

Mt. Pleasant Area Community Foundation

Annual Financial Statements

and

Auditors' Report

December 31, 2010

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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, 2010, 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, 2009 financial statements and, in our report dated June 17, 2010 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, 2010, 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
May 17, 2011

Mt. Pleasant Area Community Foundation
Statement of Financial Position
December 31, 2010 with Comparative Totals for 2009

	2010	2009
Assets		
Current assets		
Cash and cash equivalents	\$ 786,625	\$ 739,441
Current portion, beneficial interest in charitable lead annuity trust and unitrust	88,791	81,335
Stock gifts in transit	-	1,338
Current portion, pledges receivable	49,400	52,990
Total current assets	924,816	875,104
Noncurrent assets		
Investments	8,343,754	6,463,133
Beneficial interest in charitable lead annuity trust and unitrust, less current portion	732,458	747,090
Pledges receivable, less current portion	26,080	51,998
Outstanding student loans - Leuth Fund	100,037	95,934
Life insurance - cash surrender value	11,803	15,120
Property and equipment, net of accumulated depreciation	638,120	197,039
Total noncurrent assets	9,852,252	7,570,314
Total assets	\$ 10,777,068	\$ 8,445,418
Liabilities and Net Assets		
Current liabilities		
Accrued expenses	\$ 3,502	\$ -
Assets held for others	1,765,041	1,483,933
Grants payable	4,008	12,984
Total current liabilities	1,772,551	1,496,917
Net assets		
Unrestricted	8,107,788	6,015,088
Temporarily restricted	896,729	933,413
Total net assets	9,004,517	6,948,501
Total liabilities and net assets	\$ 10,777,068	\$ 8,445,418

See Accompanying Notes to Financial Statements

Mt. Pleasant Area Community Foundation
Statement of Activities
Year Ended December 31, 2010
(With Comparative Totals for the Year Ended December 31, 2009)

	Unrestricted	Temporarily Restricted	2010	2009
Revenues, gains and other support				
Contributions and grants	\$ 1,809,909	\$ 3,500	\$ 1,813,409	\$ 627,891
Less amounts received as agency endowments	(112,791)	-	(112,791)	(32,570)
Administrative fees	96,040	-	96,040	72,806
Change in value of charitable lead annuity and unitrust's	-	(7,176)	(7,176)	364,523
Other income	21,175	-	21,175	25,558
Interest and dividends	253,392	-	253,392	195,376
Net realized and unrealized gains on investments	503,888	-	503,888	911,645
	<u>2,571,613</u>	<u>(3,676)</u>	<u>2,567,937</u>	<u>2,165,229</u>
Total revenues and gains				
Net assets released from restrictions				
Restrictions satisfied by payments and time - note 11	<u>33,008</u>	<u>(33,008)</u>	<u>-</u>	<u>-</u>
Expenses				
Program services				
Program grants	207,162	-	207,162	369,472
Less grants made under agency endowments	(3,846)	-	(3,846)	(1,213)
Program grants and administration	37,196	-	37,196	18,932
Support services				
Administrative fees	96,040	-	96,040	72,806
Trust service fees	28,040	-	28,040	25,236
Management and general	147,329	-	147,329	134,441
	<u>511,921</u>	<u>-</u>	<u>511,921</u>	<u>619,674</u>
Total expenses				
Change in net assets	2,092,700	(36,684)	2,056,016	1,545,555
Net assets at the beginning of the year	<u>6,015,088</u>	<u>933,413</u>	<u>6,948,501</u>	<u>5,402,946</u>
Net assets at the end of the year	<u>\$ 8,107,788</u>	<u>\$ 896,729</u>	<u>\$ 9,004,517</u>	<u>\$ 6,948,501</u>

See Accompanying Notes to Financial Statements

Mt. Pleasant Area Community Foundation
Statement of Cash Flows
Years Ended December 31, 2010 and 2009

	2010	2009
Cash flows from operating activities		
Increase in net assets	\$ 2,056,016	\$ 1,545,555
Adjustments		
Depreciation	8,438	1,686
Disposal of equipment	316	-
Net gain on investments	(503,888)	(911,645)
Reclassification of investment in land and building to property and equipment	-	2,339
Increase in value of charitable remainder trusts	(56,691)	(364,523)
(Increase) decrease in cash value - life insurance	3,317	(4,266)
(Increase) decrease in operating assets		
Stock gifts in transit	1,338	-
Pledges receivable	29,508	12,204
Charitable remainder trusts	63,867	84,359
Increase (decrease) in operating liabilities		
Accrued expenses	3,502	-
Assets held for others	281,108	323,702
Grants payable	(8,976)	(8,775)
	1,877,855	680,636
Cash flows from investing activities		
Purchase of property and equipment	(449,835)	-
Collection of Leuth fund notes receivable	(4,103)	8,937
Proceeds from sale of investments	1,171,557	1,183,828
Purchases of investments	(2,548,290)	(1,985,688)
	(1,830,671)	(792,923)
Net cash flows used by investing activities		
Net change in cash and cash equivalents	47,184	(112,287)
Cash and cash equivalents at the beginning of the year	739,441	851,728
Cash and cash equivalents at the end of the year	\$ 786,625	\$ 739,441

See Accompanying Notes to Financial Statements

Mt. Pleasant Area Community Foundation
Notes to Financial Statements
December 31, 2010

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. The project was completed during 2010.

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, 2010

Donor Advised – funds established to make grants according to the charitable interests of their founders.

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, 2010, \$236,530 of the \$769,031 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 1.8% discount rate. Changes in value each year are reported in the statement of activities.

Mt. Pleasant Area Community Foundation
Notes to Financial Statements
December 31, 2010

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 collectible. There were \$0 of pledges written off during the year ended December 31, 2010.

Property and equipment

Acquired assets are stated at cost and donated assets at fair market value at the time of donation. The Foundation has a \$1,000 capitalization policy. The straight-line method of depreciation is used. Following are the useful lives used to depreciate each category:

Equipment	3 – 10 years
Land improvements	15 years
Buildings	40 years

Major improvements are capitalized while ordinary maintenance and repairs are expensed.

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, 2010

Comparative Financial Statements

The financial information for the year ended December 31, 2009, presented for comparative purposes, is not intended to be a complete financial statement presentation.

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, 2010, there were no penalties recorded or included in the financial statements. The Foundation files information returns in the U.S. Federal jurisdiction. Generally, the statute of limitation on federal returns expires after three 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 is summarized as follows at December 31:

	<u>2010</u>	<u>2009</u>
Mutual funds - fixed income	\$ 2,019,326	\$ 1,495,493
Mutual funds - equities	6,324,428	4,967,640
	<u>\$ 8,343,754</u>	<u>\$ 6,463,133</u>

Investment income is comprised of the following at December 31:

	<u>2010</u>	<u>2009</u>
Interest and dividends	\$ 253,392	\$ 195,376
Investment fees	(28,040)	(25,236)
Net gain on investments	503,888	911,645
Net investment income	<u>\$ 729,240</u>	<u>\$ 1,081,785</u>
Donor designated		
Interest and dividends	\$ 64,636	\$ 53,546
Net gain on investments	129,776	257,805
Net investment income	<u>\$ 194,412</u>	<u>\$ 311,351</u>

The net gains and losses on investments are comprised of \$105,626 of net realized losses and \$609,514 net unrealized gains for the year ended December 31, 2010, and \$83,141 of net realized losses and

Mt. Pleasant Area Community Foundation
Notes to Financial Statements
December 31, 2010

\$994,786 net unrealized gains for the year ended December 31, 2009.

Note 3 - Pledges Receivable

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

2011	\$ 49,400
2012	18,560
2013	3,910
2014	3,610
	<u>\$ 75,480</u>

Note 4 - Property and Equipment

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

	<u>2010</u>	<u>2009</u>
Land	\$ 15,776	\$ 15,776
Land improvements	2,500	-
Building	573,646	181,424
Furniture and equipment	57,502	7,653
less: accumulated depreciation	(11,304)	(7,814)
	<u>\$ 638,120</u>	<u>\$ 197,039</u>

Depreciation expense for the years ended December 31, 2010 and 2009 was \$8,438 and \$1,686 respectively.

Note 5 - 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>2010</u>	<u>2009</u>
Designated/agency funds	<u>\$ 1,765,041</u>	<u>\$ 1,483,933</u>

Note 6 - Grants Payable

The following summarizes the changes in grants payable during the years ended December 31:

	<u>2010</u>	<u>2009</u>
Grants payable at beginning of year	\$ 12,984	\$ 21,759
Additions: unconditional grants recognized net of adjustments to reflect fair value of multi-year grants of \$0 for each year	222,608	379,561
Deductions: payments made	<u>(231,584)</u>	<u>(388,336)</u>
Grants payable at year end	<u>\$ 4,008</u>	<u>\$ 12,984</u>

All grants payable at December 31, 2010 are scheduled to be disbursed during 2011.

Note 7 - 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, 2010 and December 31, 2009 were \$2,513 and \$2,050, respectively.

Mt. Pleasant Area Community Foundation
Notes to Financial Statements
December 31, 2010

Note 8 - Change in Endowment Net Assets

Changes in endowment net assets before reclassification of amounts held on behalf of others for 2010 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, 2009	\$ 1,201,806	\$ 2,084,613	\$ 1,384,262	\$ 1,145,805	\$ 1,242,763	\$ 1,106,206	\$ 8,165,455
Contributions	35,724	65,735	215,957	394,432	902,623	143,966	1,758,437
Amounts appropriated for expenditures	(43,000)	(26,095)	(90,473)	(60,216)	(78,145)	(73,392)	(371,321)
Investment income	44,651	64,636	54,488	23,799	81,229	48,234	317,037
Appreciation of investments	111,942	129,776	99,222	36,498	160,424	95,802	633,664
Other changes	-	(553,624)	-	(310,160)	749,690	310,160	196,066
December 31, 2010	<u>\$ 1,351,123</u>	<u>\$ 1,765,041</u>	<u>\$ 1,663,456</u>	<u>\$ 1,230,158</u>	<u>\$ 3,058,584</u>	<u>\$ 1,630,976</u>	<u>\$ 10,699,338</u>

Note 9 - Administrative Fund

Administrative fund unrestricted net assets consist of the following:

	<u>2010</u>	<u>2009</u>
Invested in land, property and equipment	<u>\$ 156</u>	<u>\$ 197,039</u>
Other	<u>66,410</u>	<u>48,082</u>
	<u>\$ 66,566</u>	<u>\$ 245,121</u>

Land, property and equipment with a value of \$196,066 was transferred from the Administrative Fund to the Hersee House Renovation Fund. The assets were transferred so that all assets related to the Hersee House and its renovation are held in the same fund.

Mt. Pleasant Area Community Foundation
Notes to Financial Statements
December 31, 2010

Note 10 - Temporarily Restricted Net Assets

Temporarily restricted net assets consist of the following at December 31, 2010:

Pledges receivable	\$ 75,480
Receivable from beneficial interest in charitable lead annuity trust and unitrust	<u>821,249</u>
	<u>\$ 896,729</u>

Note 11 - 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:

Purpose and time restrictions accomplished for pledges receivable	\$ (30,859)
Trust distributions	<u>63,867</u>
	<u>\$ 33,008</u>

Note 12 – Net Asset Reconciliation

The following is a reconciliation of fund categories to total net assets at December 31, 2010:

Endowment funds (see note 8)	\$ 10,699,338
Administrative fund (see note 9)	66,566
Pass through fund	<u>3,654</u>
	10,769,558
Less: assets held for others (see note 5)	<u>(1,765,041)</u>
Total net assets	<u>\$ 9,004,517</u>

Unrestricted net assets	\$ 8,107,788
Temporarily restricted net assets (see note 10)	<u>896,729</u>
Total net assets	<u>\$ 9,004,517</u>

Note 13 - 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, 2010, 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.

Mt. Pleasant Area Community Foundation
Notes to Financial Statements
December 31, 2010

Disclosure concerning assets and liabilities measured at fair value on a recurring basis are as follows as of December 31:

	Fair Value Measurements using:		
	Balance at December 31, 2010	Quoted prices in Active Markets for Identical Assets (Level 1)	Significant Unobservable Inputs (Level 3)
Assets			
Mutual funds - equities	\$ 6,324,428	\$ 6,324,428	\$ -
Mutual funds - fixed income	2,019,326	2,019,326	-
Split interest agreements	821,249	-	821,249
	<u>\$ 9,165,003</u>	<u>\$ 8,343,754</u>	<u>\$ 821,249</u>
Liabilities			
Assets held for others	<u>\$ 1,765,041</u>	<u>\$ -</u>	<u>\$ 1,765,041</u>

	Fair Value Measurements using:		
	Balance at December 31, 2009	Quoted prices in Active Markets for Identical Assets (Level 1)	Significant Unobservable Inputs (Level 3)
Assets			
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>
Liabilities			
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, 2009	\$ 828,425	\$ 1,483,933
Total unrealized gains included in change in net assets	-	129,776
Net additions, purchases, sales, and maturities	56,691	151,332
Net transfers in/out of Level 3	(63,867)	-
December 31, 2010	<u>\$ 821,249</u>	<u>\$ 1,765,041</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 consist of a beneficial interest in a charitable lead annuity trust and 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.

Mt. Pleasant Area Community Foundation
Notes to Financial Statements
December 31, 2010

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, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Revenues		
Contributions	\$ 46,671	\$ 46,515
Interest and dividends	954	2,417
Administrative fee interfund transfer	96,040	72,806
Other income	<u>21,175</u>	<u>25,558</u>
 Total revenues	 <u>164,840</u>	 <u>147,296</u>
Expenses		
Salaries	83,120	77,516
Employee benefits	7,013	3,356
Payroll taxes	5,645	6,263
Accounting and audit fees	12,909	12,152
Supplies and office expense	1,980	2,147
Telephone	1,819	1,282
Postage and shipping	1,320	1,207
Insurance	3,815	3,575
Rent	2,789	3,186
Utilities	1,818	-
Equipment rental and maintenance	746	573
Printing and publicity	2,120	1,489
Annual report/newsletter	7,334	6,858
Sponsored events and development	8,780	8,386
Travel expenses	414	1,161
Dues and subscriptions	3,094	2,186
Trustee development	495	545
Professional development	1,300	873
Loss on disposal of assets	<u>316</u>	<u>-</u>
 Total expenses before depreciation	 <u>146,827</u>	 <u>132,755</u>

Mt. Pleasant Area Community Foundation
Administrative Fund
Schedule of Changes in Unrestricted Net Assets
Years Ended December 31, 2010 and 2009

	2010	2009
Depreciation	502	1,686
Total expenses	147,329	134,441
Change in unrestricted net assets before transfer	17,511	12,855
Transfer out (note 9)	(196,066)	-
Change in unrestricted net assets - administrative fund	(178,555)	12,855
Unrestricted net assets at the beginning of the year - administrative fund	245,121	232,266
Unrestricted net assets at the end of the year - administrative fund	\$ 66,566	\$ 245,121

Mt. Pleasant Area Community Foundation
Pass Through and Endowment Funds
Schedule of Changes in Net Assets
Year Ended December 31, 2010

	January 1, 2010	Transfers In (Out)	Contributions and Grants	Investment Income	Net Gains on Securities	Expenses		December 31, 2010
						Program Grants	Other Expenses	
Pass Through Fund	\$ 3,690	\$ -	\$ -	\$ 37	\$ -	\$ -	\$ 73	\$ 3,654
Access to Recreation Fund	\$ 18,168	\$ -	\$ 1,125	\$ -	\$ -	\$ -	\$ 19,293	\$ -
Endowment Fund								
Discretionary Funds	\$ 1,201,806	\$ -	\$ 35,724	\$ 44,651	\$ 111,942	\$ 26,742	\$ 16,258	\$ 1,351,123
Agency Endowment Funds	2,084,613	(553,624)	65,735	64,636	129,776	3,846	22,249	1,765,041
Field of Interest Funds	1,384,262	-	215,957	54,488	99,222	47,018	43,455	1,663,456
Donor Advised Funds	1,145,805	(310,160)	394,432	23,799	36,498	50,088	10,128	1,230,158
Designated Funds	1,242,763	749,690	902,623	81,229	160,424	33,218	44,927	3,058,584
Scholarship Funds	1,106,206	310,160	143,966	48,234	95,802	46,250	27,142	1,630,976
	8,165,455	196,066	1,758,437	317,037	633,664	207,162	164,159	10,699,338
Less donor designations for specific organizations	1,483,933	47,056	65,735	64,636	129,776	3,846	22,249	1,765,041
	<u>\$ 6,681,522</u>	<u>\$ 243,122</u>	<u>\$ 1,692,702</u>	<u>\$ 252,401</u>	<u>\$ 503,888</u>	<u>\$ 203,316</u>	<u>\$ 141,910</u>	<u>\$ 8,934,297</u>