

FINANCIAL STATEMENTS AND
ACCOMPANYING INFORMATION

THE COMMUNITY CORPORATION

December 31, 2010

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C O N T E N T S

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August 19, 2011

Board of Trustees
The Community Corporation
Youngstown, Ohio

Independent Auditors' Report

We have audited the accompanying statement of financial position of The Community Corporation (a non-profit organization) as of December 31, 2010 and the related statements of activities, change in net assets and cash flows for the year then ended. These financial statements are the responsibility of the organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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 misstatements. 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 Community Corporation as of December 31, 2010, and the results of activities and changes in its net assets and its cash flows for the year then ended in conformity with U.S. generally accepted accounting principles.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying information on page 15 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to 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.

Hill Barth & King LLC

Certified Public Accountants

STATEMENT OF FINANCIAL POSITION

THE COMMUNITY CORPORATION

December 31, 2010

ASSETS

CURRENT ASSETS

| | |
|--|------------------|
| Cash and cash equivalents | \$ 1,138,021 |
| Cash and cash equivalents - designated pledges | 107,129 |
| TOTAL CASH AND CASH EQUIVALENTS | <u>1,245,150</u> |

Campaign pledge receivables:

| | |
|---|----------------|
| 2010 Campaign, less allowance for uncollectible pledges of \$160,000 | 926,695 |
| 2009 Campaign, less allowance for uncollectible pledges of \$172,093 | 3,431 |
| TOTAL CAMPAIGN PLEDGE RECEIVABLES | <u>930,126</u> |

| | |
|-----------------------------------|------------------|
| Prepaid expenses and other assets | 10,998 |
| TOTAL CURRENT ASSETS | <u>2,186,274</u> |

| | |
|-------------------------------------|-----------|
| <u>MARKETABLE SECURITIES</u> | 4,703,581 |
|-------------------------------------|-----------|

PROPERTY AND EQUIPMENT

| | |
|-------------------------------|----------------|
| Land | 14,327 |
| Buildings and improvements | 200,951 |
| Furniture and equipment | 202,492 |
| | <u>417,770</u> |
| Less accumulated depreciation | 385,713 |
| NET PROPERTY AND EQUIPMENT | <u>32,057</u> |

OTHER ASSETS

| | |
|-----------------------|----------------------------|
| Deposit | 400 |
| Pension benefit asset | 60,417 |
| TOTAL OTHER ASSETS | <u>60,817</u> |
| TOTAL ASSETS | <u><u>\$ 6,982,729</u></u> |

See accompanying notes to financial statements

STATEMENT OF FINANCIAL POSITION (CONTINUED)

THE COMMUNITY CORPORATION

December 31, 2010

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

| | |
|----------------------------------|-----------------------|
| Accounts payable | \$ 3,384 |
| Designated pledges payable | 113,598 |
| Accrued expenses | 525 |
| Allocations payable | 723,764 |
| Other current liabilities | 52,029 |
| TOTAL CURRENT LIABILITIES | <u>893,300</u> |

NET ASSETS

Unrestricted:

| | |
|--|-------------------------|
| Investment in fixed assets (net of depreciation) | 32,056 |
| Pension benefit | 60,417 |
| Designated by the governing board for: | |
| Stabilization of agencies' funding | 1,002,500 |
| New programs | 25,778 |
| Emergency capital replacement | 70,000 |
| Endowment | 1,036,754 |
| Undesignated, available for general activities | 1,800,544 |
| TOTAL UNRESTRICTED NET ASSETS | <u>4,028,049</u> |

Temporarily restricted:

| | |
|--|-----------------------|
| Annual campaign income designated for future periods | 767,763 |
| Other | 78,808 |
| TOTAL TEMPORARILY RESTRICTED NET ASSETS | <u>846,571</u> |

Permanently restricted

| | |
|---|----------------------------|
| | <u>1,214,809</u> |
| TOTAL NET ASSETS | <u>6,089,429</u> |
| TOTAL LIABILITIES AND NET ASSETS | <u>\$ 6,982,729</u> |

See accompanying notes to financial statements

STATEMENT OF ACTIVITIES

THE COMMUNITY CORPORATION

Year ended December 31, 2010

| | <u>UNRESTRICTED</u> | <u>TEMPORARILY RESTRICTED</u> | <u>PERMANENTLY RESTRICTED</u> | <u>TOTAL</u> |
|--|---------------------|-----------------------------------|-----------------------------------|---------------------|
| <u>PUBLIC SUPPORT AND REVENUE</u> | | | | |
| Prior-year campaign contribution | \$ 591,097 | \$ 0 | \$ 0 | \$ 591,097 |
| Net assets released from restrictions: | | | | |
| Prior-year campaign contributions - net | 1,457,824 | (1,457,824) | 0 | 0 |
| Current-year campaign contribution - net | <u>724,091</u> | <u>767,763</u> | | <u>1,491,854</u> |
| NET CAMPAIGN REVENUE | <u>2,773,012</u> | <u>(690,061)</u> | 0 | <u>2,082,951</u> |
| | | | | |
| Board endowment contributions | 2,500 | 0 | 0 | 2,500 |
| Interest and dividend income | 74,189 | 17,709 | 0 | 91,898 |
| Net gain on investments | 213,921 | 0 | 98,622 | 312,543 |
| Miscellaneous income | 23,328 | 0 | 0 | 23,328 |
| Net assets released from restrictions: | | | | |
| Temporarily restricted investment income | <u>21,304</u> | <u>(21,304)</u> | 0 | 0 |
| TOTAL PUBLIC SUPPORT AND REVENUE | <u>3,108,254</u> | <u>(693,656)</u> | <u>98,622</u> | <u>2,513,220</u> |
| <u>FUND DISTRIBUTIONS, SERVICES AND OTHER EXPENSES</u> | | | | |
| Allocations to local agencies | 2,130,185 | 0 | 0 | 2,130,185 |
| Other Community Corporation expenses: | | | | |
| Program services: | | | | |
| Planning and community investment | 83,538 | 0 | 0 | 83,538 |
| Labor | <u>51,821</u> | <u>0</u> | <u>0</u> | <u>51,821</u> |
| TOTAL PROGRAM SERVICES | <u>135,359</u> | <u>0</u> | <u>0</u> | <u>135,359</u> |
| Supporting services: | | | | |
| Administration | 200,666 | 0 | 0 | 200,666 |
| United Way campaign | <u>347,328</u> | <u>0</u> | <u>0</u> | <u>347,328</u> |
| TOTAL SUPPORTING SERVICES | <u>547,994</u> | <u>0</u> | <u>0</u> | <u>547,994</u> |
| | | | | |
| Other expense: | | | | |
| United Way National and Ohio membership dues | <u>28,600</u> | <u>0</u> | <u>0</u> | <u>28,600</u> |
| TOTAL FUND DISTRIBUTIONS, SERVICES AND OTHER EXPENSES | <u>2,842,138</u> | <u>0</u> | <u>0</u> | <u>2,842,138</u> |
| CHANGE IN NET ASSETS | <u>\$ 266,116</u> | <u>\$ (693,656)</u> | <u>\$ 98,622</u> | <u>\$ (328,918)</u> |

See accompanying notes to financial statements

STATEMENT OF CHANGE IN NET ASSETS

THE COMMUNITY CORPORATION

Year ended December 31, 2010

| | <u>UNRESTRICTED NET ASSETS</u> | | <u>TEMPORARILY RESTRICTED NET ASSETS</u> | <u>PERMANENTLY RESTRICTED NET ASSETS</u> | <u>TOTAL</u> |
|---|--------------------------------|-----------------------------|--|--|---------------------|
| | <u>UNRESTRICTED</u> | <u>BOARD DESIGNATED</u> | | | |
| Balance at January 1, 2010, as previously reported | \$ 1,734,050 | \$ 1,679,620 | \$ 1,547,056 | \$ 1,457,621 | \$ 6,418,347 |
| Prior period reclassifications - NOTE B | <u>11,920</u> | <u>336,343</u> | <u>(6,829)</u> | <u>(341,434)</u> | <u>0</u> |
| Balance at January 1, 2010, as restated | 1,745,970 | 2,015,963 | 1,540,227 | 1,116,187 | 6,418,347 |
| Change in net assets | <u>147,047</u> | <u>119,069</u> | <u>(693,656)</u> | <u>98,622</u> | <u>(328,918)</u> |
| Balance at December 31, 2010 | <u>\$ 1,893,017</u> | <u>\$ 2,135,032</u> | <u>\$ 846,571</u> | <u>\$ 1,214,809</u> | <u>\$ 6,089,429</u> |

See accompanying notes to financial statements

STATEMENT OF CASH FLOWS

THE COMMUNITY CORPORATION

Year ended December 31, 2010

CASH FLOWS FROM OPERATING ACTIVITIES

| | |
|---|----------------|
| Change in net assets | \$ (328,918) |
| Noncash items included in operations - | |
| Depreciation | 9,117 |
| Recovery of uncollectible pledges | (17,061) |
| Gain on investments | (312,544) |
| Increase (decrease) in cash caused | |
| by changes in operating items - | |
| Campaign pledge receivables | 27,441 |
| Prepaid expenses and other assets | 87,932 |
| Accounts payable and accrued expenses | 16,992 |
| Allocations payable | 722,738 |
| Other current liabilities | (5,448) |
| NET CASH PROVIDED BY OPERATING ACTIVITIES | <u>200,249</u> |

CASH FLOWS FROM INVESTING ACTIVITIES

| | |
|---------------------------------------|-----------------|
| Purchase of investments | (938,894) |
| Proceeds from sale of investments | 925,884 |
| Property and equipment acquisitions | (1,609) |
| NET CASH USED IN INVESTING ACTIVITIES | <u>(14,619)</u> |

CASH FLOWS FROM FINANCING ACTIVITIES

| | |
|--|--------------|
| Collection of contributions to board designated endowments | 2,500 |
| NET CASH PROVIDED BY FINANCING ACTIVITIES | <u>2,500</u> |

| | |
|--|---------|
| NET INCREASE IN CASH AND CASH EQUIVALENTS | 188,130 |
|--|---------|

CASH AND CASH EQUIVALENTS

| | |
|-------------------|---------------------|
| Beginning of year | 1,057,020 |
| End of year | <u>\$ 1,245,150</u> |

See accompanying notes to financial statements

NOTES TO FINANCIAL STATEMENTS

THE COMMUNITY CORPORATION

December 31, 2010

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities:

The Community Corporation (the "Corporation"), dba United Way of Youngstown and the Mahoning Valley, is a non-profit corporation organized on February 10, 1919 under the laws of the State of Ohio principally for the purpose of soliciting donations for charitable purposes. The Corporation strives to improve lives by mobilizing the caring power of the local communities. Their caring hand reaches all across the Mahoning Valley, helping the lives of anyone who is in need, from the young to the elderly. The Corporation is a local Volunteer Agency that provides funding to various agencies within the Mahoning Valley focusing on the building blocks of a good life: education, helping children and youth achieve their potential, income, promoting financial stability and independence and health, improving people's health.

Financial Statement Presentation:

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board FASB ASC 720, *Accounting for Contributions Received and Contributions Made* and FASB ASC 958, *Financial Statements of Not-for-Profit Organizations*. The Corporation 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. Accordingly, net assets of the Corporation and changes therein are classified and reported as follows:

Unrestricted net assets – Net assets not subject to donor-imposed stipulations.

Temporarily restricted net assets – Net assets subject to donor-imposed stipulations that will be met either by actions of the Corporation and/or passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as changes in net assets released from restrictions. Releases of temporarily restricted assets in the same period in which they are received are reported as unrestricted. Also included in temporarily restricted net assets is net interest and dividend income from the permanently restricted assets not yet appropriated for expenditure.

Permanently restricted net assets – Net assets subject to donor-imposed stipulations that they be maintained permanently by the Corporation. The endowment fund is classified as permanently restricted net assets due to the restrictions placed by the donors. Income generated from the gifts of donors is used to fund special programs and to provide for community needs as identified by the donors. Permanently restricted net assets consist of The Abe and Leona M. Adler Memorial Fund to benefit physically, mentally or economically handicapped individuals and John S. and Doris M. Andrews Endowment to be used for special projects of the Corporation.

Program Services through Allocations and Grants:

The Corporation supports education, income and health organizations defined as member agencies, through annual funding allocations. The allocations to member agencies are determined by volunteers through the Corporation's "Agency Allocation Review Process." These volunteers engage in educational activities, agency visits, training and council meetings throughout the year to better understand the various service systems and programs for which they ultimately make decisions.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

THE COMMUNITY CORPORATION

December 31, 2010

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Program Services through Allocations and Grants (Continued):

This rating system examines several areas of agency/program performance and serves as the initial basis for decision-making. The volunteers consider such factors as reductions in public funding, changes in the way services are provided, the loss of other services in the community that may inhibit program success, and significant changes in designations that individual agencies received. The Executive Committee approves allocations to member agencies in June of each year and, as a result, the Corporation records the entire amount as a liability and expense.

Cash and Cash Equivalents:

The Corporation considers all highly liquid investments purchased with original maturity dates of three months or less to be cash equivalents. The Corporation maintains cash balances at three local financial institutions which are insured by the Federal Deposit Insurance Corporation (FDIC) subject to various limits and conditions. Periodically these balances are in excess of FDIC insured limits.

Investments:

Investments are recorded at fair value with realized and unrealized gains and losses included in the statement of activities. The fair value of investment securities is determined by reference to exchange or dealer quoted market prices at year end. Donated securities are reported as unrestricted support unless the donor restricts the donated security to a specific purpose.

Property and Equipment:

Property and equipment are recorded at cost, if purchased, or fair value at the date of donation. Depreciation is computed on the straight-line method over estimated useful lives of the assets. Depreciation amounted to \$9,117 for the year ended December 31, 2010.

Revenue Recognition:

Contributions containing donor-imposed restrictions are reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction. When a time or purpose restriction is satisfied, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Contributions that are restricted by the donor are reported as an increase in unrestricted net assets if the restriction expires in the period in which the support is recognized.

Designated Pledges:

Financial donor contributions designated to a specific agency without granting variance power to the Corporation are not included in campaign revenue, but are recorded as a liability to the designated beneficiary.

Pledge Receivables:

Pledge receivables are recognized as revenues in the period the contributions are received or promised, whichever is earlier. The Corporation uses the allowance method to determine uncollectible unconditional promises to give. The allowance is based on prior years' experience and management's analysis of specific promises made. At December 31, 2010 the allowance for unconditional promises to give is \$160,000 for the 2010 campaign and \$172,093 for the 2009 campaign. The potential risk is limited to the amount recorded in the financial statements.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

THE COMMUNITY CORPORATION

December 31, 2010

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Advertising:

The Corporation expenses advertising production and communication costs as they are incurred. Total promotional materials and media advertisement was \$31,114 for the year ended December 31, 2010.

Use of Estimates:

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Donated Services:

A number of volunteers, including members of the Executive Committee and its committees as well as various volunteer assistants, contribute significant amounts of time to further the Corporation's programs. The value of this contributed time does not meet the criteria for recognition of contributed services and, accordingly, is not reflected in the accompanying financial statements.

Functional Expense Classification:

The Corporation's functional classification and allocation policy is based on a review of the current Corporation structure and the identification, reclassification and allocation of certain employee, facility, and departmental expenses, which serve multiple functional areas.

Income Tax Status:

The Corporation qualifies as a tax-exempt organization under Section 501(c) (3) of the Internal Revenue Code and, therefore, has no provision for federal income taxes. The Corporation is also exempt from any state income taxes.

The Corporation assesses uncertain tax positions in accordance with FASB ASC 740 and has determined that all income tax filing positions would be sustained upon examination and, accordingly, has not recorded any reserves or related accruals for interest and penalties at December 31, 2010 for uncertain income tax positions.

The Corporation files income tax returns in the U.S. federal jurisdiction. With few exceptions, the Corporation is no longer subject to U.S. federal examinations by tax authorities for years before 2007.

Subsequent Events:

Management evaluated all activity of the Corporation through August 19, 2011, the date the financial statements were available to be issued, and concluded that no subsequent events have occurred that would require recognition or disclosure in the financial statements or notes.

NOTE B - PRIOR PERIOD RECLASSIFICATION OF NET ASSETS

The net assets as of January 1, 2010 have been reclassified to properly reflect the balances in unrestricted net assets, board designated net assets, temporarily restricted net assets and permanently restricted net assets. The prior period reclassification is due to a classification error of funds as permanently restricted net assets when the amounts were not designated by a donor to be held in perpetuity.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

THE COMMUNITY CORPORATION

December 31, 2010

NOTE C - PLEDGE RECEIVABLES

Pledge receivables, all of which are anticipated to be collected within the next year, consist of the following at December 31, 2010:

| | |
|--|--------------------------|
| Pledge receivables - 2010 Campaign | \$ 1,086,695 |
| Pledge receivables - 2009 Campaign | 175,524 |
| | <u>1,262,219</u> |
| Less allowance for uncollectible pledges - 2010 Campaign | 160,000 |
| Less allowance for uncollectible pledges - 2009 Campaign | 172,093 |
| | <u>332,093</u> |
| Pledge receivables, net | <u><u>\$ 930,126</u></u> |

NOTE D - PLEDGE ALLOCATIONS

The Executive Committee has allocated \$2,130,185 to the United Way participating agencies for the agencies' 2010 - 2011 operations. During 2010, the Executive Committee changed its annual allocation year from a calendar year ending December 31, to a fiscal year ending June 30.

NOTE E - CONCENTRATIONS

During 2010, the Corporation received \$158,000 of its contributions from one business and its employees and \$120,000 from one foundation. At December 31, 2010, the pledge receivable balance for the one business and its employees was \$158,000 and the balance for the foundation was \$-0-.

NOTE F - INVESTMENTS

FASB ASC 820 requires the Corporation to classify its assets and liabilities based on valuation methods using three levels. Level 1 inputs are based on quoted prices in active markets for identical investments. Level 2 inputs are based on significant observable market inputs, such as quoted prices for similar investments and quoted prices in inactive markets. Level 3 inputs are based on significant unobservable inputs that reflect the Corporation's determination of assumptions that market participants might reasonably use in valuing the investments. The valuation inputs are not necessarily an indication of risk or liquidity associated with the underlying investments.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

THE COMMUNITY CORPORATION

December 31, 2010

NOTE F - INVESTMENTS (CONTINUED)

The following tables set forth by level, within the fair value hierarchy, the Corporation's assets at fair value as of:

| | Assets at Fair Value | | | | Total |
|--------------------------------|----------------------|---------------------|---------------------|-------------|---------------------|
| | Cost | Level 1 | Level 2 | Level 3 | |
| <u>December 31, 2010</u> | | | | | |
| Investments: | | | | | |
| Cash equivalents | \$ 287,441 | \$ 287,441 | \$ 0 | \$ 0 | \$ 287,441 |
| Equities | 600,299 | 701,606 | 0 | 0 | 701,606 |
| Corporate/ government bonds | 1,171,926 | 0 | 1,210,116 | 0 | 1,210,116 |
| Mutual funds | 2,469,668 | 2,504,418 | 0 | 0 | 2,504,418 |
| TOTAL | <u>\$ 4,529,334</u> | <u>\$ 3,493,465</u> | <u>\$ 1,210,116</u> | <u>\$ 0</u> | <u>\$ 4,703,581</u> |

Gross unrealized gains and (losses) totaled \$302,903 and (\$128,656), respectively.

The Executive Committee of the Corporation created an endowment fund consisting of two components: 1) unrestricted funds containing monies to be directed by the Executive Committee and 2) donor restricted funds to be used for purposes determined by the donor. The purpose of the endowment is to support the mission of the Corporation which is to develop resources for addressing the social needs of the community. The objective of the underlying investments within the endowment fund is to allow for growth of principal balances and to provide an income stream for the Corporation. The endowments must not be exposed to undue credit, interest-rate nor foreign exchange risk. Unless otherwise stated in the donor agreement, the Endowment Finance Committee shall select the investment portfolio where the endowments will be invested as described in the Endowment Investment Policy of the Corporation.

The Executive Committee defined the distribution policy for the endowment fund components. The board-designated endowment fund shall obtain a principal balance of \$300,000 before the principal can be used. All income, defined as actual income less any fees and excluding any gains or losses on the account, may be paid out annually and the principal of the fund shall not be invaded unless otherwise determined by a two-thirds vote of the Executive Committee. The donor restricted endowment funds are distributed based on the wishes of the donor and vary for each fund.

The Executive Committee of the Corporation has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring some portion of the donor-restricted endowment to be classified as permanently restricted assets. As a result, the Corporation classifies as permanently restricted net assets a) the original value of gifts donated to the permanent endowment, b) the original value of subsequent gifts to the permanent endowment and c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

THE COMMUNITY CORPORATION

December 31, 2010

NOTE F - INVESTMENTS (CONTINUED)

Changes in endowment net assets by type of fund for the year ended December 31, 2010:

| | <u>Board Designated</u> | <u>Temporarily Restricted</u> | <u>Permanently Restricted</u> | <u>Total</u> |
|--|-----------------------------|-----------------------------------|-----------------------------------|---------------------|
| Endowment net assets, beginning of year (as restated) | \$ 937,270 | \$ 82,403 | \$ 1,116,187 | \$ 2,135,860 |
| Investment income | 25,790 | 17,709 | 0 | 43,499 |
| Net appreciation (realized and unrealized) | <u>80,649</u> | <u>0</u> | <u>98,622</u> | <u>179,271</u> |
| Total investment return | <u>106,439</u> | <u>17,709</u> | <u>98,622</u> | <u>222,770</u> |
| Contributions | 2,500 | 0 | 0 | 2,500 |
| Expenditures | <u>(9,455)</u> | <u>(21,304)</u> | <u>0</u> | <u>(30,759)</u> |
| Endowment net assets, end of year | <u>\$ 1,036,754</u> | <u>\$ 78,808</u> | <u>\$ 1,214,809</u> | <u>\$ 2,330,371</u> |

NOTE G - DEFINED BENEFIT PLAN

The Corporation sponsored a defined benefit pension plan (the Plan). Full-time employees over the age of 21 were eligible to participate in the Plan. The Corporation's policy was to contribute amounts to the Plan sufficient to meet the minimum funding requirements set forth in the Employee Retirement Income Security Act of 1974, plus such additional amounts as the Corporation determined to be appropriate from time to time. Contributions were intended to provide not only for benefits attributed to service to date, but also for those expected to be earned in the future.

In May 2007, the Executive Committee approved the termination of the defined benefit plan effective June 30, 2008. All liabilities of the Plan will be paid to plan participants, beneficiaries and others as appropriate, upon government approval of the termination and final valuation of the plan.

The Corporation uses a December 31 measurement date for its defined benefit plan. Summarized information for the Corporation's Plan as of December 31, 2010 is as follows:

| | |
|--|--------------------------|
| Change in benefit obligation: | |
| Benefit obligation at beginning of year | \$ 424,388 |
| Service cost | 5,060 |
| Interest cost | 23,480 |
| Change due to assumption changes | 35,916 |
| Actuarial loss | 21,150 |
| Expense charges | <u>(5,060)</u> |
| BENEFIT OBLIGATION AT END OF YEAR | <u>\$ 504,934</u> |

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

THE COMMUNITY CORPORATION

December 31, 2010

NOTE G - DEFINED BENEFIT PLAN (CONTINUED)

Change in Plan assets:

| | |
|--|-------------------|
| Fair value of Plan assets at beginning of year | \$ 572,100 |
| Actual return on Plan assets | (1,689) |
| Benefits paid (including expense charges) | <u>(5,060)</u> |
| FAIR VALUE OF PLAN ASSETS AT END OF YEAR | <u>\$ 565,351</u> |

Components of net periodic benefit cost:

| | |
|---|--------------------|
| Service cost - benefits earned during the period | \$ 5,060 |
| Interest cost on benefit obligations | 23,480 |
| Expected return on Plan assets | (34,174) |
| Amortization of unrecognized transition obligation | <u>(6,433)</u> |
| NET PERIODIC PENSION COST | <u>\$ (12,067)</u> |

Weighted average assumptions as of December 31, 2010:

| | |
|--|-------|
| Assumed discount rate | 5.50% |
| Expected rate of return on Plan assets | 6.00% |

As of December 31, 2010, \$6,433 is estimated to be reclassified as net periodic benefit cost over the next year.

Items not yet recognized in Net Periodic Pension Cost:

| | |
|--|-------------|
| Unrecognized net obligation (net assets) | \$ (70,763) |
| Unrecognized actuarial (gain) or loss | 129,296 |
| Unrecognized prior service cost | 0 |

The Corporation's pension plan is 100% invested in fixed income investments. The Corporation's overall strategy is to invest in high-grade securities and other assets with a minimum risk of market value fluctuation.

As of December 31, 2010, the following benefit payments, which reflect expected future service, as appropriate, are expected to be paid:

| | |
|-----------|------------|
| 2011 | \$ 314,000 |
| 2012 | 0 |
| 2013 | 1,000 |
| 2014 | 35,000 |
| 2015 | 0 |
| 2016-2020 | 42,000 |

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

THE COMMUNITY CORPORATION

December 31, 2010

NOTE H - DEFINED CONTRIBUTION PLAN

The Corporation has a 403(b) defined contribution pension plan covering all eligible employees. Employees may defer up to \$16,500 of their annual compensation to the plan in 2010. The Corporation's contributions to the plan are based on 4% of employee wages. Total pension plan contributions were \$14,011 for the year ended December 31, 2010.

NOTE I - CONCENTRATIONS OF CREDIT RISK

Financial instruments that potentially subject the Corporation to concentrations of credit risk consist principally of unsecured campaign contributions promised and cash and cash equivalents. The Corporation's ability to collect these promised campaign contributions is directly affected by economic conditions in the community from which it draws support.

NOTE J - RELATED PARTY TRANSACTIONS

In the ordinary course of business, the Corporation occasionally enters into transactions with members of its Board of Trustees. These transactions primarily relate to depository relationships with financial institutions.

SCHEDULE OF FUNCTIONAL EXPENSES

THE COMMUNITY CORPORATION

Year ended December 31, 2010

| | PROGRAM SERVICES | | | SUPPORTING SERVICES | | | TOTAL PROGRAM AND SUPPORTING SERVICES EXPENSES |
|---|---|------------------|-------------------|---------------------|---------------------------|-------------------|---|
| | Planning and Community Investment | Labor | Total | Administration | United Way Campaign | Total | |
| Salaries: | | | | | | | |
| Executive | \$ 45,279 | \$ 27,167 | \$ 72,446 | \$ 39,242 | \$ 190,172 | \$ 229,414 | \$ 301,860 |
| Office | 3,849 | 6,198 | 10,047 | 6,198 | 20,744 | 26,942 | 36,989 |
| | <u>49,128</u> | <u>33,365</u> | <u>82,493</u> | <u>45,440</u> | <u>210,916</u> | <u>256,356</u> | <u>338,849</u> |
| Employee benefits | 12,746 | 7,908 | 20,654 | 97,736 | 46,018 | 143,754 | 164,408 |
| Payroll taxes | 4,455 | 2,861 | 7,316 | 3,874 | 15,978 | 19,852 | 27,168 |
| TOTAL SALARIES AND RELATED EXPENSES | <u>66,329</u> | <u>44,134</u> | <u>110,463</u> | <u>147,050</u> | <u>272,912</u> | <u>419,962</u> | <u>530,425</u> |
| Office supplies | 831 | 132 | 963 | 3,565 | 1,956 | 5,521 | 6,484 |
| Telephone | 1,158 | 548 | 1,706 | 3,920 | 2,013 | 5,933 | 7,639 |
| Postage and shipping | 223 | 223 | 446 | 508 | 3,872 | 4,380 | 4,826 |
| Utilities | 1,276 | 608 | 1,884 | 1,885 | 2,309 | 4,194 | 6,078 |
| Insurance | 676 | 319 | 995 | 3,636 | 1,214 | 4,850 | 5,845 |
| Printing and publications | 318 | 114 | 432 | 1,192 | 29,707 | 30,899 | 31,331 |
| Transportation and travel | 1,829 | 1,720 | 3,549 | 2,000 | 4,575 | 6,575 | 10,124 |
| Local meetings | 569 | 26 | 595 | 1,283 | 1,550 | 2,833 | 3,428 |
| Rental and maintenance of equipment and building | 5,733 | 2,235 | 7,968 | 7,952 | 12,199 | 20,151 | 28,119 |
| Membership dues and tuition | 131 | 26 | 157 | 679 | 464 | 1,143 | 1,300 |
| Professional fees | 3,350 | 1,045 | 4,395 | 3,603 | 9,500 | 13,103 | 17,498 |
| Investment expense | 0 | 0 | 0 | 4,979 | 0 | 4,979 | 4,979 |
| Miscellaneous expense | 0 | 0 | 0 | 15,737 | 423 | 16,160 | 16,160 |
| | <u>16,094</u> | <u>6,996</u> | <u>23,090</u> | <u>50,939</u> | <u>69,782</u> | <u>120,721</u> | <u>143,811</u> |
| TOTAL FUNCTIONAL EXPENSES BEFORE DEPRECIATION | <u>82,423</u> | <u>51,130</u> | <u>133,553</u> | <u>197,989</u> | <u>342,694</u> | <u>540,683</u> | <u>674,236</u> |
| Depreciation | 1,115 | 691 | 1,806 | 2,677 | 4,634 | 7,311 | 9,117 |
| TOTAL FUNCTIONAL EXPENSES | <u>\$ 83,538</u> | <u>\$ 51,821</u> | <u>\$ 135,359</u> | <u>\$ 200,666</u> | <u>\$ 347,328</u> | <u>\$ 547,994</u> | <u>\$ 683,353</u> |