

**Mt. Pleasant Area Community Foundation**

**Annual Financial Statements**

**and**

**Auditors' Report**

**December 31, 2009**

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## Independent Auditors' Report

Board of Trustees  
Mt. Pleasant Area Community Foundation  
Mt. Pleasant, Michigan

We have audited the accompanying statement of financial position of the Mt. Pleasant Area Community Foundation (a nonprofit organization) as of December 31, 2009, and the related statements of activities and cash flows for the year 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 audit. The prior year summarized comparative information has been derived from the Organization's December 31, 2008 financial statements and, in our report dated May 29, 2009 we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit 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 audit provides 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 Mt. Pleasant Area Community Foundation as of December 31, 2009, and the changes of net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary financial data is presented for the purposes 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.

*Yeo & Yeo, P.C.*

Alma, Michigan  
June 17, 2010

**Mt. Pleasant Area Community Foundation**  
**Statement of Financial Position**  
**December 31, 2009 with Comparative Totals for 2008**

	2009	2008
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 739,441	\$ 851,728
Current portion, beneficial interest in charitable lead annuity trust and unitrust	81,335	51,214
Stock gifts in transit	1,338	1,338
Current portion, pledges receivable	<u>52,990</u>	<u>60,259</u>
Total current assets	<u>875,104</u>	<u>964,539</u>
Noncurrent assets		
Investments	6,463,133	4,749,628
Beneficial interest in charitable lead annuity trust and unitrust, less current portion	747,090	497,047
Pledges receivable, less current portion	51,998	56,933
Outstanding student loans - Leuth Fund	95,934	104,871
Life insurance - cash surrender value	15,120	10,854
Investment in land and building	-	225,000
Property and equipment, net of accumulated depreciation	<u>197,039</u>	<u>1,525</u>
Total noncurrent assets	<u>7,570,314</u>	<u>5,645,858</u>
Total assets	<u>\$ 8,445,418</u>	<u>\$ 6,610,397</u>
<b>Liabilities and Net Assets</b>		
Current liabilities		
Assets held for others	\$ 1,483,933	\$ 1,160,231
Life lease liability	-	25,461
Grants payable	<u>12,984</u>	<u>21,759</u>
Total current liabilities	<u>1,496,917</u>	<u>1,207,451</u>
Net assets		
Unrestricted	6,015,088	1,271,013
Temporarily restricted	<u>933,413</u>	<u>4,131,933</u>
Total net assets	<u>6,948,501</u>	<u>5,402,946</u>
Total liabilities and net assets	<u>\$ 8,445,418</u>	<u>\$ 6,610,397</u>

See Accompanying Notes to Financial Statements

**Mt. Pleasant Area Community Foundation**  
**Statement of Activities**  
**Year Ended December 31, 2009**  
**(With Comparative Totals for the Year Ended December 31, 2008)**

	Unrestricted	Temporarily Restricted	2009	2008
<b>Revenues, gains and other support</b>				
Contributions and grants	\$ 594,731	\$ 33,160	\$ 627,891	\$ 787,554
Less amounts received as agency endowments	(32,570)	-	(32,570)	(37,000)
Administrative fees	72,806	-	72,806	82,111
Change in value of charitable lead annuity and unitrust's	-	364,523	364,523	548,261
Other income	25,558	-	25,558	24,153
Interest and dividends	195,376	-	195,376	236,491
Net realized and unrealized gains (losses) on investments	911,645	-	911,645	(1,652,923)
Total revenues and gains	1,767,546	397,683	2,165,229	(11,353)
Net assets released from restrictions				
Restrictions satisfied by payments and time - note 13	129,723	(129,723)	-	-
<b>Expenses</b>				
Program services				
Program grants	369,472	-	369,472	204,475
Less grants made under agency endowments	(1,213)	-	(1,213)	(2,386)
Program grants and administration	18,932	-	18,932	49,470
Support services				
Administrative fees	72,806	-	72,806	82,111
Trust service fees	25,236	-	25,236	25,135
Management and general	134,441	-	134,441	146,912
Total expenses	619,674	-	619,674	505,717
Change in net assets	1,277,595	267,960	1,545,555	(517,070)
Net assets at the beginning of the year	1,271,013	4,131,933	5,402,946	5,920,016
Reclassification based on changes in law - note 8	3,466,480	(3,466,480)	-	-
Net assets at the end of the year	<u>\$ 6,015,088</u>	<u>\$ 933,413</u>	<u>\$ 6,948,501</u>	<u>\$ 5,402,946</u>

See Accompanying Notes to Financial Statements

**Mt. Pleasant Area Community Foundation**  
**Statement of Cash Flows**  
**Years Ended December 31, 2009 and 2008**

	2009	2008
<b>Cash flows from operating activities</b>		
Increase (decrease) in net assets	<b>\$ 1,545,555</b>	\$ (517,070)
Adjustments		
Depreciation	1,686	613
Net (gain) loss on investments	<b>(911,645)</b>	1,652,923
Reclassification of investment in land and building to property and equipment	2,339	-
(Increase) decrease in cash value - life insurance	<b>(4,266)</b>	8,599
(Increase) decrease in operating assets		
Stock gifts in transit	-	25,329
Pledges receivable	12,204	(17,532)
Charitable remainder trusts	<b>(280,164)</b>	(548,261)
Increase (decrease) in operating liabilities		
Grants payable	<b>(8,775)</b>	(18,140)
Assets held for others	<b>323,702</b>	(417,270)
	<b>680,636</b>	169,191
 <b>Cash flows from investing activities</b>		
Collection of Leuth fund notes receivable	8,937	15,253
Proceeds from sale of investments	<b>1,183,828</b>	1,193,819
Purchases of investments	<b>(1,985,688)</b>	(1,265,949)
	<b>(792,923)</b>	(56,877)
 Net change in cash and cash equivalents	<b>(112,287)</b>	112,314
Cash and cash equivalents at the beginning of the year	<b>851,728</b>	739,414
Cash and cash equivalents at the end of the year	<b>\$ 739,441</b>	\$ 851,728

See Accompanying Notes to Financial Statements

**Mt. Pleasant Area Community Foundation**  
**Notes to Financial Statements**  
**December 31, 2009**

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**Note 1 - Nature of Activities and Significant Accounting Policies**

The Mt. Pleasant Area Community Foundation is a collection of local funds given by individuals, corporations and foundations to enhance and support the quality of life for all the people in the Mt. Pleasant area.

**Basis of Presentation**

The Foundation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Due to *variance power* granted by the Internal Revenue Service, the Foundation has no permanently restricted net assets and has presented its temporarily restricted and unrestricted net assets according to the requirements of the statement. In addition, the Foundation is required to present a statement of cash flows.

**Fund Accounting**

The financial statements are prepared on the accrual basis of accounting. The Foundation has determined that the use of fund accounting to segregate assets, liabilities, net assets, income and expenses although not required by accounting principles generally accepted in the United States of America, is a meaningful practice to continue. The financial activities of the Foundation are recorded in separate funds, described as follows:

**Administrative Fund**

This fund includes resources that represent the portion of expendable funds available for support of Foundation operations and funds expended for equipment.

**Access Fund**

The Foundation received a \$419,000 Access to Recreation grant during 2007. The conditions of the grant stipulated that: \$200,000 be

matched dollar for dollar to create an extension of the River-Walk Trail through Chipp-A-Waters Park (The City of Mt. Pleasant is providing the \$200,000 match.); \$120,000 be matched dollar-for-dollar by the community to create a \$240,000 Access-to-Recreation endowment; \$29,979 be used to conduct convening activities around the issue of universal access to recreation; and \$69,021 be used for administrative costs associated with the conditions of the grant.

**Pass Through Fund**

This fund is used to account for assets held by the Foundation as an agent, is custodial in nature (assets equal liabilities) and does not involve measurement of results of operations.

**Endowment Funds**

This fund consists of funds that have been established by a gift instrument describing either the general or specific purpose for which grants from the individual funds are to be made. The individual funds have been classified and reported as follows:

**Discretionary** - funds over which the Board has discretionary control and are available for grant making and other purposes.

**Agency Endowments** - funds restricted by donors to support specific charitable organizations.

**Field-of-Interest** - funds established to benefit specific but broadly defined, charitable purpose.

**Designated** - funds established to support a specific community project.

**Scholarship** - funds established to provide scholarships to individuals.

**Mt. Pleasant Area Community Foundation**  
**Notes to Financial Statements**  
**December 31, 2009**

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**Contributions Received and Contributions Made**

Contributions received are recorded as unrestricted or temporarily restricted, depending upon the existence or nature of any donor restrictions. When a restriction expires, temporarily restricted assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. A transfer of assets to the Foundation shall be accounted for as a liability if one or more of the following conditions is present:

- The transfer is subject to the resource provider's unilateral right to redirect the use of the assets to another beneficiary.
- The transfer is accompanied by the resource provider's conditional promise to give or is otherwise revocable or repayable.
- The resource provider controls the recipient organization and specifies an unaffiliated beneficiary.
- The resource provider specifies itself or its affiliate as the beneficiary and the transfer is not an equity transaction.

It is the board of trustees' (the "Board") interpretation of accounting principles generally accepted in the United States of America, that all gifts and grants received by the Foundation constitute unrestricted assets. The bylaws of the Foundation, under variance power, give the Board the authority to modify any restriction or condition on distribution of resources for any charitable purposes or to specific organizations, if in its sole judgment such restrictions or conditions become, in effect, unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community or area served.

**Cash and Cash Equivalents**

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

**Concentrations of Credit Risk**

The Foundation invests temporary cash in various banks in the State of Michigan. As of December 31, 2009, \$145,868 of the \$731,372 cash bank balance was uninsured.

**Investments**

Securities are presented in the financial statements at fair market value. Realized and unrealized gains and losses from securities are allocated monthly to the individual endowments based on the relationship of the beginning cash and security balance to the total cash and security balance, as adjusted. Certain endowed funds have net assets below contributed principal due to both investment and grant making activities. Investment property is presented in the financial statements at fair value/cost at the date of acquisition net of depreciation and impairment losses.

**Beneficial Interest in Charitable Lead Annuity Trust**

The Foundation is an income beneficiary of a charitable lead annuity trust. The annuity is measured and reported at the present value of estimated future cash flows expected to be realized by the Foundation using a 5.5% discount rate. Changes in value each year are reported in the statement of activities.

**Beneficial Interest in Charitable Lead Unitrust**

The Foundation is an income beneficiary of a charitable lead unitrust. The annuity is measured and reported at the present value of estimated future cash flows expected to be realized by the Foundation using a 3.2% discount rate. Changes in value each year are reported in the statement of activities.

**Pledges Receivable**

Pledges receivable have been recorded as current assets or other assets, depending upon their maturity, and include all amounts pledged to the Foundation. Based upon the nature and reputation of donors, as well as past collection history, pledges are all considered

**Mt. Pleasant Area Community Foundation**  
**Notes to Financial Statements**  
**December 31, 2009**

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collectible. There were \$200 of pledges written off during the year ended December 31, 2009.

**Property and equipment**

Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Foundation reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Foundation reclassifies temporarily restricted net assets to unrestricted net assets at that time. Equipment is depreciated using the straight-line method with useful lives ranging from five to ten years. Buildings are depreciated using the straight-line method with a useful life of forty years.

**Planned Major Maintenance**

The Foundation uses the direct expensing method to account for planned major maintenance activities.

**Long-Lived Assets**

The Foundation evaluates long-lived assets for impairment using a discounted cash flow method whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable in accordance with accounting principles generally accepted in the United States of America.

**Grants Payable**

Grants payable are recognized at fair value and discounted using the applicable federal rate. Grants are recognized as liabilities at the time the Board or committees authorize the expenditures, regardless

of the year in which the grant is paid. Grants authorized are subject to the spending policy limitations.

**Assets Held for Others**

Donor designations for specific organizations made by the beneficiary organizations are recognized as a liability to the specified organization.

**Allocated Expenses**

Administrative Fund expenses by function have been allocated between program and supporting services classifications.

**Endowed Funds Management Policy**

The Board of Trustee's (Board) of Mt. Pleasant Area Community Foundation has developed a spending policy that focuses on the duration and preservation of the endowment funds and the expected total return from income and the appreciation of investments. Total spending, for grants and operations, is determined over a number of rolling quarters.

**Spending Policy** - Income available for spending is determined by a total return system using a 12-quarter rolling average system. The amount available to spend is based on 5% of the funds average market value.

**Investment Policy** - The primary objective of the liquid financial investments for the Foundation is to accumulate a pool of assets sufficient to build capital for future use with the corresponding obligation to support current and future needs. The majority of assets will be invested in equity or equity-like securities. Fixed income securities will be used to lower the short-term volatility of the portfolio and to provide income stability, especially during periods of weak or negative equity markets. The Foundation targets a diversified asset allocation that places a greater emphasis on equity based investments.

**Mt. Pleasant Area Community Foundation**  
**Notes to Financial Statements**  
**December 31, 2009**

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**Comparative Financial Statements**

The financial information for the year ended December 31, 2008, presented for comparative purposes, is not intended to be a complete financial statement presentation.

**Reclassifications**

Certain reclassifications have been made to prior years' financial statements to conform to the current year presentation. These reclassifications had no effect on previously reported change in net assets or net assets.

**Estimates**

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

**Income Tax Status**

The Internal Revenue Service has ruled that the Foundation is qualified under Section 501(c)(3) of the Internal Revenue Code and is, therefore, not subject to tax under present federal income tax laws, and also is not a private foundation under the meaning of Section 509(a)(1) of the code. For the year ended December 31, 2009, there were no penalties recorded or included in the financial statements. The Foundation files information returns in the U.S. Federal jurisdiction and Michigan jurisdiction. Generally, the statute of limitation on federal returns expires after three years and for Michigan returns it is 4 years.

**Fair Value Disclosures**

The estimated fair value amounts have been determined by the Foundation using available market information and appropriate valuation methodologies. The estimates are subjective in nature and involve uncertainties and matters of considerable judgment. Accordingly, the estimates presented herein are not necessarily indicative of the amount the Foundation could realize in a current market exchange. The use of different assumptions, judgments, and/or estimation methodologies may have a material effect on the estimated fair value amounts. For all financial instruments, the carrying value is a reasonable estimate of fair value because of the short-term nature of the financial instruments. All investment securities are carried at fair value in the financial statements.

**Subsequent Events**

Management has evaluated subsequent events through the Independent Auditors' Report, which is the date the financial statements were available to be issued.

**Note 2 - Investments**

Fair value of investments at December 31, 2009 and December 31, 2008 is summarized as follows:

	<b>2009</b>	2008
Mutual funds - fixed income	<b>\$ 1,495,493</b>	\$ 33,787
Mutual funds - equities	<b>4,967,640</b>	4,715,841
	<b><u>\$ 6,463,133</u></b>	<u>\$ 4,749,628</u>

**Mt. Pleasant Area Community Foundation**  
**Notes to Financial Statements**  
**December 31, 2009**

Investment income is comprised of the following at December 31:

	<u>2009</u>	<u>2008</u>
Interest and dividends	\$ 220,612	\$ 261,626
Investment fees	(25,236)	(25,135)
Net (loss) gain on investments	911,645	(1,652,923)
Net investment income	<u>\$ 1,107,021</u>	<u>\$ (1,416,432)</u>
Donor designated		
Interest and dividends	\$ 53,546	\$ 62,886
Net (loss) gain on investments	257,805	(492,256)
Net investment income	<u>\$ 311,351</u>	<u>\$ (429,370)</u>

The net gains and losses on investments are comprised of \$83,141 of net realized losses and \$1,086,309 net unrealized gains for the year ended December 31, 2009, and \$38,513 of net realized losses and \$2,106,666 net unrealized losses for the year ended December 31, 2008.

**Note 3 - Property and Equipment**

Property and equipment is comprised of the following at December 31:

	<u>2009</u>	<u>2008</u>
Land	\$ 15,776	\$ -
Building	181,424	-
Furniture and equipment	7,653	7,653
less: accumulated depreciation	(7,814)	(6,128)
	<u>\$ 197,039</u>	<u>\$ 1,525</u>

Depreciation expense for the years ended December 31, 2009 and 2008 were \$1,686 and \$613 respectively.

**Note 4 - Life Lease**

The Foundation was the grantee of a life lease agreement whereby the Foundation was to receive land and a building upon the death of the grantor. During 2009, the grantor passed away, and the land and building became the property of the Foundation. The land and building was recorded as an investment in land and building for the year ended December 31, 2008 at \$225,000. During 2009, the fair market value of the land and building was added to property and equipment.

**Note 5 - Pledges Receivable**

The Foundation expects that outstanding pledges will be received as follows:

2010	\$ 52,990
2011	27,818
2012	18,060
2013	3,210
2014	2,910
	<u>\$ 104,988</u>

**Note 6 - Retirement Benefit Plan**

The Foundation has a Simple IRA Pension Plan for employees. The Foundation contributes 3% of eligible employee wages to the plan. The contributions for the years ended December 31, 2009 and December 31, 2008 were \$2,050 and \$2,597, respectively.

**Mt. Pleasant Area Community Foundation**  
**Notes to Financial Statements**  
**December 31, 2009**

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**Note 7 - Grants Payable**

The following summarizes the changes in grants payable during the years ended December 31, 2009 and December 31, 2008.

	<u>2009</u>	<u>2008</u>
Grants payable at beginning of year	\$ 21,759	\$ 39,899
Additions: unconditional grants recognized net of adjustments to reflect fair value of multi-year grants of \$0 for each year	379,561	230,876
Deductions: payments made	<u>(388,336)</u>	<u>(249,016)</u>
Grants payable at year end	<u>\$ 12,984</u>	<u>\$ 21,759</u>

All grants payable at December 31, 2009 are scheduled to be disbursed during 2010.

**Mt. Pleasant Area Community Foundation**  
**Notes to Financial Statements**  
**December 31, 2009**

**Note 8 - Change in Endowment Net Assets**

Changes in endowment net assets before reclassification of amounts held on behalf of others for 2009 are as follows:

	Discretionary Endowment Funds	Agency Endowment Funds	Field of Interest Endowment Funds	Donor Advised Endowment Funds	Designated Endowment Funds	Scholarship Endowment Funds	Total
December 31, 2008	\$ 1,038,747	\$ 1,576,663	\$ 1,301,389	\$ -	\$ 853,275	\$ 757,997	\$ 5,528,071
Contributions	24,459	108,922	48,132	350,977	215,265	198,144	945,899
Amounts appropriated for expenditures	(47,170)	(25,467)	(71,562)	(23,794)	(56,095)	(64,286)	(288,374)
Investment income	40,243	74,053	43,932	9,001	42,346	36,893	246,468
Appreciation of investments	208,636	356,600	202,980	43,462	180,314	177,458	1,169,450
Other changes	(63,109)	(6,158)	(140,609)	766,159	7,658	-	563,941
December 31, 2009	<u>\$ 1,201,806</u>	<u>\$ 2,084,613</u>	<u>\$ 1,384,262</u>	<u>\$ 1,145,805</u>	<u>\$ 1,242,763</u>	<u>\$ 1,106,206</u>	<u>\$ 8,165,455</u>

The net assets classification of endowment funds was reevaluated under UPMIFA. The changes between temporarily restricted and unrestricted net assets of \$3,466,480 are shown under "Reclassification based on changes in law" in the financial statements and below.

Net assets at the beginning of the year - temporarily restricted	\$ 4,131,933
Less: charitable lead annuity trust balance at 12/31/08	(548,261)
Less: pledges receivable balance at 12/31/08	(117,192)
Reclassification based on changes in law	<u>\$ 3,466,480</u>

**Note 9 - Supplemental Cash Flow Information**

The following summarizes non-cash activity:

	<u>2009</u>	<u>2008</u>
Unrealized (gain) loss on investments	\$ (911,645)	\$ 1,652,923
Increase (decrease) in cash surrender value of life insurance	4,266	(8,599)

**Mt. Pleasant Area Community Foundation**  
**Notes to Financial Statements**  
**December 31, 2009**

**Note 10 - Administrative Fund**

Administrative fund unrestricted net assets consist of the following:

	<u>2009</u>	<u>2008</u>
Invested in land, property and equipment	\$ 197,039	\$ 1,525
Other	48,082	230,741
	<u>\$ 245,121</u>	<u>\$ 232,266</u>

**Note 11 - Assets Held for Others**

The Foundation has entered into exchange transactions with other not-for-profit organizations and as a result, assets held for others are included in the designated funds. The designated fund agreements between the Foundation and the organizations allow for distributions per the spending policy of the Foundation. The resources received under these agreements are not considered contributions to the Foundation and, therefore, have been classified as a liability. As of December 31, the assets held for others are as follows:

	<u>2009</u>	<u>2008</u>
Designated/agency funds	<u>\$ 1,483,933</u>	<u>\$ 1,160,231</u>

**Note 12 - Temporarily Restricted Net Assets**

Temporarily restricted net assets consist of the following at December 31:

	<u>2009</u>
Pledges receivable	\$ 104,988
Receivable from beneficial interest in charitable lead annuity trust and unitrust	828,425
	<u>\$ 933,413</u>

**Note 13 - Net Assets Released from Restrictions**

Net assets were released from restrictions by incurring expenses satisfying the purpose or time restrictions specified by donors as follows:

	<u>2009</u>
Purpose and time restrictions accomplished for pledges receivable	\$ 45,364
Trust distributions	84,359
	<u>\$ 129,723</u>

**Note 14 - Net Asset Reconciliation**

The following is a reconciliation of fund categories to total net assets at December 31, 2009:

Endowment funds (see note 8)	\$ 8,165,455
Administrative fund (see note 10)	245,121
Pass through fund	3,690
Access to recreation fund	18,168
	<u>8,432,434</u>
Less: assets held for others (see note 11)	(1,483,933)
Total net assets	<u>\$ 6,948,501</u>
Unrestricted net assets	\$ 6,015,088
Temporarily restricted net assets (see note 12)	933,413
Total net assets	<u>\$ 6,948,501</u>

**Mt. Pleasant Area Community Foundation**  
**Notes to Financial Statements**  
**December 31, 2009**

**Note 15 - Fair Value Measurements**

The following tables represent information about the Foundation's assets and liabilities measured at fair value on a recurring basis at December 31, 2009, and the valuation techniques used at the Foundation to determine those fair values.

In general, fair values determined by Level 1 inputs use quoted prices in active markets for identical assets or liabilities that the Foundation has the ability to access.

Fair values determined by Level 2 inputs use other inputs that are observable, either directly or indirectly. These Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and other inputs such as interest rates and yield curves that are observable at commonly quoted intervals.

Level 3 inputs are unobservable inputs, including inputs that are available in situations where there is little, if any, market activity for the related asset or liability.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in the entirety are categorized based on the lowest level input that is significant to the valuation. The Foundation's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability. Disclosure concerning assets and liabilities measured at fair value on a recurring basis are as follows as of December 31, 2009:

**Fair Value Measurements using:**

	Balance at December 31, 2009	Quoted prices in Active Markets for Identical Assets (Level 1)	Significant Unobservable Inputs (Level 3)
<b>Assets</b>			
Mutual funds - equities	\$ 4,967,640	\$ 4,967,640	\$ -
Mutual funds - fixed income	1,495,493	1,495,493	-
Split interest agreements	828,425	-	828,425
	<u>\$ 7,291,558</u>	<u>\$ 6,463,133</u>	<u>\$ 828,425</u>
<b>Liabilities</b>			
Assets held for others	<u>\$ 1,483,933</u>	<u>\$ -</u>	<u>\$ 1,483,933</u>

Changes in level 3 assets and liabilities at fair value on a recurring basis:

	Split Interest Agreement Assets	Assets Held for Others
December 31, 2008	\$ 548,261	\$ 1,160,231
Total unrealized gains (losses) included in change in net assets	-	257,805
Net additions, purchases, sales, and maturities	364,523	65,897
Net transfers in/out of Level 3	(84,359)	-
December 31, 2009	<u>\$ 828,425</u>	<u>\$ 1,483,933</u>

Mutual funds held by the Foundation categorized as Level 1 are valued using quoted prices in active markets.

Split interest agreement assets categorized as Level 3 assets consists of a beneficial interest in a charitable lead annuity trust and

**Mt. Pleasant Area Community Foundation**  
**Notes to Financial Statements**  
**December 31, 2009**

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a charitable lead unitrust. The Foundation estimates the fair value of these split interest agreement assets based upon the fair value of the assets in the trust unless the facts and circumstances indicated that the fair value would be different from the present value of estimated future distributions.

Assets held for others characterized as a Level 3 liability consists of agency endowment funds established by not-for-profit organizations with their own funds, for which the Foundation reports a liability for the market value. The Foundation estimates the fair value of these assets held for others at the present value of the future payments expected to be made to the not-for-profit organization.

Both observable and unobservable inputs may be used to determine the fair value of positions classified as Level 3 assets and liabilities. As a result, the unrealized gains and losses for these assets and liabilities presented in the tables above may include changes in the fair value that were attributable to both observable and unobservable inputs.

**Mt. Pleasant Area Community Foundation**  
**Administrative Fund**  
**Schedule of Changes in Unrestricted Net Assets**  
**Years Ended December 31, 2009 and 2008**

	<u>2009</u>	<u>2008</u>
<b>Revenues</b>		
Contributions	\$ 46,515	\$ 47,299
Interest and dividends	2,417	6,342
Administrative fee interfund transfer	72,806	82,111
Other income	<u>25,558</u>	<u>24,153</u>
Total revenues	<u>147,296</u>	<u>159,905</u>
<b>Expenses</b>		
Salaries	77,516	89,300
Employee benefits	3,356	3,347
Payroll taxes	6,263	7,029
Accounting and audit fees	12,152	12,359
Supplies and office expense	2,147	3,658
Telephone	1,282	1,249
Postage and shipping	1,207	1,671
Insurance	3,575	3,775
Rent	3,186	3,186
Equipment rental and maintenance	573	667
Printing and publicity	1,489	3,365
Annual report/newsletter	6,858	4,230
Sponsored events and development	8,386	7,550
Travel expenses	1,161	1,439
Dues and subscriptions	2,186	2,201
Trustee development	545	-
Professional development	873	1,242
Loss on disposal of assets	<u>-</u>	<u>31</u>
Total expenses before depreciation	<u>132,755</u>	<u>146,299</u>
Depreciation	<u>1,686</u>	<u>613</u>
Total expenses	<u>134,441</u>	<u>146,912</u>
Change in unrestricted net assets - administrative fund	<u>12,855</u>	<u>12,993</u>
Unrestricted net assets at the beginning of the year - administrative fund	<u>232,266</u>	<u>219,273</u>
Unrestricted net assets at the end of the year - administrative fund	<u>\$ 245,121</u>	<u>\$ 232,266</u>

**Mt. Pleasant Area Community Foundation**  
**Pass Through and Endowment Funds**  
**Schedule of Changes in Net Assets**  
**Year Ended December 31, 2009**

	January 1, 2009	Transfers In (Out)	Contributions and Grants	Investment Income	Net Gains (Losses) on Securities	Expenses		December 31, 2009
						Program Grants	Other Expenses	
Pass Through Fund	\$ 567,669	\$ (563,941)	\$ -	\$ 37	\$ -	\$ -	\$ 75	\$ 3,690
Access to Recreation Fund	\$ 235,171	\$ -	\$ -	\$ -	\$ -	\$ 200,000	\$ 17,003	\$ 18,168
Endowment Fund								
Discretionary Funds	\$ 1,038,747	\$ (63,109)	\$ 24,459	\$ 40,243	\$ 208,636	\$ 32,864	\$ 14,306	\$ 1,201,806
Agency Endowment Funds	1,576,663	(6,158)	108,922	74,053	356,600	1,213	24,254	2,084,613
Field of Interest Funds	1,301,389	(140,609)	48,132	43,932	202,980	30,692	40,870	1,384,262
Donor Advised Funds	-	766,159	350,977	9,001	43,462	20,096	3,698	1,145,805
Designated Funds	853,275	7,658	215,265	42,346	180,314	38,596	17,499	1,242,763
Scholarship Funds	757,997	-	198,144	36,893	177,458	46,011	18,275	1,106,206
	5,528,071	563,941	945,899	246,468	1,169,450	169,472	118,902	8,165,455
Less donor designations for specific organizations	1,160,231	-	32,570	53,546	257,805	1,213	19,006	1,483,933
	<u>\$ 4,367,840</u>	<u>\$ 563,941</u>	<u>\$ 913,329</u>	<u>\$ 192,922</u>	<u>\$ 911,645</u>	<u>\$ 168,259</u>	<u>\$ 99,896</u>	<u>\$ 6,681,522</u>