

LAGRANGE COUNTY COMMUNITY FOUNDATION, INC.
AND AFFILIATE,
LCCF SUPPORT ORGANIZATION, INC.

COMBINED FINANCIAL STATEMENTS

December 31, 2008 and 2007

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**Board of Directors
LaGrange County Community Foundation, Inc. and Affiliate**

We have audited the accompanying combined statements of financial position of the LaGrange County Community Foundation, Inc. and Affiliate as of December 31, 2008 and 2007, and the related combined statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of the LaGrange County Community Foundation, Inc. and Affiliate as of December 31, 2008 and 2007, and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the combined financial statements taken as a whole. The combining information is presented for purposes of additional analysis of the combined financial statements rather than to present the financial position, activities and cash flows of the individual organizations. The combining information has been subjected to the auditing procedures applied in the audits of the combined financial statements and, in our opinion, are fairly stated in all material respects to the combined financial statements taken as a whole.

Estep Burkey Simmons, LLC

Muncie, Indiana
June 22, 2009

LaGrange County Community Foundation, Inc. and Affiliate

COMBINED STATEMENTS OF ACTIVITIES

Years Ended December 31,

	2008			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Revenue and support				
Contributions and pledges	\$ 35,317	\$ 89,543	\$ 34,559	\$ 159,419
Administrative fees	234,054			234,054
Investment income	78,171	151,563		229,734
Realized gains (losses) on investments	(299,142)	(466,187)		(765,329)
Unrealized losses on investments	(1,078,640)	(1,748,928)		(2,827,568)
Fundraising	946			946
	(1,029,294)	(1,974,009)	34,559	(2,968,744)
Net assets released from restrictions				
Restrictions satisfied by payments	858,607	(858,607)		
Expenses				
Program Services				
Grants	655,034			655,034
Program related expenses	8,596			8,596
Supporting Services				
Operating expenses	286,151			286,151
Administrative fees	233,616			233,616
Bank trustee fees	91,830			91,830
Fundraising expenses	33,758			33,758
	<u>1,308,985</u>			<u>1,308,985</u>
INCREASE (DECREASE) IN NET ASSETS	(1,479,672)	(2,832,616)	34,559	(4,277,729)
Net assets at beginning of year	4,210,227	2,351,843	5,117,975	11,680,045
Transfers of net assets	(123,219)	103,112	20,107	
Net assets at end of year	<u>\$ 2,607,336</u>	<u>\$ (377,661)</u>	<u>\$ 5,172,641</u>	<u>\$ 7,402,316</u>

The accompanying notes are an integral part of these statements.

2007			
Unrestricted	Temporarily Restricted	Permanently Restricted	Total
\$ 67,899	\$ 64,716	\$ 95,273	\$ 227,888
95,846			95,846
95,750	197,808		293,558
366,021	532,677		898,698
(155,999)	(221,516)		(377,515)
25,722			25,722
495,239	573,685	95,273	1,164,197
839,780	(839,780)		
775,105			775,105
25,609			25,609
307,239			307,239
99,164			99,164
108,845			108,845
40,272			40,272
1,356,234			1,356,234
(21,215)	(266,095)	95,273	(192,037)
4,198,494	2,700,930	4,972,658	11,872,082
32,948	(82,992)	50,044	
\$ 4,210,227	\$ 2,351,843	\$ 5,117,975	\$ 11,680,045
\$ 4,210,227	\$ 2,351,843	\$ 5,117,975	\$ 11,680,045

LaGrange County Community Foundation, Inc. and Affiliate

STATEMENTS OF CASH FLOWS

Years Ended December 31,

	<u>2008</u>	<u>2007</u>
Cash Flows from operating activities:		
Decrease in net assets	\$ (4,277,729)	\$ (192,037)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation expense	5,835	5,440
Realized (gains) losses	765,329	(898,698)
Unrealized (gains) losses	2,827,568	377,515
(Increase) decrease in assets:		
Interest and dividends receivable	18,285	535
Pledges receivable	33,387	2,344
Prepaid expenses	2,229	(2,170)
Increase (decrease) in liabilities:		
Accounts payable	(35,043)	35,869
Grants payable	(2,043)	2,138
Accrued expenses	3,206	3,303
Agency funds	(19,540)	375
Total adjustments	<u>3,599,213</u>	<u>(473,349)</u>
Net cash used in operating activities	(678,516)	(665,386)
Cash flows from investing activities:		
Net change in investments	715,655	665,745
Cash paid for purchase of equipment	<u>(9,873)</u>	<u>(2,640)</u>
Net cash provided by investing activities	<u>705,782</u>	<u>663,105</u>
Net increase (decrease) in cash and cash equivalents	27,266	(2,281)
Cash and cash equivalents at beginning of year	<u>59,124</u>	<u>61,405</u>
Cash and cash equivalents at end of year	<u>\$ 86,390</u>	<u>\$ 59,124</u>

The accompanying notes are an integral part of these statements.

LaGrange County Community Foundation, Inc. and Affiliate

NOTES TO FINANCIAL STATEMENTS

December 31, 2008 and 2007

NOTE A - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

1. Nature of Activities

LaGrange County Community Foundation, Inc. and its affiliate, LCCF Support Organization, Inc. (Foundation) are not-for-profit corporations organized under the laws of the state of Indiana. LaGrange County Community Foundation, Inc. was incorporated as a not-for-profit organization on August 27, 1991. The Foundation is a public foundation located in LaGrange, Indiana, which secures permanent funds for philanthropic purposes. Its mission is to improve the quality of life and the spirit of giving, both now and in the future, by encouraging charitable giving.

LCCF Support Organization, Inc. was formed as a not-for-profit membership organization on November 24, 2004 to provide funding to projects in the communities served by the LaGrange County Community Foundation, Inc. The LaGrange County Community Foundation, Inc. is the sole member of LCCF Support Organization, Inc.

2. Financial Statement Presentation

The combined financial statements include the accounts of the LaGrange County Community Foundation, Inc. and its affiliated organization, LCCF Support Organization, Inc. Inter-organization balances have been eliminated in the financial statements.

3. 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.

4. Cash and Cash Equivalents

The Foundation maintains its cash in accounts at financial institutions which are insured by agencies of the U.S. Government. The Foundation does not classify money market funds held for investment as cash equivalents.

5. Investments

In accordance with *Statement of Financial Accounting Standards (SFAS) No. 124*, "Accounting for Certain Investments Held by Not-for-Profit Organizations," investments are recorded at market 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 gain or losses are classified as unrestricted, temporarily restricted or permanently restricted revenue, depending on the existence and/or nature of any donor restrictions.

6. Property, Equipment and Depreciation

Purchased property and equipment is stated at cost. Donated property and equipment is recorded as support and revenue at the estimated fair-market value at the date of gift. Depreciation is computed according to the estimated useful lives of the respective assets, which range from three to forty years, using the straight-line method.

LaGrange County Community Foundation, Inc. and Affiliate

NOTES TO FINANCIAL STATEMENTS

December 31, 2008 and 2007

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

7. 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. The Foundation is not considered to be a private foundation.

8. Contributed Services

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 policy for compensated absences requires employees to take their paid time off during the year for which it is earned. Therefore, no accumulation results and no accrual is necessary.

10. Concentration of Credit Risk

The Foundation maintains its cash in bank deposit accounts at high credit quality financial institutions. The balances, at times, may exceed federally insured limits.

11. Estimates

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

NOTE B - PLEDGES RECEIVABLE

Pledges receivable are due from individuals and businesses in the amount of \$2,955 and \$36,342 at December 31, 2008 and 2007, respectively. All pledges are deemed to be fully collectible; therefore, no provision has been made for uncollectible pledges. The pledges made are payable over several years. The following summarizes amounts due for the next five years.

Year ending December 31, 2009	\$ 1,000
2010	\$ 1,955
2011	\$ 0
2012	\$ 0
2013	\$ 0

LaGrange County Community Foundation, Inc. and Affiliate

NOTES TO FINANCIAL STATEMENTS

December 31, 2008 and 2007

NOTE C - INVESTMENTS

The following is an analysis of the cost and market value at December 31, 2008 and 2007 by type of investment. The investments are held in uninsured trust accounts at various financial institutions.

	2008		
	Cost	Unrealized Gains (Losses)	Market Value
Money market funds	\$ 692,919		\$ 692,919
Certificate of deposit	213,000	\$ 5,667	218,667
Stocks	6,141,096	(1,271,735)	4,869,361
Mutual funds	355,353	59,334	414,687
International bonds	123,061	(13,916)	109,145
Corporate bonds	500,428	(30,473)	469,955
Government bonds	206,224	16,390	222,614
Other investments	126,031	2,634	128,665
Real estate	201,519		201,519
	<u>\$8,559,631</u>	<u>\$(1,232,099)</u>	<u>\$7,327,532</u>
	2007		
	Cost	Unrealized Gains	Market Value
Money market funds	\$ 1,334,715		\$ 1,334,715
Certificate of deposit	263,000	\$ 283	263,283
Stocks	7,520,931	1,542,979	9,063,910
Mutual funds	101,715	7,904	109,619
International bonds	32,150	11,173	43,323
Corporate bonds	460,116	43,094	503,210
Government bonds	282,215	11,441	293,656
Real estate	24,500		24,500
	<u>\$10,019,342</u>	<u>\$1,616,874</u>	<u>\$11,636,216</u>

The following schedule summarizes the investment return and its classification in the statement of activities for the years ended December 31, 2008 and 2007.

	2008		
	Unrestricted	Temporarily Restricted	Total
Investment return	\$ 78,171	\$ 151,563	\$ 229,734
Realized losses on investments	(299,142)	(466,187)	(765,329)
Unrealized losses on investments	(1,078,640)	(1,748,928)	(2,827,568)
	<u>\$(1,299,611)</u>	<u>\$(2,063,552)</u>	<u>\$(3,363,163)</u>

LaGrange County Community Foundation, Inc. and Affiliate

NOTES TO FINANCIAL STATEMENTS

December 31, 2008 and 2007

NOTE C - INVESTMENTS - Continued

	2007		Total
	Unrestricted	Temporarily Restricted	
Investment return	\$ 95,750	\$197,808	\$293,558
Realized gains on investments	366,021	532,677	898,698
Unrealized losses on investments	(155,999)	(221,516)	(377,515)
	<u>\$305,772</u>	<u>\$508,969</u>	<u>\$814,741</u>

NOTE D - 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,

	2008	2007
Designated	\$ (6,749)	\$1,887,844
Donor advised	(96,844)	61,820
Scholarships	(233,691)	279,788
Field of Interest	(40,377)	122,391
	<u>\$(377,661)</u>	<u>\$2,351,843</u>

Permanently restricted net assets are composed of the following types of funds at December 31,

	2008	2007
Designated	\$3,164,935	\$3,185,462
Donor advised	399,429	369,330
Scholarships	1,213,625	1,184,369
Field of Interest	394,652	378,814
	<u>\$5,172,641</u>	<u>\$5,117,975</u>

LaGrange County Community Foundation, Inc. and Affiliate

NOTES TO FINANCIAL STATEMENTS

December 31, 2008 and 2007

NOTE E - ADMINISTRATION MANAGEMENT

The Foundation assesses an administrative charge of 1.0% to 2.0% on endowment and pass-through funds. The amount assessed to the funds is based upon the principle balance of the fund. This amount is used primarily to support the operations of the Foundation.

For the years ended December 31, 2008 and 2007, \$234,054 and \$95,846, respectively, is included as revenue and as an expense. Due to the fact that administrative charges to various funds are considered a significant measure of the operations of community foundations, these fees have not been eliminated in the financial statements.

NOTE F - AGENCY FUNDS

In accordance with *Statements of Financial Accounting Standards (SFAS) No. 136*, "Transfers of Assets to a Not-for-Profit Organization or Charitable Trust That Raises or Holds Contributions for Other," 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 years ended December 31, 2008 and 2007, the following activity occurred in the agency funds held by the Foundation.

	<u>2008</u>	<u>2007</u>
Support and revenue		
Contributions	\$ -	\$ -
Investment income	997	1,138
Realized gains (losses) on investments	(3,806)	4,333
Unrealized losses on investments	<u>(13,539)</u>	<u>(1,867)</u>
	(16,348)	3,604
Expenses		
Grants expense	2,246	2,192
Program expense	301	-
Administrative fees	193	511
Bank trustee fees	<u>452</u>	<u>525</u>
	3,192	3,228
Increase (decrease) in agency funds	(19,540)	376
Balance at beginning of year	<u>55,990</u>	<u>55,614</u>
Balance at end of year	<u>\$ 36,450</u>	<u>\$ 55,990</u>

LaGrange County Community Foundation, Inc. and Affiliate

NOTES TO FINANCIAL STATEMENTS

December 31, 2008 and 2007

NOTE G - OPERATING LEASE AGREEMENT

The Foundation leases office space and a copier under non-cancelable leases.

On October 17, 2005, the Foundation entered into a two-year lease running through October 17, 2007 at a monthly rental amount of \$400. A new lease was signed on August 27, 2007. The new lease shall end October 17, 2017 and requires payments of \$400 monthly. This amount is substantially lower than fair market value. The value of the donated facility for the years ended December 31, 2008 and 2007 is approximately \$25,481 and \$25,481, respectively, and has been recorded as both revenue and expense in the financial statements.

The copier lease expires May 2009 and requires monthly payments of \$275. Lease expense for the years ended December 31, 2008 and 2007 were \$3,028 and \$3,302, respectively.

Future minimum payments on the above leases are as follows.

Year ending December 31, 2009	\$ 6,175
2010	4,800
2011	4,800
2012	4,800
2013	4,800
There after	<u>19,200</u>
	<u>\$44,575</u>

SUPPLEMENTAL INFORMATION

LaGrange County Community Foundation, Inc. and Affiliate

COMBINING STATEMENTS OF FINANCIAL POSITION

December 31,

ASSETS

	2008		
	LaGrange County Community Foundation, Inc.	LCCF Support Organization, Inc.	Total
CURRENT ASSETS			
Cash	\$ 86,390	\$ -	\$ 86,390
Investments	7,327,532	-	7,327,532
Interest and dividends receivable	10,173	-	10,173
Pledges receivable	2,955	-	2,955
Prepaid expenses	4,803	-	4,803
	<hr/>	<hr/>	<hr/>
Total current liabilities	7,431,853	-	7,431,853
PROPERTY AND EQUIPMENT			
Office furniture and equipment	86,268	-	86,268
Leasehold improvements	25,378	-	25,378
	<hr/>	<hr/>	<hr/>
	111,646	-	111,646
Less accumulated depreciation	94,834	-	94,834
	<hr/>	<hr/>	<hr/>
	16,812	-	16,812
	<hr/>	<hr/>	<hr/>
	\$ 7,448,665	\$ -	\$ 7,448,665

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES			
Accounts payable	3,295	\$ -	\$ 3,295
Grants payable	95	-	95
Accrued payroll	6,509	-	6,509
	<hr/>	<hr/>	<hr/>
Total current liabilities	9,899	-	9,899
AGENCY FUNDS	<hr/>	<hr/>	<hr/>
	36,450	-	36,450
	<hr/>	<hr/>	<hr/>
	46,349	-	46,349
NET ASSETS			
Unrestricted	2,607,336	-	2,607,336
Temporarily restricted	(377,661)	-	(377,661)
Permanently restricted	5,172,641	-	5,172,641
	<hr/>	<hr/>	<hr/>
	7,402,316	-	7,402,316
	<hr/>	<hr/>	<hr/>
	\$ 7,448,665	\$ -	\$ 7,448,665

ASSETS

2007

LaGrange County Community Foundation, Inc.	LCCF Support Organization, Inc.	Total
\$ 59,124	\$ -	\$ 59,124
11,636,216	-	11,636,216
28,458	-	28,458
36,342	-	36,342
7,032	-	7,032
<u>11,767,172</u>	<u>-</u>	<u>11,767,172</u>
82,648	-	82,648
25,378	-	25,378
<u>108,026</u>	<u>-</u>	<u>108,026</u>
95,384	-	95,384
<u>12,642</u>	<u>-</u>	<u>12,642</u>
<u>\$ 11,779,814</u>	<u>\$ -</u>	<u>\$ 11,779,814</u>

LIABILITIES AND NET ASSETS

\$ 38,338	\$ -	\$ 38,338
2,138	-	2,138
<u>3,303</u>	<u>-</u>	<u>3,303</u>
43,779	-	43,779
<u>55,990</u>	<u>-</u>	<u>55,990</u>
99,769	-	99,769
4,210,227	-	4,210,227
2,351,843	-	2,351,843
<u>5,117,975</u>	<u>-</u>	<u>5,117,975</u>
<u>11,680,045</u>	<u>-</u>	<u>11,680,045</u>
<u>\$ 11,779,814</u>	<u>\$ -</u>	<u>\$ 11,779,814</u>

LaGrange County Community Foundation, Inc. and Affiliate

COMBINING STATEMENTS OF ACTIVITIES

Year Ended December 31, 2008

	LaGrange County Community Foundation, Inc.		
	Unrestricted	Temporarily Restricted	Permanently Restricted
Revenue and support			
Contributions and pledges	\$ 35,317	\$ 89,543	\$ 34,559
Administrative fees	234,054		
Investment income	78,171	151,563	
Realized losses on investments	(299,142)	(466,187)	
Unrealized losses on investments	(1,078,640)	(1,748,928)	
Fundraising	946		
	<u>(1,029,294)</u>	<u>(1,974,009)</u>	<u>34,559</u>
Net assets released from restrictions			
Restrictions satisfied by payments	858,607	(858,607)	
Expenses			
Program Services			
Grants	655,034		
Program related expenses	8,596		
Supporting Services			
Operating expenses	286,151		
Administrative fees	233,616		
Bank trustee fees	91,830		
Fundraising expenses	33,758		
	<u>1,308,985</u>	<u></u>	<u></u>
INCREASE (DECREASE) IN NET ASSETS	(1,479,672)	(2,832,616)	34,559
Net assets at beginning of year	4,210,227	2,351,843	5,117,975
Transfers of net assets	<u>(123,219)</u>	<u>103,112</u>	<u>20,107</u>
Net assets at end of year	<u>\$ 2,607,336</u>	<u>\$ (377,661)</u>	<u>\$ 5,172,641</u>

LCCF Support Organization, Inc.

<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
			\$ 159,419
			234,054
			229,734
			(765,329)
			(2,827,568)
			946
			(2,968,744)
			655,034
			8,596
			286,151
			233,616
			91,830
			33,758
			<u>1,308,985</u>
			(4,277,729)
			11,680,045
			<u> </u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,402,316</u>

LaGrange County Community Foundation, Inc. and Affiliate

COMBINING STATEMENTS OF ACTIVITIES

Year Ended December 31, 2007

	LaGrange County Community Foundation, Inc.		
	Unrestricted	Temporarily Restricted	Permanently Restricted
Revenue and support			
Contributions and pledges	\$ 67,899	\$ 64,716	\$ 95,273
Administrative fees	95,846		
Investment income	95,750	197,808	
Realized gains on investments	366,021	532,677	
Unrealized losses on investments	(155,999)	(221,516)	
Fundraising	25,722		
	<u>495,239</u>	<u>573,685</u>	<u>95,273</u>
Net assets released from restrictions			
Restrictions satisfied by payments	839,780	(839,780)	
Expenses			
Program Services			
Grants	775,105		
Program related expenses	25,609		
Supporting Services			
Operating expenses	307,239		
Administrative fees	99,164		
Bank trustee fees	108,845		
Fundraising expenses	40,272		
	<u>1,356,234</u>	<u></u>	<u></u>
INCREASE (DECREASE) IN NET ASSETS	(21,215)	(266,095)	95,273
Net assets at beginning of year	4,198,494	2,700,930	4,972,658
Transfers of net assets	<u>32,948</u>	<u>(82,992)</u>	<u>50,044</u>
Net assets at end of year	<u>\$ 4,210,227</u>	<u>\$ 2,351,843</u>	<u>\$ 5,117,975</u>

LCCF Support Organization, Inc.

<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
			\$ 227,888
			95,846
			293,558
			898,698
			(377,515)
			25,722
			<u>1,164,197</u>
			775,105
			25,609
			307,239
			99,164
			108,845
			40,272
			<u>1,356,234</u>
			(192,037)
			11,872,082
			<u> </u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,680,045</u>