age of twenty-one (21) and to have performed services for the employer in three of the last five plan years. Contributions during 2010 were \$12,910 (2009 - \$13,192).

Note 11 Related Party Transactions

During the year ended December 31, 2010, the Foundation received \$749,978 in contributions (including gifts of securities and promises to give) from board members (2009 - \$234,754). Total promises to give receivable at December 31, 2010 from board members was \$0 (2009 - \$25,000).

Note 12 Major Contributors

A significant portion of contributions received and receivable at December 31, 2010 came from primarily six donors totaling \$4,597,304 or 70% of total contribution revenue.

Note 13 Community Partnerships

During 2008, the Community Foundation launched the Decatur Area Education Coalition and the Leaders Challenge Fund, bringing state-wide private foundation funding as well as donor and local foundation giving together to create a network of well-informed advocates and community members working to support improvements in education. During 2009 and 2010, these programs continued to grow and are being funded by interest earned, as well as additional donations and grants.

The Community Foundation has received substantial support from the Grand Victoria Foundation, in the form of contribution matches, to improve the quality of life for residents in Decatur and Macon County.

Note 14 Temporarily Restricted Net Assets

The Foundation received \$50,000 during 2008 from the Illinois Department of Commerce and Economic Opportunity, for the sole use in association with the Job Training Economic Development (JTED) grant. Of the \$50,000 received, \$18,409 of expenses relating to JTED had been incurred and paid for before December 31, 2008, resulting in a remaining balance of \$31,591. Of the remaining balance, additional expenses of \$26,002 were incurred during 2009, resulting in a remaining balance of \$5,589, as of December 31, 2009.

THE COMMUNITY FOUNDATION OF  
DECATUR/MACON COUNTY

NOTES TO FINANCIAL STATEMENTS  
December 31, 2010 and 2009  
(Continued)

Note 14 Temporarily Restricted Net Assets - (Continued)

During 2010, additional expenses of \$5,589 were incurred, and as such, the December 31, 2010 balance of this grant was \$0.

In addition to the grant referenced above, \$85,000 and \$250,000 of income is temporarily restricted by the donor, the Caterpillar Foundation and the Archer Daniels Midland Co. respectively. This \$335,000 is restricted to pay for the operating expenses of the Education Coalition. As of December 31, 2009, \$160,800 from the James Millikin Estate was temporarily restricted and during 2010, Education Coalition expenses were incurred and the \$160,800 of temporarily restricted net assets were released from restricted status and used to pay these expenses. These changes result in a combined amount of temporarily restricted net assets of \$335,000.

Note 15 Endowments

ASC 958 also discusses Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosures for All Endowment Funds (ASC 958). ASC 958 provides the standards on the net asset classification of donor-restricted endowment funds for a not-for-profit organization that is subject to the State of Illinois enacted version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA), as approved by House Bill 811 in 2009. ASC 958 also provides for other disclosures concerning an organization's charitable assets and whether or not the organization is subject to UPMIFA. Since its adoption of the predecessor standard, the Foundation has provided these additional disclosures, and will continue to fulfill its stewardship responsibility by internally accounting for and reporting all net assets in accordance with each donor's original intent as provided for in the gift instrument which established the fund. Due to the existing governing documents' inclusion of variance power, the Foundation's financial statements classify substantially all net assets as unrestricted; however, all recordkeeping for internal management and external reporting retains the original donor intent for every charitable asset within the Foundation.

The Foundation, upon management and governance review, has determined that net assets do not meet the specific definition of endowment under Illinois UPMIFA. The Foundation, at its sole discretion, shall determine to distribute so much of the corpus of any trust or separate gift, devise, bequest, or fund. As a result of this responsibility, all contributions not classified as temporarily restricted are classified as unrestricted net assets for financial statement purposes. Temporarily restricted net assets are discussed in Note 14 above.

THE COMMUNITY FOUNDATION OF  
DECATUR/MACON COUNTY

NOTES TO FINANCIAL STATEMENTS  
December 31, 2010 and 2009  
(Continued)

Note 15 Endowments - (Continued)

Although the charitable assets entrusted to the Foundation do not meet the definition as provided for under Illinois UPMIFA, the spending policies and philosophy, as well as the long-term investment management policies, and procedures described in Note 1, were designed to function as integrated processes and are administered to reflect the following factors, as described in Illinois UPMIFA, for prudent stewards of charitable assets, including:

- 1) The duration and preservation of a fund;
- 2) The purpose of the organization and the donor designations thereto;
- 3) General economic conditions;
- 4) The possible effects of inflation and deflation;
- 5) The expected total return of the charitable assets;
- 6) Other resources of the organization; and
- 7) The investment policies.

Note 16 Fair Value of Financial Instruments

As of January 1, 2009, the Foundation adopted ASC Topic 820-10 regarding the fair value measurements for certain financial and nonfinancial assets and liabilities, which requires the assets and liabilities carried at fair value to be classified and disclosed in one of the following three categories:

- Level 1: Quoted market prices for identical assets or liabilities in an open market, to which an entity has access to at the measurement date.
- Level 2: Valuations for assets and liabilities traded in less active dealer or broker markets. Valuations are obtained from third party pricing services for identical or similar assets or liabilities.
- Level 3: Unobservable inputs for the asset or liability. Unobservable inputs should be used to measure the fair value to the extent that observable inputs are not available.

When applying fair value principles in the valuation of assets and liabilities, we are required to maximize the use of quoted market prices and minimize the use of unobservable inputs. We calculate the fair value of our Level 1 and Level 2 instruments based on the market value, at close of business, of similar or identical instruments. The Foundation has not changed its valuation techniques in measuring the fair value of any financial assets and liabilities during the year.

THE COMMUNITY FOUNDATION OF  
DECATUR/MACON COUNTY

NOTES TO FINANCIAL STATEMENTS  
December 31, 2010 and 2009  
(Continued)

Note 16 Fair Value of Financial Instruments - (Continued)

The following table sets forth the Foundation's financial assets and liabilities as of December 31, 2010, which were measured at fair value on a recurring basis during the period, segregated by level within the fair value hierarchy:

2010 -----	Level 1 -----	Level 2 -----	Level 3 -----	Total -----
Assets at Fair Value:				
Investments:				
Mutual Funds	\$ 17,942,685			\$ 17,942,685
Cash Equivalents	494,094			494,094
Certificate of				
Deposit		\$ 91,310		91,310
Fixed Income		551,473		551,473
Equities	10,589			10,589
CSV of Life				
Insurance Policy		11,886		11,886
Property		139,900		139,900
	-----	-----	-----	-----
Total assets at Fair Value:	\$ 18,447,368	\$ 794,569	\$ 0	\$ 19,241,937
	=====	=====	=====	=====

2009 -----	Level 1 -----	Level 2 -----	Level 3 -----	Total -----
Assets at Fair Value:				
Investments:				
Mutual Funds	\$ 9,483,849			\$ 9,483,849
Cash Equivalents	964,719			964,719
Certificate of				
Deposit		\$ 794,591		794,591
Fixed Income		858,805		858,805
Equities	0			0
CSV of Life				
Insurance Policy		9,610		9,610
	-----	-----	-----	-----
Total assets at Fair Value:	\$ 10,448,568	\$ 1,663,006	\$ 0	\$ 12,111,574
	=====	=====	=====	=====

There were no non-financial assets requiring measurement at fair value on a non-recurring basis during the year ended December 31, 2010 or 2009.

THE COMMUNITY FOUNDATION OF  
DECATUR/MACON COUNTY

NOTES TO FINANCIAL STATEMENTS  
December 31, 2010 and 2009  
(Continued)

Note 17    Subsequent Events

Subsequent events have been evaluated through March 19, 2011 which is the date the financial statements were available to be issued.

ACCOMPANYING INFORMATION

COMMUNITY FOUNDATION OF DECATUR/MACON COUNTY

SCHEDULE OF FUNCTIONAL EXPENSES

Year ended December 31, 2010

	Program Services	General and Administrative	Fund-Raising	Totals
Grants/Programs	\$ 2,108,366	\$	\$	\$ 2,108,366
Salaries & Benefits	224,162	62,228	60,958	347,348
Conference/Training	2,277	1,518	3,794	7,589
Printing/Postage			31,108	31,108
Decatur Legacy	6,377		6,377	12,755
Depreciation		5,056		5,056
Equipment/Furnishings		902		902
Liability Insurance		2,535		2,535
Office Supplies		4,673		4,673
Professional Fees		8,954		8,954
Rent		6,000		6,000
Telephone		2,140		2,140
<b>Total Functional Expenses</b>	<b>\$ 2,341,181</b>	<b>\$ 94,006</b>	<b>\$ 102,238</b>	<b>\$ 2,537,425</b>

See independent auditor's report.

COMMUNITY FOUNDATION OF DECATUR/MACON COUNTY

SCHEDULE OF FUNCTIONAL EXPENSES

Year ended December 31, 2009

	Program Services	General and Administrative	Fund-Raising	Totals
Grants/Programs	\$ 1,004,207	\$	\$	\$ 1,004,207
Salaries & Benefits	212,555	63,919	56,393	332,867
Conference/Training	2,419	1,613	4,033	8,064
Printing/Postage			38,697	38,697
Decatur Legacy	5,330		5,330	10,660
Depreciation		5,729		5,729
Equipment/Furnishings		5,261		5,261
Liability Insurance		2,621		2,621
Office Supplies		7,307		7,307
Professional Fees		7,090		7,090
Rent		5,215		5,215
Telephone		1,939		1,939
<b>Total Functional Expenses</b>	<b>\$ 1,224,511</b>	<b>\$ 100,694</b>	<b>\$ 104,453</b>	<b>\$ 1,429,658</b>

See independent auditor's report.

THE COMMUNITY FOUNDATION OF DECATUR/MACON COUNTY

SCHEDULE OF CHANGES IN NET ASSETS - DONOR-ADVISED AND OTHER FUNDS

Year Ended December 31, 2010

	Beginning Balance January 1, 2010	Ending Balance December 31, 2010
ADM Cares Corporate Charitable Fund	-	633,500
Alling, Jim and Sue Charitable Fund	11,765	12,435
Assembly #211 Knights of Columbus	15,481	17,190
Barnett, George M. & Emerald Ritchie Agricultural Ed Fund	117,973	125,311
Beck Catholic Service Fund	35,517	28,072
Beck, Darrell and Ursula Memorial for St. Teresa High School	16,187	17,974
Beck, Darrell and Ursula Family Fund	1,754	78,894
Big Brothers, Big Sisters	21,982	10,232
BKD Charitable Fund	5,520	6,129
Bialock, William and Mary Charitable Fund	-	27,250
Blue Connection	14,544	16,149
Boys and Girls Club of Decatur Fund	76,313	80,923
Brauer, SuEllen Scholarship Fund	11,256	12,734
Breheny, Kevin and Sue Charitable Fund	-	100,000
Brown, Howard Fund for Future Unlimited	13,899	14,875
Busseff, Rod and Jane Charitable Fund	-	5,426
Caldwell, Amy Memorial Fund	10,421	11,571
Cancer Care Specialists of Central Illinois Charitable Fund	58,391	51,360
CareTrak Delores P. Fleming Fund	6,419	5,529
Caterpillar Corporate Fund	-	85,000
CCSCI Permanent Fund	8,900	9,883
Central Christian Church Fund	109,093	115,231
Children's Museum Fund	272,879	288,394
Class of 1927 Scholarship	48,792	52,513
Community Foundation Memorial Fund	57,165	158,678
Communityworks Fund	1,265,685	1,570,758
Communityworks: Charles & Patricia Perkinson	2,000,000	2,122,378
Communityworks: Darrell Beck Fund	298,517	331,471
Communityworks: Dave Walker Fund	12,413	13,121
Communityworks: Thomas Sly Memorial Fund	45,921	48,535
Communityworks: Decatur Earthmover Credit Union	92,007	97,244
Communityworks: HGBF Fund	-	1,210,579
Continental Carbonic Charitable Fund	-	400,000
Decatur Area Habitat for Humanity	6,653	7,387
Decatur Foundry, Inc. Scholarship Fund	3,510	584
Decatur Rotary Club	1,055	1,171
Decatur Police Foundation Fund	6,156	-
Decatur SCORE	1,152	2,405
Demirjian, Gerald Scholarship Fund for Webster Cantrell Hall	158,534	172,716
DMCOC Endowment Fund	3,702	4,111
Drochner, Erich and Joann Charitable Fund	64,610	68,287
Early Childhood Fund	17,525	119,945
Easter Seals of Central Illinois Agency Fund	1,650	1,832
Education Coalition Operating Fund	309,912	25,000
Eichenauer, William & Nancy Charitable Fund	14,381	4,381
Elliott, Edward C. and Anne F. Charitable Fund	4,122	111,136
Esparaz Charitable Fund	15,488	34,060
Families of the Fifties of St. Teresa	107,054	118,872
Fathauer, Louise A. Memorial Scholarship	23,975	30,586
Fischer, Dr. Robert H. Memorial Fund	33,946	40,428
Five-Five Scholarship Fund	77,079	85,588
Frahman, David and Karen Family Fund	8,715	9,220
Fund for Decatur Schools	23,061	25,607
Futures Unlimited School Endowment	11,697	12,430
Girl Scouts of Central IL Endowment	-	137,856
Glasscock, George and Rick Memorial Fund	6,143	6,488
God's Shelter of Love Endowment Fund	15,394	17,093
Governor Oglesby Mansion Charitable Fund	18,583	20,635

THE COMMUNITY FOUNDATION OF DECATUR/MACON COUNTY

SCHEDULE OF CHANGES IN NET ASSETS - DONOR-ADVISED AND OTHER FUNDS

Year Ended December 31, 2010

	Beginning Balance January 1, 2010	Ending Balance December 31, 2010
Griffith, Dr. Thomas and Nancy Charitable Fund	24,129	24,047
Guaglianone Family Charitable Fund	-	201,828
Guettler, John Fund	18,668	20,728
Hanover, L. Mark Scholarship Fund	18,147	19,151
Homeward Bound Animal Shelter Fund	7,672	8,546
Hubbard, John Memorial Scholarship Fund	1,601	1,778
Huss, Stephen and Carol Fund	-	300,419
Illinois Raptor Center	1,699	24
Ivens Memorial Fund	4,304	4,511
James, Elsie Memorial Fund for CCSCI	12,660	17,120
Job Training and Economic Development (JTED)	5,589	-
Kirby, Walter & Inabell Memorial Scholarship	111,190	138,353
Kirby, Walter & Inabell Scholarship Fund for Central Christian Church	27,811	29,385
Kiwanis Club of Golden K	15,210	28,841
Koopman, Nancy Scholarship for St. John's Lutheran Church	-	86,699
Langsdorf, Jack and Olive Charitable Fund	36,197	38,282
Laverty, Matt Memorial Scholarship Fund	24,319	27,004
Leaders Challenge Fund	1,665,579	1,455,109
Leman, John ISYM Honorary Scholarship	12,484	13,186
LFNS Charitable Fund	12,267	24,152
Lincoln Square Theater Endowment	2,927	2,424
Lincoln Trails Boy Scout Charitable Fund	1,995	2,216
Livasy Family Fund	11,562	14,371
Lloyd, Anne Endowment Fund for the Decatur Arts Council	89,797	95,009
Lloyd, Robert Endowment for First Presbyterian Church	47,933	50,810
Lohnes, Becky Charitable Fund	9,368	9,883
Lohnes, Dennis Millikin Fund	18,774	19,809
LSA - Fund I	-	162,393
LSA - Brink	-	645
LSA - Burdick	-	21,573
LSA - Horn	-	27,403
LSA - Pritts	-	31,712
LSA - Tieman	-	17,767
Luy, Donald and Peggy Charitable Fund	1,347	1,496
MacArthur High School Class of 2010 Scholarship Fund	1,013	2,143
MacArthur Lady Generals Scholarship	10,560	15,597
Macon County Animal Shelter Foundation Endowment	8,594	10,581
Macon County CASA	-	1,137
Macon County Conservation Foundation	22,444	24,922
Marshall, Susan and David - Millikin Scholarship Fund	71,763	76,057
Masey, Jim and Marilyn Family Trust	-	9,838
Mason Charitable Fund	510,076	626,674
McCoy Scholarships	261,608	442,382
McCoy, Dorothy Mae Scholarship Fund	60,278	66,932
McKenzie, Sandy Memorial Charitable Fund	1,973	2,190
McPherson Scholarship Fund	7,765	8,622
Millar, Doug and Marcia Charitable Fund	15,657	31,337
Miller, Rodney T Fund	4,417	5,070
Millikin University Quarterback Club Scholarship Fund	21,121	22,385
Mohan, J. Patrick Excellence in Education Fund	54,716	56,794
Moore, Emmy Lou Charitable Fund	18,816	21,619
Moore Family Foundation Fund	-	154,578
Morgan Family Charitable Fund	-	82,500
Mt. Zion Fletcher Park Fund	2,000	224,701
Mt. Zion Schools Endowment Fund	73,479	81,591
Murphy, Lucy Lloyd Operating Endowment	-	17,722
Noon Kiwanis Club of Decatur Builders Endowment	15,155	16,828
Northwest Baseball & Softball	346,463	-
Operating Endowment Fund	985,164	1,055,456
Oyler, Rose Romano Scholarship Fund	11,785	11,329
Parsons, Jesse and Louise Charitable Fund	1,273	5,044
Pilling, Judy Memorial Foundation	1,629	1,809

THE COMMUNITY FOUNDATION OF DECATUR/MACON COUNTY

SCHEDULE OF CHANGES IN NET ASSETS - DONOR-ADVISED AND OTHER FUNDS

Year Ended December 31, 2010

	Beginning Balance January 1, 2010	Ending Balance December 31, 2010
Planned Parenthood of Decatur Endowment	361,408	359,570
Pondelick, Leo and Anne Family Fund	98,349	105,823
Population Awareness Field of Service Fund	257,393	262,623
Proeschel, Bernard E. Memorial Fund	28,654	31,817
Rawls Jr., Zannie Memorial Scholarship	3,401	3,644
Reeves, Richard and Joyce Family Fund	17,042	47,549
Robinson, Lee J. Charitable Fund	62,606	64,621
Robinson, Sean and Lee Foundation	32,270	32,221
Roby, Verne and June Scholarship Fund	4,652	6,175
Rock Springs Endowment Fund	9,080	10,083
Rotary #180 Charitable Fund	17,108	19,203
Ryan, Everette Early Bird Kiwanis Scholarship at RCC	1,669	1,853
Samuels, Miller Charitable Fund	5,060	6,145
Schmalz Charitable Fund	345,025	856,463
Schmalz United Way Charitable Fund	117,483	130,452
Schwandt - Albert Professional Development Fund of RCC	14,568	15,440
Schwandt Charitable Fund	21,206	33,289
Sertoma Club of Decatur	31,477	29,522
Shampine, Michael E. Scholarship Fund	10,987	15,263
Sister Lucy Educational Charitable Fund 2	62,726	89,429
Snoeyenbos, David and Elizabeth Family Fund	292,671	413,990
Sparks Permanent Fund	23,085	22,161
Sparks, Lindsay Marie Fund	9,499	72,369
St. Patrick Catholic School Sister Lucy Fund	164,670	212,067
St. Teresa Fund	2,389	2,653
Sun Star Botanical Garden Charitable Fund	19,372	11,508
Swanson, Susan Memorial Scholarship Fund	62,578	77,644
Swinford, Troy Family Fund	29,836	37,357
Taylor, Clarence Early Bird Kiwanis Scholarship at RCC	1,681	1,867
Teen Health	19,068	11,875
Theatre 7 Endowment	94,456	104,884
Thomas, James W. Scholarship Fund	14,225	15,227
Tomlinson Music Scholarship Fund	68,442	83,926
Tsuda Family Charitable Fund	-	189,037
Turner, Charles William Scholarship Endowment Fund	11,112	13,110
Turner, Robert Scholarship Fund	38,646	43,443
Tyrolt, Frank C. Family Fund	96,336	102,571
United Way Endowment Fund	76,416	84,851
Victory Scholarship Fund	2,383	2,721
Wade Family Charitable Fund	-	1,712
Webster Cantrell Hall Endowment Fund	43,329	45,707
Wiesemann Family Charitable Fund	-	250,000
Witt, Robert L. Scholarship Fund	13,173	13,922
Witzeman, Elfreda Virginia Jacobson Scholarship Fund	56,490	62,726
World War II Memorial	92,732	123,114
WSOY Lindsay Memorial Scholarship Fund	1,462	1,093
YMCA Endowment Fund	16,624	17,635
YMCA Soccer Scholarship Fund	12,294	11,516
<b>Total</b>	<b>13,019,002</b>	<b>18,941,543</b>