

Community Fund
Management Foundation



...where quality of life matters

Table of Contents

About CFMF.....	3
Letter from the Chairperson.....	4
Executive Director’s Report.....	5
Associate Directors’ Reports.....	6
Counsel’s Message.....	8
Trust Account Details.....	9
Board of Directors, Officers.....	10
Board of Directors, Members.....	11
Committee Members.....	12
Committee Highlights.....	12
Auditor’s Report.....	14

Community Fund Management Foundation (CFMF) offers trust accounts for Ohio residents with disabilities. Funds in the trust account can be used for supplemental services for the beneficiary. These accounts help individuals with disabilities enjoy quality of life activities, such as vacations and hobbies, in a way that helps safeguard eligibility for means-tested benefits like Medicaid and perhaps Supplemental Security Income (SSI).

The mission of Community Fund Management Foundation, a nonprofit, tax-exempt (501c3) organization, is to develop and make available trust vehicles, education, and related services that enable individuals with disabilities to use private funds to enhance their quality of life while attempting to safeguard their eligibility for government benefits.



CFMF has established accounts for beneficiaries residing in 74 of Ohio's 88 counties.

Partnerships

By working in partnership with other organizations that serve individuals with disabilities, CFMF can reach more people with the message of the importance of trust accounts in future planning.



Letter from the Chairperson

Greetings! It is with great pride that I once again can report to everyone affiliated with Community Fund Management Foundation, that we have experienced another successful year. This is not due to the efforts of one or two individuals, but through the collective efforts of many. Our Trustee partnership with US Bank has never been stronger, our staff and volunteers, and our board members have all continued to work tirelessly to build upon and enhance a stronger foundation for success. While the past two years have been filled with many uncertainties for us all, CFMF is well poised to withstand these often difficult times.

CFMF has experienced continued growth and taken needed steps to ensure that our organization remains strong and viable. Stepping out and relocating our offices to the Strongsville area last September has benefited us in many ways. The addition of several new staff and reorganizing each person's role has helped us be more responsive statewide and provide better services. Examining our financial position has resulted in making us a much stronger, stable organization going forward. There is still much work to be done, but together, I am fully confident that in the coming years, Community Fund will continue to grow and prosper. With the dedication, knowledge and experience of all of our members we will continue to work hard and keep our focus on doing whatever we can to enhance the quality of lives for individuals that we serve.

The complexities of our ever-changing environment sometimes make that difficult. But I believe our organization is well poised to take on the challenges of the future. We are fortunate to have a strong foundation and guiding principles to build upon, and the necessary ingredients to lead us toward making good decisions and actions related to our mission. It is our hope that we can continue to be *more responsive, more efficient*, and be able to *successfully offer more options or opportunities* to benefit *more people*. That is the reason we are all here, and the reason we continue to exist. We welcome your input, so please let us know how we can serve you better.

It has been my pleasure serving as the chairman of this organization for the last two years and I thank everyone for their support. I look forward to working with our new leadership and the challenges ahead knowing we are in good hands and among people with good hearts. We all have our stories that brought us on this path. Through it all, I believe that our collective wisdom, rather than blind faith, provides the opportunities for growth and change to help build a good future for individuals, communities, and the world.



*Laura Matthews
Chairperson*

Executive Director's Report



*Karen S. Ausprunk, Esq.
Executive Director*

Associate Director's Report, C. OH

When a client or family member raises an issue of excess resources with county board personnel, we want them to think of Community Fund first. To that end during the past year, I completed systematic efforts to reach out to county boards of DD in every one of the 31 counties assigned to me, primarily through Service & Support Coordinators. I have now personally visited 26 of the 31 counties. I provided informational sessions to county board personnel, securing continuing education units from the Department of DD as an incentive to promote attendance. I also utilized county board contacts to arrange sessions for both providers and family members.

In addition, since I am located in the state capital, I made myself and Community Fund visible by attending numerous state-level conferences, meetings and events, and having a display table and giving presentations at many of those conferences. I have also met with representatives of insurance (e.g. Met Life) and financial planning agencies to explain Community Fund options to them, and co-presented with representatives of two such companies. I have also met with representatives of benefit planning agencies to further their awareness of what we offer.

More recently I have also begun to focus more on outreach to both probate judges and their magistrates, as well as making more members of the Ohio Bar aware of how Community Fund can facilitate and expand their practice in the area of disability trusts. I drafted a bench card for judges and magistrates which is now ready for distribution. I reached out to attorneys whose names I solicited from county boards. I developed and gave a continuing legal education session for attorneys which has been standardized for use by Community Fund attorneys in training other attorneys in the future. Finally, I have completed an article about Community Fund which is being submitted for publication in a legal publication. I has been a busy year!

David Zwyer, JD
Associate Director, North-Central Ohio Region

Associate Director's Report, S. OH

I am so happy to be here at Community Fund Management Foundation. This has been a perfect fit for me, and I am enjoying the opportunity to continue Kathy Morris's work, as well as to expand CFMF's base through outreach to new markets. My interest in special needs law is long standing. My aunt is developmentally disabled, and when my grandparents died in the early 1970s, there were no special needs trusts available. I also have a sibling with special needs, and have seen my parents struggle to ensure that he will always be cared for. I am licensed to practice in Ohio, Kentucky, Indiana and Illinois. I received my Bachelor of Arts from Indiana University, Bloomington. While attending law school at the University of Minnesota, I was an extern to the Honorable Judge Gregory F. Kishel, U.S. Bankruptcy Judge, District of Minnesota. I also volunteer on several local and state board of directors for various nonprofit educational and philanthropic organizations and have been recognized for my leadership in these organizations.

I have taken this varied background and applied it to CFMF. I have actively been contacting the SSA Directors in my southern Ohio counties, and have been welcomed to speak at the monthly meetings for the SSA Coordinators in Warren, Butler, Meigs, Lawrence, Scioto, Vinton, Jackson, Ross, Fayette, and Clark counties. While in those counties, I have been gaining contacts among members of the local bar, and have been able to present a CLE in Jackson County that was advertised to Jackson, Vinton, Meigs, and Gallia County. I also presented a CLE in northern Hamilton county, and attendance was close to 100 attorneys.

I am pleased to state that on a weekly basis, I am receiving phone calls with questions from attorneys who are setting up their first CFMF trust. Many are experienced Medicaid planning attorneys who were not aware of the great advantages CFMF offers. My goal is to continue to reach out to the SSAs and at the same time try to gain new contacts among the local attorneys.

Laura Drake, Esq.
Associate Director, Southern Ohio Office

Counsel's Message

This past spring, our state legislators contemplated including language in the budget bill that would amend Ohio law by limiting the use of a Pooled Medicaid Payback Trust to persons under age 65. The proposed language was eliminated hours before the final vote, thanks to the advocacy efforts of many concerned individuals across the state. Had it not been eliminated, Medicaid would consider Pooled Medicaid Payback Trust assets as available resources for persons over age 65, resulting in potential loss of Medicaid coverage. Federal law on Medicaid does not impose age limits on who may establish a pooled trust, and very clearly states that assets held in such a trust are not countable in determining Medicaid eligibility. Individual states on the other hand have taken different positions, some imposing an age limit, others not. Although Ohio does not presently impose an age restriction, we expect this issue to surface again in the future as Ohio continues to struggle with limited resources. We will be watching for future discussions on this topic.

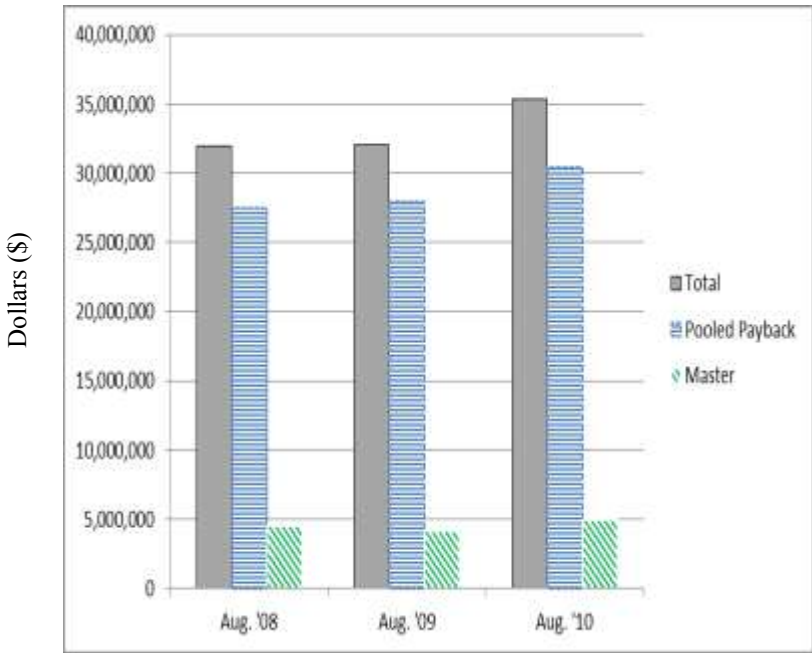
CFMF has joined a national list serve of other pooled trusts across the country. The list serve is a wonderful resource to CFMF as the group shares similar issues and exchanges ideas on a regular basis. Last year at the annual Special Needs Trusts Conference put on by Stetson University, the pooled trust group came together and has a discussion with representatives of the Social Security Administration. It was an opportunity for the pooled trust group to advocate on behalf of all pooled trusts and appeared to be well received by the SSA representatives. As part of the pooled trust group, CFMF will be in a better position to advocate for legislative and policy changes that impact the beneficiaries of pooled trusts. Stetson University is again sponsoring a half-day seminar for pooled trust administrators at its annual conference on October 19.

Janet L. Lowder, Esq., is a principal in the law firm of Hickman & Lowder Co., KPA, Cleveland, OH.



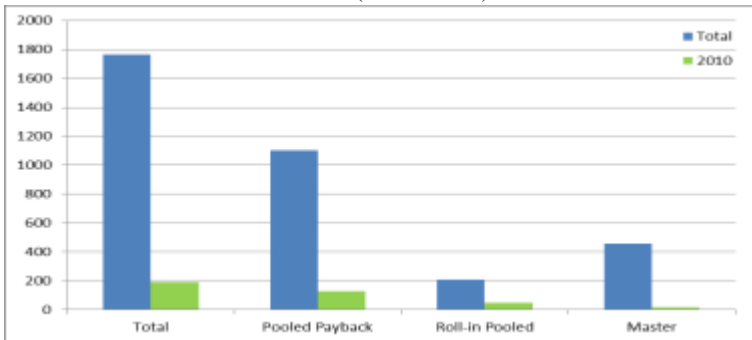
Trust Account Details

ASSETS IN TRUST ACCOUNTS



	Total	Pooled Pay- back	Master
Aug. '09	32,061,399	27,880,085	4,181,314
Aug. '10	35,329,210	30,358,976	4,970,234
Aug. '11	40,355,454	34,217,910	6,137,544

TRUST ACCOUNT BY TYPE (PERCENT)



Total	1981	1257	245	479
2010	213	153	39	21

Board of Directors, Officers



Laura Matthews
Chairperson

Committees:
Chair, All Committees
Chair, Executive
Member, Ad Hoc



Louis G. Geneva, Esq.
Vice-Chairperson

Committees:
Chair, Legal
Member, Executive
Member, Finance & Investment



Joel Altschule
Treasurer

Committees:
Chair, Finance & Investment
Member, Executive
Member, Endowment



Kevin A. Craine, Esq.
Secretary

Committees:
Member, Legal
Member, Executive
Member, Endowment

Board of Directors, Members



Norm Bresky
Chair, Review
Chair, NORC*
Member, Executive
Member, Planning



Steve McPeake
Member, Planning
Member, Corporate Rules & Governance



William Clifford
Chair, Endowment
Member, Finance & Investment



Terrence M. Ryan, PhD
Member, Planning
Member, Corporate Rules & Governance
Member, NORC*



Michael A. Donzella, EdD
Chair, Planning
Member, Corporate Rules & Governance



Nirakar :Nic” Thakur, Esq.
Member, Legal
Member, Corporate Rules & Governance



Richard B. Dusterberg, Esq.
Chair, Corporate Rules & Governance
Member, Legal
Member, SORC**



Frances Elliot Ulrich, EdD
Member, Planning
Member, Endowment



Philip S. Kaufmann, Esq.
Member, Legal
Member, Finance & Investment

* NORC = Northern Ohio Review Committee.
**SORC = Southern Ohio Review Committee.

Committee Members



Dennis Burger
Member, SORC**



Janet E. Pecquet, Esq.
Member, Legal



**Eric Hammer, CPA,
MBA, CPFO**
Member, NORC*



Charles J. Scheidt, Jr.
Member, Planning
Member, Endowment



**Janet L.
Lowder, Esq.**
Member, Legal
Member, NORC*



Loma L. Swett, Esq.
Member, SORC**



David Myers, Esq.
Member, Legal

Not Pictured: Julie Honican
Member, SORC**

* NORC = Northern Ohio Review Committee.

**SORC = Southern Ohio Review Committee.

Committee Highlights

Review Committee	<u>2010</u>	<u>2009</u>	<u>2008</u>
Requested for Distributions	\$5,472,688	\$5,003,137	\$4,589,324
Approved Distributions	\$4,188,313	\$3,542,368	\$3,437,336
Denied Distributions	\$1,284,375	\$1,460,769	\$1,151,988
Accounts Requesting Distributions	737	687	882

Finance & Investment Committee—Working with the Trustee in reviewing & revising the Investment Policy Statement (IPS). Developed annual budget. Reviewed annual audit. Working with Trustee in the pooling of Master Trust accounts.

Legal Committee—Restated the Pooled Medicaid Payback Trust to comply with SSA regulation changes. Reviewed Investment Policy Statement (IPS).

Planning Committee—Coordinated Board retreat. Developing client satisfaction survey.

Corporate Rules & Governance Committee—Reviewed potential Board and committee members. Made recommendations to the Board.



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Community Fund
Management Foundation, Inc.
Cleveland, Ohio

I have audited the accompanying Statements of Financial Position of the Community Fund Management Foundation, Inc. (a non-profit organization) as of December 31, 2010 and 2009, and the related Statements of Activities, Functional Expenses and Cash Flows for the years then ended. These financial statements are the responsibility of the Community Fund Management Foundation, Inc.'s management. My responsibility is to express an opinion on these financial statements based on my audits.

I conducted my audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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. I believe that my audits provide a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Community Fund Management Foundation, Inc. as of December 31, 2010 and 2009, and the results of its operations, and 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.

June 29, 2011

COMMUNITY FUND MANAGEMENT FOUNDATION, INC.
(A NON-PROFIT ORGANIZATION)
STATEMENTS OF FINANCIAL POSITION
December 31, 2010 and 2009

	<u>2010</u>	<u>2009</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 340,452	\$ 633,225
Short term investments	258,081	-
Accounts receivable	4,500	12,250
Prepaid expenses	<u>1,671</u>	<u>1,503</u>
TOTAL CURRENT ASSETS	604,704	646,978
PROPERTY AND EQUIPMENT		
Equipment	35,405	17,760
Furniture	<u>33,953</u>	<u>-</u>
	69,358	17,760
Less accumulated depreciation	<u>(9,460)</u>	<u>(11,643)</u>
NET PROPERTY AND EQUIPMENT	59,898	6,117
OTHER ASSETS		
Investments:		
Perpetual trust, restricted by the Board of Directors	1,156,843	1,083,096
Endowment account, restricted by the Board Of Directors	<u>239,358</u>	<u>181,816</u>
	1,396,201	1,264,912
Deposits	<u>3,051</u>	<u>-</u>
TOTAL INVESTMENTS	<u>1,399,252</u>	<u>1,264,912</u>
TOTAL ASSETS	<u><u>\$ 2,063,854</u></u>	<u><u>\$ 1,918,007</u></u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 9,540	\$ 5,890
Accrued expenses:		
Accrues payroll and related liabilities	6,301	8,051
Accrued legal fees	-	7,406
Deferred revenue	<u>-</u>	<u>-</u>
TOTAL CURRENT LIABILITIES	15,841	21,347
NET ASSETS		
Unrestricted net assets	651,812	631,748
Unrestricted net assets—Board Designated	1,396,201	1,264,912
Temporarily restricted net assets	-	-
Permanently restricted net assets	<u>-</u>	<u>-</u>
TOTAL NET ASSETS	<u>2,048,013</u>	<u>1,896,660</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 2,063,854</u></u>	<u><u>\$ 1,918,007</u></u>

Please refer to accompanying notes.

COMMUNITY FUND MANAGEMENT FOUNDATION, INC.

(A NON-PROFIT ORGANIZATION)

STATEMENTS OF FINANCIAL POSITION

December 31, 2010 and 2009

	<u>2010</u>	<u>2009</u>
CHANGES IN NET ASSETS		
UNRESTRICTED SUPPORT AND REVENUE		
Set-up fees	\$ 192,650	\$ 158,950
Annual trust fees	249,266	238,623
Investment income		
Net realized and unrealized appreciation (depreciation) of investments	86,507	64,838
Interest and dividend income	32,297	15,393
Contributions	26,594	752,832
Other income	<u>192</u>	<u>253</u>
	587,506	1,230,889
UNRESTRICTED EXPENSES		
Program services	382,253	291,872
Management and general	<u>53,900</u>	<u>47,552</u>
	<u>436,153</u>	<u>339,424</u>
INCREASE IN		
UNRESTRICTED NET ASSETS	151,353	891,465
UNRESTRICTED NET ASSETS		
AT BEGINNING OF YEAR	<u>1,896,660</u>	<u>1,005,195</u>
UNRESTRICTED NET ASSETS		
AT END OF YEAR	<u>\$ 2,048,013</u>	<u>\$ 1,896,660</u>

Please refer to accompanying notes.

COMMUNITY FUND MANAGEMENT FOUNDATION, INC.
(A NON-PROFIT ORGANIZATION)
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2010

	<u>PROGRAM</u>	<u>MANAGEMENT</u>	<u>TOTALS</u>
	<u>SERVICES</u>	<u>AND GENERAL</u>	
EXPENSES			
Personnel	\$ 282,785	\$ 20,716	\$ 303,501
Professional fees	14,494	20,298	34,792
Office expenses	41,055	5,598	46,653
Travel and meetings	19,662	2,681	22,343
Rent	8,624	1,176	9,800
Insurance	1,504	1,504	3,008
Depreciation	3,315	452	3,767
Other expenses	<u>10,814</u>	<u>1,475</u>	<u>12,289</u>
	<u>\$ 382,253</u>	<u>\$ 53,900</u>	<u>\$ 436,153</u>

COMMUNITY FUND MANAGEMENT FOUNDATION, INC.
(A NON-PROFIT ORGANIZATION)
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2009

	<u>PROGRAM</u>	<u>MANAGEMENT</u>	<u>TOTALS</u>
	<u>SERVICES</u>	<u>AND GENERAL</u>	
EXPENSES			
Personnel	\$ 219,116	\$ 21,753	\$ 240,869
Professional fees	12,417	16,395	28,812
Office expenses	27,808	3,792	31,600
Travel and meetings	16,062	2,190	18,252
Rent	6,336	864	7,200
Insurance	1,361	1,362	2,723
Depreciation	1,637	223	1,860
Other expenses	<u>7,135</u>	<u>973</u>	<u>8,108</u>
	<u>\$ 291,872</u>	<u>\$ 47,552</u>	<u>\$ 339,424</u>

Please refer to accompanying notes.

COMMUNITY FUND MANAGEMENT FOUNDATION, INC.
(A NON-PROFIT ORGANIZATION)
STATEMENT OF CASH FLOWS
Years Ended December 31, 2010 and 2009

	<u>2010</u>	<u>2009</u>
CASH FLOWS FROM OPERATING ACTIVITES		
Increase in net assets	\$ 151,353	\$ 891,465
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Net unrealized appreciation of long term investments	(86,751)	(74,681)
Net unrealized depreciation of short-term investments	4,775	-
Depreciation of property and equipment	3,767	1,860
(Increase) decrease in:		
Accounts receivable	7,750	1,200
Prepaid expenses	(168)	185
Deposits	(3,051)	-
Increase (decrease) in:		
Accounts payable and accrued expenses	(5,506)	16,057
Deferred revenue	_____ -	_____ (1,000)
NET CASH PROVIDED BY OPERATING ACTIVITIES	72,169	835,086
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of furniture and equipment	(57,548)	(2,137)
Purchases of short-term investments	(262,856)	-
Net additions to endowment account	(56,674)	(66,631)
Net sales (purchases) of investments in perpetual trust	31,079	(721,066)
Reinvestment of interest income and capital gains, net of fees and capital losses	_____ (18,943)	_____ (641)
NET CASH USED BY INVESTING ACTIVITIES	_____ (364,942)	_____ (790,475)
NET INCREASE IN CASH AND CASH EQUIVALENTS	(292,773)	44,611
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	_____ 633,225	_____ 588,614
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 340,452</u>	<u>\$ 633,225</u>

Please refer to accompanying notes.

COMMUNITY FUND MANAGEMENT FOUNDATION, INC.
(A NON-PROFIT ORGANIZATION)
NOTES TO FINANCIAL STATEMENTS
Years Ended December 31, 2010 and 2009

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Community Fund Management Foundation, Inc. (the Foundation) is a non-profit organization created to develop and make available trust vehicles, education, and related services that help enable individuals with disabilities to use private funds to enhance their quality of life while attempting to safeguard their eligibility for governmental benefits. Revenues consist primarily of set-up fees and annual fees associated with these trusts, and of contributions.

Accounting Basis

The accompanying financial statements have been prepared, in all material respects, in accordance with accounting principles generally accepted in the United States of America, as prescribed in the American Institute of Certified Public Accountants' Audit and Accounting Guide: *Not-For-Profit Organizations*. The following information summarizes the accounting basis:

Financial Statement Presentation

The Foundation classifies net assets, revenues, gains and other support and expenses based on the existence or absence of donor imposed restrictions. Accordingly, net assets and the changes therein are classified and reported in three categories, as follows:

Unrestricted Net Assets

Unrestricted net assets are either not subject to donor-imposed stipulations or are subject to such restrictions but those restrictions have been met in the same fiscal period that the revenue is recorded.

Temporarily Restricted Net Assets

Temporarily restricted net assets are subject to donor-imposed stipulations that may or will be met either by actions of the Foundation and/or the passage of time. As of December 31, 2010 and 2009, the Foundation had no temporarily restricted net assets.

Permanently Restricted Net Assets

Permanently restricted net assets are subject to donor-imposed stipulations that must be maintained permanently by the Foundation. As of December 31, 2010 and 2009, the Foundation had no permanently restricted net assets.

Property and Equipment

Property and equipment is stated at cost. Renewals and betterments are capitalized. The costs of maintenance and repairs are charged to expense as incurred. Depreciation is computed using the straight-line method over a five-year estimated useful life.

Statements of Cash Flows

The Statements of Cash Flows are presented in accordance with Statement of Financial Accounting Standards No. 95. The Foundation considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents. There were no cash payments for interest or income taxes during the years ended December 31, 2010 and 2009.

Investments

Investments in equity securities are reported at fair value, in accordance with Statement of Financial Accounting Standards No. 124. Realized and unrealized gains and losses associated with such securities are recorded in the Statements of Activities.

Fair Value Measurements

The Foundation has adopted SFAS No. 157, *Fair Value Measurements*, which provides clarification and guidance regarding reporting of financial instruments at fair value. In accordance with SFAS No. 157, fair value is defined as the price that the Foundation would receive to sell an investment or pay to transfer a liability in a timely transaction with an independent buyer in a principal market, or in the absence of a principal market the most advantageous market for the investment or liability. SFAS No. 157 establishes a three-tier hierarchy to distinguish between (1) inputs that reflect the assumptions market participants would use in pricing an asset or liability developed based on market data obtained from sources independent of the reporting entity (observable inputs) and (2) inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing an asset or liability developed based on the best information available in the circumstances (unobservable inputs) and to establish classification of fair value measurements for disclosure purposes. Various inputs are used in determining the value of the Foundation's investments. The inputs are summarized in the three levels, required by SFAS No. 157, and listed below:

- Level 1 – Inputs represent unadjusted quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access as of the measurement date.
- Level 2 – Observable inputs other than quoted prices in active markets for identical assets.
- Level 3 – Unobservable inputs supported by little or no market activity significant to the fair value measurements.

COMMUNITY FUND MANAGEMENT FOUNDATION, INC.
(A NON-PROFIT ORGANIZATION)
NOTES TO FINANCIAL STATEMENTS
Years Ended December 31, 2010 and 2009

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The following is a summary of the inputs used as of December 31, 2010 and 2009 in valuing the Foundation's investments carried at fair value:

<u>Investment Category</u>	<u>Fair Value</u>	<u>Fair Value Measurements</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
<u>December 31, 2010</u>				
<u>Short-Term Investments:</u>				
Cash Equivalents	\$ 10,910	\$ 10,910	\$ -	\$ -
Fixed Income Securities	<u>247,171</u>	<u>247,171</u>	-	-
	<u>\$ 258,081</u>	<u>\$ 258,081</u>	<u>\$ -</u>	<u>\$ -</u>
<u>December 31, 2010</u>				
<u>Long-Term Investments:</u>				
Cash Equivalents	\$ 256,517	\$ 256,517	\$ -	\$ -
Stocks	802,914	802,914	-	-
Fixed Income Securities	<u>336,770</u>	<u>91,040</u>	<u>245,730</u>	-
	<u>\$1,396,201</u>	<u>\$1,150,471</u>	<u>\$ 245,730</u>	<u>\$ -</u>
<u>December 31, 2009</u>				
<u>Long-Term Investments:</u>				
Cash Equivalents	\$ 270,168	\$ 270,168	\$ -	\$ -
Stocks	\$ 654,652	\$ 654,652	\$ -	\$ -
Fixed Income Securities	<u>340,092</u>	<u>91,938</u>	<u>248,154</u>	-
	<u>\$1,264,912</u>	<u>\$1,016,758</u>	<u>\$ 248,154</u>	<u>\$ -</u>

Contributed Services

Contributed services are recorded in the financial statements if such services meet the recognition guidelines outlined in Statement of Financial Accounting Standards No. 116, *Accounting for Contributions Received and Contributions Made*. There were no such services contributed to the Foundation during the years ended December 31, 2010 and 2009.

Income Taxes

The Foundation is a private, non-profit organization, and is exempt from income taxes under Section 501 (c)(3) of the Internal Revenue Code. None of the Foundation's present or anticipated future activities are subject to taxation as unrelated business income. Therefore, no provision for income taxes has been made in the accompanying financial statements.

During the year ended December 31, 2010, the Foundation adopted the provisions of FASB ASC 740-10-25 (formerly FASB Interpretation No. 48) *Accounting for Uncertainty in Income Taxes* that requires the disclosure of uncertain tax positions. There have been no interest or penalties recognized in the Statements of Financial Position or the Statements of Activities relating to uncertain tax positions. Additionally, no tax positions exist for which it is reasonably possible that the total amount of unrecognized tax benefits will significantly increase or decrease during the next 12 months. The Foundation evaluates uncertain tax positions, if any, on a continual basis.

Accounting for Planned Major Maintenance Activities

As permitted by FSP AUG AIR-1, all planned major maintenance activities are expensed as incurred.

Use of Accounting Estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make certain estimates that affect the amounts of assets, liabilities, revenues and expenses reported in the financial statements. Actual results could differ from those estimates.

Functional Allocation of Expenses

The costs of administering trusts and other activities have been summarized on a functional basis in the Statements of Functional Expenses. Accordingly, certain costs have been allocated between program expenses and management and general expenses using various allocation methods which attempt to allocate the costs equitably in relation to the benefits provided.

Disclosure of Subsequent Events

The Foundation is required to disclose the date through which subsequent events have been evaluated, in accordance with the requirements of FASB ASC Paragraph 855-10-50-1. The Foundation has evaluated all subsequent events through the date the accompanying financial statements were issued (June 29, 2011) for proper accounting and disclosure in the accompanying financial statements.

Reclassifications

Certain balances in the December 31, 2009 financial statements have been reclassified to conform with the 2010 presentation.

COMMUNITY FUND MANAGEMENT FOUNDATION, INC.
(A NON-PROFIT ORGANIZATION)
NOTES TO FINANCIAL STATEMENTS
Years Ended December 31, 2010 and 2009

NOTE 2 - CONCENTRATIONS

At various times during the years ended December 31, 2010 and 2009, cash balances exceeded federally insured limits. As of December 31, 2010, cash balances exceeded federally insured limits by \$127,734.

NOTE 3 - UNRESTRICTED NET ASSETS - BOARD DESIGNATED

Unrestricted Net Assets—Board Designated consists of investments held in the Perpetual Trust and in the Endowment Account, which are internally restricted by the Foundation's Board of Directors. In accordance with Statement of Financial Accounting Standards No. 117, *Financial Statements of Not-for-Profit Organizations*, because these investments and the related net assets are free of external restrictions, they have been classified as "unrestricted" in the accompanying Statements of Financial Position.

NOTE 4 - INVESTMENTS

Investments as of December 31, 2010 and 2009 consist primarily of common stocks, bond funds and equity funds. Original cost, fair value, unrealized appreciation and investment income at December 31, 2010 and 2009 is summarized below:

	Original Cost	Fair Value	Unrealized Appreciation (Depreciation)	Interest and Dividend Income
December 31, 2010				
Short-Term Investments				
Cash Equivalents	\$ 10,910	\$ 10,910	\$ -	\$ 4
Fixed Income Securities	<u>251,946</u>	<u>247,171</u>	<u>(4,775)</u>	<u>3,902</u>
	<u>\$ 262,856</u>	<u>\$ 258,081</u>	<u>\$ (4,775)</u>	<u>\$ 3,906</u>
December 31, 2010				
Long-Term Investments				
Perpetual Trust:				
Cash Equivalents	\$ 17,159	\$ 17,159	\$ -	\$ 170
Stocks	728,687	802,914	74,227	13,084
Fixed Income Securities	<u>305,637</u>	<u>336,770</u>	<u>31,133</u>	<u>10,976</u>
	1,051,483	1,156,843	105,360	24,230
Endowment Account:				
Cash Equivalents	<u>239,358</u>	<u>239,358</u>	<u>-</u>	<u>868</u>
	<u>\$ 1,290,841</u>	<u>\$ 1,396,201</u>	<u>\$ 105,360</u>	<u>\$ 25,098</u>
December 31, 2009				
Perpetual Trust:				
Cash Equivalents	\$ 88,352	\$ 88,352	\$ -	\$ 99
Stocks	641,886	654,652	12,766	4,017
Fixed Income Securities	<u>334,249</u>	<u>340,092</u>	<u>5,843</u>	<u>6,555</u>
	1,064,487	1,083,096	18,609	10,671
Endowment Account:				
Cash Equivalents	<u>181,816</u>	<u>181,816</u>	<u>-</u>	<u>958</u>
	<u>\$ 1,246,303</u>	<u>\$ 1,264,912</u>	<u>\$ 18,609</u>	<u>\$ 11,629</u>

In April, 2010, the Foundation began to invest excess funds on hand in short-term investments, consisting of money market funds and various bond funds. Unrealized holding losses on these investments totaled \$4,775 for the year-ended December 31, 2010. Realized gains on these short-term investments totaled \$10,490 for the year-ended December 31, 2010.

Unrealized holding gains (losses) on perpetual trust securities totaled \$86,751 and \$74,681 for the years ended December 31, 2010 and 2009, respectively. These holding gains (losses) are reported net of related administrative fees. Realized losses on perpetual trust securities totaled \$5,959 for 2010 and \$9,843 for 2009.

Administrative fees for the year ended December 31, 2010 totaled \$6,966 and consisted of \$5,869 in investment fees, \$902 in audit fees and \$195 in processing fees. Administrative fees for 2009 totaled \$2,494 and consisted of \$2,307 in investment fees and \$187 in processing fees.

The perpetual trust is funded exclusively by elections received by the Foundation from the various individual trust accounts that the Foundation administers. Contributions received by the Foundation from these elections totaled \$25,595 and \$751,832 during the years ended December 31, 2010 and 2009, respectively, and have been included in "Contributions" in the accompanying Statements of Activities.

The Foundation's Board of Directors has designated the funds in the perpetual trust as restricted, except for an annual transfer of 5% of the average balance in the perpetual trust for the preceding year to the Foundation's endowment account. This transfer totaled \$56,674 for the year ended December 31, 2010 and \$30,765 for the year ended December 31, 2009. In addition to this transfer, the Foundation's Board of Director's authorized an additional discretionary transfer during 2009, of \$34,908.

COMMUNITY FUND MANAGEMENT FOUNDATION, INC.
(A NON-PROFIT ORGANIZATION)
NOTES TO FINANCIAL STATEMENTS
Years Ended December 31, 2010 and 2009

NOTE 5 - UPMIFA AND RESTRICTED ENDOWMENT FUNDS

The State of Ohio adopted the Uniform Prudent Management of Institutional Funds Act ("UPMIFA"), effective in June, 2009. This act requires the prudent expenditure of endowment funds. The Foundation's Board of Directors has determined that all Board-restricted investments meet the definition of endowment funds under UPMIFA. Additionally, the Financial Accounting Standards (FAS) Board has issued guidance on the net asset classification of Board-restricted endowment funds and also requires enhanced disclosures for all endowment funds as detailed in FAS Staff Position No. 117-1. These disclosures are presented below.

Net Asset Classifications

As of December 31, 2010 and 2009, all investments held in the Perpetual Trust and in the Endowment Account originated from unrestricted net assets of the Organization, and in accordance with FAS 117-1, these funds have been reflected as unrestricted, Board-designated net Assets in the accompanying Statement of Financial Position.

Investment and Spending Policy

Funds held in the perpetual trust are invested in the same securities as the individual trust accounts that the Foundation administers. As Discussed in Note 4, these funds are restricted except for an annual transfer of 5% of the average balance in the preceding year to the Foundation's endowment account.

Funds held in the endowment account are restricted for the purpose of providing special assistance to disabled clients of the Foundation, as authorized by the Foundation's Board of Directors.

Changes in the perpetual trust and endowment fund's account balances during the years ended December 31, 2010 and 2009, are as follows:

	<u>Year Ended December 31, 2010</u>	
	<u>Perpetual</u>	<u>Endowment</u>
	<u>Trust</u>	<u>Account</u>
BALANCE AT BEGINNING OF YEAR	\$ 1,083,096	\$ 181,816
Annual 5% transfer from Perpetual Trust to Endowment Account	(56,674)	56,674
Elective deposits from individual trusts	25,595	-
Investment return:		
Interest and dividend income	24,034	868
Unrealized gains*	86,751	-
Realized losses	(5,959)	-
Total investment return	<u>104,826</u>	<u>868</u>
BALANCE AT END OF YEAR	<u>\$ 1,156,843</u>	<u>\$ 239,358</u>

	<u>Year Ended December 31, 2009</u>	
	<u>Perpetual</u>	<u>Endowment</u>
	<u>Trust</u>	<u>Account</u>
BALANCE AT BEGINNING OF YEAR	\$ 286,708	\$ 115,185
Annual 5% transfer from Perpetual Trust to Endowment Account	(30,765)	30,765
Additional discretionary deposit to Endowment Account	-	34,908
Elective deposits from individual trusts	751,832	-
Investment return:		
Interest and dividend income	10,483	958
Unrealized gains*	74,681	-
Realized losses	(9,843)	-
Total investment return	<u>75,321</u>	<u>958</u>
BALANCE AT END OF YEAR	<u>\$ 1,083,096</u>	<u>\$ 181,816</u>

* As described in Note 4, unrealized gains for 2010 and 2009, are reflected net of \$6,966 and \$2,494 in fees associated with account administration and compliance.

COMMUNITY FUND MANAGEMENT FOUNDATION, INC.
(A NON-PROFIT ORGANIZATION)
NOTES TO FINANCIAL STATEMENTS
Years Ended December 31, 2010 and 2009

NOTE 6 - OPERATING LEASE AND SUPPORT SERVICES AGREEMENT

During 2010 and 2009, the Foundation had an agreement with the Cuyahoga County Board of Mental Retardation and Developmental Disabilities (the Board) whereby the Board has agreed to provide the Foundation with office and storage space, furniture, office equipment, computer support services, utilities, local phone calls, access to copying and fax services, postage and mail delivery services. From January, 2009 through February, 2010, the Board also provided the Foundation with a part-time administrative staff person. The Foundation was charged \$13,133 for these services in 2010 and \$27,200 in 2009. Of this amount, \$9,800 and \$7,200 has been included in rent for the years ended December 31, 2010 and 2009, respectively.

In September, 2010, the Foundation moved its administrative office to a new location in Strongsville, Ohio. A five year lease agreement was negotiated. Future minimum payments under this agreement are as follows:

<u>Year Ended December 31,</u>	<u>Amount</u>
2011	\$36,612
2012	\$38,077
2013	\$39,541
2014	\$41,006
2015	\$42,470
2016	-



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