

MONTGOMERY COUNTY COMMUNITY FOUNDATION, INC.

FINANCIAL STATEMENTS AND ACCOUNTANTS'
AUDIT REPORT

December 31, 2009 and 2008

C O N T E N T S

	Page
ACCOUNTANTS' AUDIT REPORT	3
FINANCIAL STATEMENTS	
STATEMENT OF FINANCIAL POSITION	4
STATEMENT OF ACTIVITIES	5
STATEMENT OF CASH FLOWS	6
STATEMENT OF FUNCTIONAL EXPENSE	7
NOTES TO FINANCIAL STATEMENTS	8



Board of Directors
Montgomery County Community Foundation, Inc.

We have audited the accompanying statement of financial position of the Montgomery County Community Foundation, Inc. as of December 31, 2009 and 2008, and the related statements of activities, cash flows and functional expenses 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 December 31, 2008 financial statements were audited by other auditors, and their report thereon, dated April 23, 2009, 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 Montgomery County Community Foundation, Inc. as of December 31, 2009 and 2008, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles in the United States of America.

Estep Burkey Simmons, LLC

Muncie, Indiana
May 25, 2010

Montgomery County Community Foundation, Inc.

STATEMENT OF FINANCIAL POSITION

December 31,

	<u>2009</u>	<u>2008</u>
ASSETS		
CURRENT ASSETS		
Cash	\$ 1,260,765	\$ 987,003
Certificates of deposit	98,270	165,355
Interest and dividends receivable	5,923	6,050
Accounts receivable	388	83
Items held for auction	-	1,826
Contributions receivable	653,111	200,000
Current portion of pledges receivable	4,450	12,450
Current portion of note receivable	3,330	3,172
Prepaid expenses	<u>7,013</u>	<u>6,412</u>
Total current assets	2,033,250	1,382,351
INVESTMENTS	24,996,157	20,307,623
PROPERTY AND EQUIPMENT		
Office and computer equipment	76,411	76,412
Less accumulated depreciation	<u>60,769</u>	<u>53,343</u>
	15,642	23,069
OTHER ASSETS		
Real estate, net of accumulated depreciation of \$52,753 and \$48,815	2,192,295	2,196,233
Pledges receivable, less current portion	5,900	11,350
Note receivable, less current portion	<u>144,736</u>	<u>148,066</u>
	<u>\$ 29,387,980</u>	<u>\$ 24,068,692</u>

The accompanying notes are an integral part of this statement.

	<u>2009</u>	<u>2008</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 1,261	\$ 2,512
Payroll taxes payable	4,540	1,246
Current portion of capital lease obligation	1,121	1,324
	<u>6,922</u>	<u>5,082</u>
	1,367,484	1,154,210
AMOUNTS HELD IN AGENCY ENDOWMENTS		1,121
CAPITAL LEASE OBLIGATION, LESS CURRENT PORTION		397,382
AGENCY TRUST FUNDS	<u>454,395</u>	<u>397,382</u>
	1,828,801	1,557,795
NET ASSETS		
Unrestricted operating funds	327,168	371,567
Unrestricted, board designated:		
Non-endowed funds	65,431	64,837
Endowment funds	20,149,209	16,288,088
	<u>20,541,808</u>	<u>16,724,492</u>
Total unrestricted	20,541,808	16,724,492
Temporarily restricted	1,930,002	699,516
Permanently restricted	5,087,369	5,086,889
	<u>27,559,179</u>	<u>22,510,897</u>
	<u>\$ 29,387,980</u>	<u>\$ 24,068,692</u>

Montgomery County Community Foundation, Inc.

STATEMENT OF ACTIVITIES

Years Ended December 31, 2009

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Revenue and support				
Contributions	\$ 1,026,229	\$ 48,842		\$ 1,075,071
Farm rental income	115,342			115,342
Investment income, net of investment fees	585,531	207,015		792,546
Realized losses on investments	(233,828)	(79,052)		(312,880)
Unrealized gains (losses) on investments	2,991,546	1,331,713		4,323,259
Administrative fees, net and other income	23,494			23,494
Gain (loss) on disposal of assets	275			275
	<u>4,508,589</u>	<u>1,508,518</u>		<u>6,017,107</u>
Net assets released from restrictions				
Restrictions satisfied by payments	277,552	(278,032)	\$ 480	
Expenses				
Program services	564,098			564,098
Management and general	217,029			217,029
Fundraising expenses	187,698			187,698
	<u>968,825</u>			<u>968,825</u>
CHANGE IN NET ASSETS	3,817,316	1,230,486	480	5,048,282
Net assets at beginning of year	<u>16,724,492</u>	<u>699,516</u>	<u>5,086,889</u>	<u>22,510,897</u>
Net assets at end of year	<u><u>\$ 20,541,808</u></u>	<u><u>\$ 1,930,002</u></u>	<u><u>\$ 5,087,369</u></u>	<u><u>\$ 27,559,179</u></u>

The accompanying notes are an integral part of this statement.

2008			
<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
\$ 213,039	\$ 71,705	\$ 480	\$ 285,224
94,445			94,445
561,637	206,063		767,700
(192,739)	(88,077)		(280,816)
(5,301,236)	(2,596,343)		(7,897,579)
21,705	289		21,994
(731)			(731)
(4,603,880)	(2,406,363)	480	(7,009,763)
390,780	(390,780)		
672,663			672,663
227,546			227,546
204,240			204,240
1,104,449			1,104,449
(5,317,549)	(2,797,143)	480	(8,114,212)
22,042,041	3,496,659	5,086,409	30,625,109
<u>\$ 16,724,492</u>	<u>\$ 699,516</u>	<u>\$ 5,086,889</u>	<u>\$ 22,510,897</u>

Montgomery County Community Foundation, Inc.

STATEMENT OF CASH FLOWS

Years Ended December 31,

	<u>2009</u>	<u>2008</u>
Cash flows from operating activities:		
Change in net assets	\$ 5,048,282	\$ (8,114,212)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	11,364	10,818
(Gain) loss on disposal of assets	(275)	731
Realized and unrealized (gains) losses	(4,010,379)	8,752,777
(Increase) decrease in assets:		
Accounts receivable	(305)	1,953
Contributions receivable	(453,111)	
Interest receivable	127	120
Pledges receivable	13,450	(23,800)
Items held for auction	1,826	(1,826)
Prepaid expense	(601)	1,289
Increase (decrease) in liabilities:		
Accounts payable	(1,251)	(48,483)
Payroll taxes payable	3,294	(2,740)
Amounts held in agency endowments	213,274	(492,609)
Agency trust funds	57,013	(89,025)
	<u>882,708</u>	<u>(5,007)</u>
Net cash provided by (used in) operating activities		
Cash flows from investing activities:		
Payments on note receivable	3,172	3,021
Proceeds on sale of equipment	275	
Purchases of equipment		(8,355)
Net (purchases) proceeds of certificates of deposit	67,085	1,866
Net change in investments	(678,154)	(213,563)
	<u>(607,622)</u>	<u>(217,031)</u>
Net cash used in investing activities		
Cash flows from financing activities:		
Payments on capital lease obligation	(1,324)	(1,152)
	<u>(1,324)</u>	<u>(1,152)</u>
Net cash used in financing activities		
Net increase (decrease) in cash and cash equivalents	273,762	(223,190)
Cash and cash equivalents at beginning of year	987,003	1,210,193
Cash and cash equivalents at end of year	<u>\$ 1,260,765</u>	<u>\$ 987,003</u>
Cash paid during the year for interest	\$ 278	\$ 449

The accompanying notes are an integral part of this statement.

Montgomery County Community Foundation, Inc.

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2009

	2009			Total
	Program Services	Management & General	Fundraising	
Grants, distributions, and scholarships	\$ 526,000			\$ 526,000
Salaries and wages	31,457	\$ 111,071	\$ 131,743	274,271
Payroll taxes	2,320	8,428	9,806	20,554
Employee benefits	4,321	10,986	18,901	34,208
Professional fees		15,283	340	15,623
Bank fees		195	4	199
Community Education and mailings			1,127	1,127
Rent		12,000		12,000
Donor development			2,007	2,007
Telephone		4,378		4,378
Staff training		175	757	932
Postage and freight		1,529	1,021	2,550
Dues and subscriptions		3,071	35	3,106
Travel and meetings			5,277	5,277
Office expenses		3,441	4,420	7,861
Insurance		3,574		3,574
Uncollectible pledges		5,000		5,000
Depreciation		6,436	4,928	11,364
Farm and miscellaneous expense		25,074		25,074
Scholarship promotions			3,133	3,133
Occupancy		2,764	314	3,078
Interest expense		278		278
Repairs and maintenance		3,346	3,885	7,231
	<u>\$ 564,098</u>	<u>\$ 217,029</u>	<u>\$ 187,698</u>	<u>\$ 968,825</u>

The accompanying notes are an integral part of this statement.

2008

<u>Program Services</u>	<u>Management & General</u>	<u>Fundraising</u>	<u>Total</u>
\$ 635,176			\$ 635,176
31,301	\$ 110,937	\$ 131,022	273,260
2,290	8,410	9,793	20,493
3,896	10,448	12,946	27,290
	21,085	2,770	23,855
	211		211
	456	1,881	2,337
	10,425		10,425
		3,273	3,273
	4,005		4,005
	71	7,095	7,166
	1,173	584	1,757
	4,998		4,998
		5,784	5,784
	3,706	5,838	9,544
	3,564		3,564
	6,828	3,990	10,818
	35,021	5,000	40,021
		7,843	7,843
	3,451	265	3,716
	449		449
	2,308	6,156	8,464
<u>\$ 672,663</u>	<u>\$ 227,546</u>	<u>\$ 204,240</u>	<u>\$ 1,104,449</u>

Montgomery County Community Foundation, Inc.

NOTES TO FINANCIAL STATEMENTS

December 31, 2009 and 2008

NOTE A - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

1. Nature of Activities

The Montgomery County Community Foundation, Inc. (Foundation) is a not-for-profit corporation organized under the laws of the state of Indiana. The Foundation was organized to act for the primary benefit of the citizens of Montgomery County. A community foundation is established to provide a permanent and growing endowment to benefit the communities, while providing ethical philanthropic leadership for the enrichment and assistance to human services, education, revitalization, social, art, and cultural endeavors. Individuals, families, businesses, private foundations, and non-profit organizations may donate to the community foundation.

2. Promises to Give

Contributions are recognized when the donor makes a promise to give to the Foundation that is in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the financial year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

3. Cash and Cash Equivalents

The Foundation maintains its cash in accounts at local financial institutions, which are insured by agencies of the U.S. Government. For purposes of the statement of cash flows, the Foundation considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

4. Investments

In accordance with the Not-for-Profit Entities – Investments – Debt and Equity Securities topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC), investments are recorded at fair value. The changes in the difference between market value and cost are reflected in the financial statements as net realized and unrealized gains or losses on investments. Investment income, net realized and unrealized gains or losses are classified as unrestricted, temporarily restricted or permanently restricted revenue or expenses, depending on the existence and/or nature of any donor restrictions.

5. Equipment and Depreciation

Purchased equipment is stated at cost. Donated equipment is recorded as support at the estimated fair-market value at the date of gift. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Depreciation is computed according to the estimated useful lives of the respective assets using the straight-line method.

6. Income Taxes

The Foundation is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code; accordingly, no provision has been made for income taxes.

7. Concentration of Credit Risk

The Foundation maintains its cash in bank deposit accounts at high credit quality financial institutions. The accounts are held in trust form and are fully insured.

Montgomery County Community Foundation, Inc.

NOTES TO FINANCIAL STATEMENTS

December 31, 2009 and 2008

NOTE A - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES - Continued

8. Contributed Services

During the years ended December 31, 2009 and 2008, the value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded.

9. Compensated Absences

The Foundation's liability for compensated absences is immaterial; accordingly, no provision has been made for compensated absences.

10. Uncollectible Accounts, Pledges, and Notes Receivable

Uncollectible accounts and notes receivable are charged directly against revenue when they are determined to be uncollectible. Use of this method does not result in a material difference from the valuation method required by accounting principles generally accepted in the United States of America.

11. Agency Trust Fund

The Foundation is a successor trustee to one community trust. The assets of this trust are included in the statements of financial position and an offsetting payable has been recorded, as the Foundation is not the beneficiary of the trust. As of December 31, 2009 and 2008, agency trust funds amounted to \$454,395 and \$389,632, respectively. In addition, the Foundation is a fiscal agent for the Indiana State Health Grant. Transactions of this grant are not included in the Organization's statement of activities. The amounts held on behalf of the grant as of December 31, 2009 and 2008 was \$100 and \$7,750, respectively.

12. Adoption of New Accounting Standards

In 2008, the Foundation adopted the provisions of the Fair Value Measurements and Disclosures topic of the FASB ASC. FASB ASC-820-10-35-19 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

FASB ASC 820-10-35-37 establishes a hierarchy of inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the observable inputs be used when available. Observable inputs are inputs that market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the Foundation. Unobservable inputs are inputs that reflect the Foundation's assumptions about the assumptions that market participants would use in pricing the asset or liability, developed based on the best information available in the circumstances. The hierarchy is broken down into three levels based on the reliability of inputs as follows:

- Level 1 - Valuations based on quoted prices in active markets for identical assets or liabilities that the Foundation has the ability to access. Valuation adjustments are not applied to Level 1 instruments. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these products does not entail a significant degree of judgment.
- Level 2 - Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, directly or indirectly.
- Level 3 - Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

Montgomery County Community Foundation, Inc.

NOTES TO FINANCIAL STATEMENTS

December 31, 2009 and 2008

NOTE A - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES - Continued

12. Adoption of New Accounting Standards - continued

The availability of observable inputs can vary and is affected by a wide variety of factors. To the extent that valuation is based on models or inputs that are less observable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in Level 3. In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the level in the fair value hierarchy within which the fair value measurement in its entirety falls is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

The Foundation adopted the topic Donor-Restricted Endowment Fund under FASB ASC 958. FASB ASC 958 provides guidance on the net asset classification of donor-restricted endowment funds for organizations subject to an enacted version of UPMIFA. Upon adoption, there was no change in the Foundation's net asset classification. In accordance with the Foundation's fund agreements, charitable endowments are classified as permanently restricted net assets. All other Foundation net assets are considered unrestricted or temporarily restricted.

In 2009, the Foundation adopted the Income Tax topic of the FASB ASC. The Foundation now recognizes a tax benefit only if it is more likely than not the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized will be the largest amount of tax benefit that is greater than 50% likely of being realized on examination. For tax positions not meeting the more-likely-than-not test, no tax benefit will be recorded. The Foundation has examined this issue and has determined there are no material contingent tax liabilities.

In June 2009, the FASB issued Accounting Standards Update No. 2009-01, Topic 105, *Generally Accepted Accounting Principles*, which designated the ASC as the new source of authoritative U.S. Generally Accepted Accounting Principles (GAAP) recognized by the FASB to be applied to nongovernmental entities. For the Foundation, the ASC became effective for the financial statements issued after September 15, 2009. Implementation of this standard did not impact financial position, activities or changes in net assets.

13. Advertising Costs

Advertising costs are expensed as incurred. Total advertising expense was \$1,637 and \$2,639 for the years ended December 31, 2009 and 2008, respectively.

14. 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.

Montgomery County Community Foundation, Inc.

NOTES TO FINANCIAL STATEMENTS

December 31, 2009 and 2008

NOTE B - INVESTMENTS

The following is an analysis of the cost and fair value at December 31, 2009 and 2008 by type of investment. The investments are held in insured bank and uninsured trust accounts at Indiana financial institutions.

	2009		
	Cost	Unrealized Losses	Fair Value
Equities	\$17,670,862	\$(3,510,571)	\$14,160,291
Fixed income	4,137,838	(139,958)	3,997,880
Mutual funds	6,871,024	(606,775)	6,264,249
Corporate Bonds	668,040	(94,303)	573,737
	<u>\$29,347,764</u>	<u>\$(4,351,607)</u>	<u>\$24,996,157</u>
	2008		
	Cost	Unrealized Losses	Fair Value
Equities	\$17,434,604	\$(6,220,551)	\$11,214,053
Fixed income	8,143,439	(1,422,074)	6,721,365
Mutual funds	3,062,939	(1,149,061)	1,913,878
Corporate Bonds	663,980	(205,653)	458,327
	<u>\$29,304,962</u>	<u>\$(8,997,339)</u>	<u>\$20,307,623</u>

The following schedule summarizes the investment return and its classification in the statement of activities for the years ended December 31, 2009 and 2008.

	2009		
	Unrestricted	Temporarily Restricted	Total
Investment income	\$ 623,466	\$ 225,243	\$ 848,709
Investment fees	(37,942)	(18,226)	(56,168)
Realized losses	(233,828)	(79,047)	(312,875)
Unrealized gains	2,991,546	1,331,713	4,323,259
	<u>\$3,343,242</u>	<u>\$1,459,683</u>	<u>\$4,802,925</u>
	2008		
	Unrestricted	Temporarily Restricted	Total
Investment income	\$ 608,956	\$ 229,793	\$ 838,749
Investment fees	(47,319)	(23,730)	(71,049)
Realized losses	(192,739)	(88,077)	(280,816)
Unrealized losses	(5,301,236)	(2,596,343)	(7,897,579)
	<u>\$(4,932,338)</u>	<u>\$(2,478,357)</u>	<u>\$(7,410,695)</u>

Montgomery County Community Foundation, Inc.

NOTES TO FINANCIAL STATEMENTS

December 31, 2009 and 2008

NOTE B - INVESTMENTS - Continued

The Foundation's investments, excluding its money market funds and certificates of deposit, are measured at fair value on a recurring basis at December 31, 2009, utilizing the following input levels:

	2009			Total
	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	
Investments	\$24,996,157	\$0-	\$0-	\$24,996,157
	2008			
	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Total
Investments	\$20,307,623	\$0-	\$0-	\$20,307,623

NOTE C - RESTRICTIONS ON NET ASSETS

Donor restrictions have been imposed on a significant portion of the Foundation's net assets.

Temporarily restricted net assets are composed of the following types of funds at December 31, 2009 and 2008:

	2009	2008
Portion of perpetual endowment funds subject to a time restriction under UPMIFA	\$ 699,819	\$ 11,755
Purpose Restrictions:		
Lilly scholarship funds	13,127	12,518
Building funds	44,688	48,418
Pass-through funds	90,192	69,445
Temporarily restricted income portion of non-variance clause endowment funds subject to a purpose restriction under UPMIFA	1,082,176	557,380
	<u>\$1,930,002</u>	<u>\$699,516</u>

Temporarily restricted net assets endowment portions totaling \$1,781,995 and \$568,273 for the year ending December 31, 2009 and 2008, respectively, are restricted for scholarships and grants.

The portion of perpetual endowment funds that is required to be retained permanently, either by explicit donor stipulation or by UPMIFA, was \$5,087,369 and \$5,086,889 as of December 31, 2009 and 2008, respectively.

NOTE D - EMPLOYEE BENEFITS

The Foundation has a Simple IRA retirement plan. The Foundation will match up to 3% of an employee's wages. The Foundation contributed \$7,651 and \$5,487 to this plan in 2009 and 2008, respectively.

Montgomery County Community Foundation, Inc.

NOTES TO FINANCIAL STATEMENTS

December 31, 2009 and 2008

NOTE E - NOTE RECEIVABLE

Note receivable as of December 31, 2009 and 2008 consists of the following:

	<u>2009</u>	<u>2008</u>
5.0% note, including payments of \$10,733 due annually, (including interest) through March 2013, with a balloon payment of \$144,446 due March 2013.	\$148,066	\$151,238
Less: Current portion	<u>(3,330)</u>	<u>(3,172)</u>
	<u>\$144,736</u>	<u>\$148,066</u>

The note is secured by real estate through a real estate mortgage agreement on 160 acres in Montgomery County.

NOTE F - PLEDGES RECEIVABLE

Included in pledges receivable are the following unconditional promises to give as of December 31:

	<u>2009</u>	<u>2008</u>
Pledges	\$10,350	\$23,800
Less: Current portion	<u>4,450</u>	<u>12,450</u>
	<u>\$ 5,900</u>	<u>\$11,350</u>

Gross amounts due as of:

December 31, 2010	\$ 4,450
2011	5,900
2012	-0-
2013	-0-
2014	<u>-0-</u>
	<u>\$10,350</u>

NOTE G - OPERATING LEASE

The Foundation leases commercial office space under a month-to-month lease agreement which began in May 2007. Monthly lease payments are \$1,000 per month. Total lease expense for the years ended December 31, 2009 and 2008 was \$12,000 and 10,425, respectively.

NOTE H - REAL ESTATE

In past years, the Foundation received contributions of approximately 600 acres of land. This land is currently being rented as farmland and the rental income is credited to the funds for which the land was contributed. Rent collected on this land totaled \$115,342 and \$94,445 during 2009 and 2008, respectively.

Montgomery County Community Foundation, Inc.

NOTES TO FINANCIAL STATEMENTS

December 31, 2009 and 2008

NOTE I - CAPITAL LEASE OBLIGATION

The Foundation leased a copier in 2005 under an agreement which has been classified as a capital lease. The lease is noncancelable and expires in September 2010. The future minimum lease payments under the capital leases and the net present value of the future minimum lease payments at December 31, 2009, are as follows.

Year ending December 31,	2010	\$1,201
	2011	-0-
	2012	-0-
	2013	-0-
	2014	-0-
		<hr/>
Total minimum lease payments		1,201
Amount representing interest		80
		<hr/>
Present value of minimum lease payments		<u>\$1,121</u>

NOTE J - AGENCY ENDOWMENT FUNDS

In accordance with *FASB ASC 958-20-15*, the Foundation reports contributions as a liability when the donor has specified an unaffiliated beneficiary and not granted variance power over the gift. The Foundation reports these as Agency Funds on its statement of financial position.

During the year ended December 31, 2009 and 2008, the following activity occurred in the agency funds held by the Foundation. These amounts are not reflected on the statement of activities.

	<u>2009</u>	<u>2008</u>
Support and revenue:		
Contributions		\$ 10,000
Investment income, net	\$ 39,865	42,917
Realized losses on investments	(10,984)	(12,982)
Unrealized gains (losses) on investments	251,829	(464,539)
	<hr/>	<hr/>
	280,710	(424,604)
Expenses:		
Grants expense	52,625	52,975
Project management fees	14,811	15,030
	<hr/>	<hr/>
	67,436	68,005
Increase (decrease) in agency funds	213,274	(492,609)
Balance at beginning of year	<hr/>	<hr/>
	1,154,210	1,646,819
Balance at end of year	<u>\$ 1,367,484</u>	<u>\$ 1,154,210</u>

NOTE K - CONTRIBUTION RECEIVABLE

In 2009, the Foundation became one of the named beneficiaries of a trust. As of December 31, 2009, the Foundation's portion of the trust is recorded as a contribution receivable at an estimated amount of \$650,000. Management established this estimate based upon discussions with the trust's attorney. Management's estimate is a conservative estimate of the gift value as of the date of the audit. Changes in this estimate will be reported in the statement of activities in the year in which the changes occur. As of December 31, 2009, it is anticipated that the funds will be collected in the subsequent year.

Montgomery County Community Foundation, Inc.

NOTES TO FINANCIAL STATEMENTS

December 31, 2009 and 2008

NOTE L - SUBSEQUENT EVENTS

In accordance with FASB ASC Topic 855, Subsequent Events, the Foundation has evaluated subsequent events through May 25, 2010, which is the date these financial statements were issued. All subsequent events requiring recognition as of December 31, 2009, have been incorporated into these financial statements herein.