

CASS COUNTY COMMUNITY FOUNDATION, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2008 AND 2007

CASS COUNTY COMMUNITY FOUNDATION, INC.

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REPORT OF INDEPENDENT AUDITORS

To the Board of Directors
Cass County Community Foundation, Inc.
Logansport, Indiana

We have audited the accompanying statements of financial position of the Cass County Community Foundation, Inc., as of December 31, 2008 and 2007, and the related statements of activities and cash flows for the years 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 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 financial statements referred to above present fairly, in all material respects, the financial position of the Cass County Community Foundation, Inc., 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.

As discussed in Note 2 to the financial statements, the Cass County Community Foundation, Inc. adopted FASB Staff Position 117-1 in 2008 by restating its 2007 financial statements included therein.

Blue & Co., LLC

May 21, 2009

CASS COUNTY COMMUNITY FOUNDATION, INC.

STATEMENTS OF FINANCIAL POSITION DECEMBER 31, 2008 AND 2007

ASSETS

	2008	2007 As Restated
Cash and cash equivalents	\$ 790,898	\$ 1,613,681
Certificate of deposit	29,178	-0-
Investments	8,246,238	9,081,435
Property and equipment, net	29,753	26,067
Restricted investments	<u>643,192</u>	<u>772,716</u>
	<u>\$ 9,739,259</u>	<u>\$ 11,493,899</u>

LIABILITIES AND NET ASSETS

Liabilities		
Accounts payable	\$ -0-	\$ 10,322
Accrued expenses	1,879	2,093
Custodial funds	<u>643,192</u>	<u>772,716</u>
Total liabilities	645,071	785,131
Net assets		
Unrestricted	230,740	308,670
Temporarily restricted	8,713,294	10,249,944
Permanently restricted	<u>150,154</u>	<u>150,154</u>
Total net assets	<u>9,094,188</u>	<u>10,708,768</u>
	<u>\$ 9,739,259</u>	<u>\$ 11,493,899</u>

See accompanying notes to financial statements.

CASS COUNTY COMMUNITY FOUNDATION, INC.

STATEMENT OF ACTIVITIES YEAR ENDED DECEMBER 31, 2008 (WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2007)

	2008			2007 As Restated	
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Total
Support and revenues					
Contributions	\$ 97,506	\$ 137,869	\$ -0-	\$ 235,375	\$ 1,328,794
Investment return, net	24,118	(1,318,172)	-0-	(1,294,054)	15,621
Administrative fees	125,875	-0-	-0-	125,875	127,010
Net assets released from restrictions	<u>356,347</u>	<u>(356,347)</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total support and revenues	603,846	(1,536,650)	-0-	(932,804)	1,471,425
Expenses					
Grants	317,819	-0-	-0-	317,819	263,989
Salaries and wages	106,800	-0-	-0-	106,800	92,853
Payroll taxes and employee benefits	23,034	-0-	-0-	23,034	11,069
Meetings and conferences	5,100	-0-	-0-	5,100	5,494
Accounting fees	12,400	-0-	-0-	12,400	9,393
Legal fees	447	-0-	-0-	447	900
Insurance	3,441	-0-	-0-	3,441	3,444
Telephone	2,117	-0-	-0-	2,117	4,075
Marketing and hospitality	19,118	-0-	-0-	19,118	11,596
Postage	2,484	-0-	-0-	2,484	2,470
Printing and publications	5,566	-0-	-0-	5,566	6,486
Rent	7,075	-0-	-0-	7,075	5,231
Travel and entertainment	4,102	-0-	-0-	4,102	5,258
Office supplies	4,410	-0-	-0-	4,410	5,985
Depreciation	5,196	-0-	-0-	5,196	2,010
Equipment rent	17,841	-0-	-0-	17,841	14,263
Administrative fees	118,495	-0-	-0-	118,495	119,551
Donor development	22,154	-0-	-0-	22,154	13,506
Miscellaneous	<u>4,177</u>	<u>-0-</u>	<u>-0-</u>	<u>4,177</u>	<u>4,969</u>
Total expenses	<u>681,776</u>	<u>-0-</u>	<u>-0-</u>	<u>681,776</u>	<u>582,542</u>
Change in net assets	(77,930)	(1,536,650)	-0-	(1,614,580)	888,883
Net assets, beginning of year	<u>308,670</u>	<u>10,249,944</u>	<u>150,154</u>	<u>10,708,768</u>	<u>9,819,885</u>
Net assets, end of year	<u>\$ 230,740</u>	<u>\$ 8,713,294</u>	<u>\$ 150,154</u>	<u>\$ 9,094,188</u>	<u>\$ 10,708,768</u>

See accompanying notes to financial statements.

CASS COUNTY COMMUNITY FOUNDATION, INC.

STATEMENT OF ACTIVITIES YEAR ENDED DECEMBER 31, 2007 (AS RESTATED)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support and revenues				
Contributions	\$ 24,367	\$ 1,304,427	\$ -0-	\$ 1,328,794
Investment return, net	57,800	(42,179)	-0-	15,621
Administrative fees	127,010	-0-	-0-	127,010
Net assets released from restrictions	431,701	(431,701)	-0-	-0-
Total support and revenues	640,878	830,547	-0-	1,471,425
Expenses				
Grants	263,989	-0-	-0-	263,989
Salaries and wages	92,853	-0-	-0-	92,853
Payroll taxes and employee benefits	11,069	-0-	-0-	11,069
Meetings and conferences	5,494	-0-	-0-	5,494
Accounting fees	9,393	-0-	-0-	9,393
Legal fees	900	-0-	-0-	900
Insurance	3,444	-0-	-0-	3,444
Telephone	4,075	-0-	-0-	4,075
Marketing and hospitality	11,596	-0-	-0-	11,596
Postage	2,470	-0-	-0-	2,470
Printing and publications	6,486	-0-	-0-	6,486
Rent	5,231	-0-	-0-	5,231
Travel and entertainment	5,258	-0-	-0-	5,258
Office supplies	5,985	-0-	-0-	5,985
Depreciation	2,010	-0-	-0-	2,010
Equipment rent	14,263	-0-	-0-	14,263
Administrative fees	119,551	-0-	-0-	119,551
Donor development	13,506	-0-	-0-	13,506
Miscellaneous	4,969	-0-	-0-	4,969
Total expenses	582,542	-0-	-0-	582,542
Change in net assets	\$ 58,336	\$ 830,547	\$ -0-	\$ 888,883
Net assets, beginning of year				
As previously reported	\$ 8,965,811	\$ 494,519	\$ 150,154	\$ 9,610,484
Effect of restatement	(8,715,477)	8,924,878	-0-	209,401
As restated	250,334	9,419,397	150,154	9,819,885
Change in net assets	58,336	830,547	-0-	888,883
Net assets, end of year	\$ 308,670	\$ 10,249,944	\$ 150,154	\$ 10,708,768

See accompanying notes to financial statements.

CASS COUNTY COMMUNITY FOUNDATION, INC.

STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2008 AND 2007

	2008	2007 As Restated
Operating activities		
Change in net assets	\$ (1,614,580)	\$ 888,883
Adjustments to reconcile change in net assets to net cash and cash equivalents from operating activities:		
Depreciation	5,196	2,010
Donated certificate of deposit	(29,178)	-0-
Realized losses (gains) on investments	(141,644)	53,063
Unrealized losses on investments	1,887,293	335,771
Changes in assets and liabilities:		
Restricted cash and investments	129,524	28,665
Accounts payable	(10,322)	10,322
Accrued expenses	(214)	121
Custodial funds	(129,524)	(28,665)
Net cash and cash equivalents from operating activities	96,551	1,290,170
Investing activities		
Net change in investments	(910,452)	(1,280,441)
Purchases of property and equipment	(8,882)	(11,421)
Net cash and cash equivalents from investing activities	(919,334)	(1,291,862)
Net change in cash and cash equivalents	(822,783)	(1,692)
Cash and cash equivalents, beginning of year	1,613,681	1,615,373
Cash and cash equivalents, end of year	\$ 790,898	\$ 1,613,681

See accompanying notes to financial statements.

CASS COUNTY COMMUNITY FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2008 AND 2007

1. NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Cass County Community Foundation, Inc. ("CCCF") was incorporated in November 2000 to assist donors in building an enduring source of charitable assets; to provide responsible financial management; and to develop partnerships by giving to human services, educational, and cultural endeavors throughout Cass County.

Management's Estimates

Management uses estimates and assumptions in preparing financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities and the reported support, revenues and expenses. Actual results could vary from the estimates that were used.

Basis of Presentation

Net assets, support, investment return, revenues, gains and losses are classified based on the existence or absence of donor-imposed restrictions. While most gift instruments give CCCF's Board of Directors the right to vary the terms of the gift, this only allows for a limited right of modification and does not relieve the restrictions imposed by the donor. Accordingly, the net assets of CCCF are classified and reported as follows:

Unrestricted net assets – Net assets that are not subject to donor-imposed restrictions and primarily made up of CCCF's operating fund.

Temporarily restricted net assets – Net assets subject not yet appropriated for expenditure by CCCF's Board of Directors in accordance with their spending policy or that have donor-imposed restrictions relating to a stipulated purpose or a specified time. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished or amounts have been allocated for expenditure by the Board of Directors, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statements of Activities as net assets released from restrictions.

Permanently restricted net assets – Net assets subject to donor-imposed restrictions that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of CCCF. Included in this classification are endowment funds that are subject to the restrictions of gift instruments requiring that the principal be maintained in perpetuity and invested for the purpose of producing present and future income.

CASS COUNTY COMMUNITY FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2008 AND 2007

Cash and Cash Equivalents

Cash and cash equivalents consist primarily of money market investments and excludes amounts held by CCCF's fund managers and included in investments.

Investments and Investment Return

CCCF carries its investments at fair market value for financial reporting purposes. Changes in unrealized appreciation or depreciation of investments are reflected in the Statements of Activities in the periods in which such changes occur.

Interest and dividend income and net unrealized and realized gains and losses on investments are recognized as unrestricted or temporarily restricted based upon the existence or absence of donor-imposed restrictions or the related fund classification in accordance with CCCF's spending policy.

Property and Equipment

Property and equipment, including expenditures that substantially increase the useful lives of existing assets, are recorded at cost except for donations, which are recorded at the fair market value at the date of the donation. Costs of ordinary maintenance and repairs are expensed as incurred.

The property and equipment of CCCF are being depreciated over their estimated useful lives ranging from three to five years using the straight-line method.

Restricted Investments

Restricted investments consist of monies received from organizations that have named themselves as the beneficiary of the income from funds they established for their own benefit. These amounts are also reported as custodial funds at December 31, 2008 and 2007.

Support, Revenues and Expense Recognition

Contributions are recognized as revenues in the period the contribution is received or the promise is made.

Support and revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions or are subject to the Foundation spending policy. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law

All other revenues are recorded when earned.

CASS COUNTY COMMUNITY FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2008 AND 2007

Functional Allocation of Expenses

The costs of providing the various programs and supporting services have been summarized on a functional basis in the notes to financial statements. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Administrative Fees

Administrative fees are expensed from the funds to support the operations of CCCF.

Income Taxes

CCCF is a not-for-profit corporation as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal taxes on related income pursuant to Section 501(a) of the Code.

Accounting For Uncertainty In Income Taxes

The Financial Accounting Standards Board ("FASB") has issued Interpretation No. 48 ("FIN 48"), which clarifies generally accepted accounting principles for recognition, measurement, presentation, and disclosure relating to uncertain tax positions. FIN 48 applies to business enterprises, not-for-profit entities, and pass-through entities, such as S corporations and limited liability companies. As permitted by FIN 48 (as amended), CCCF has elected to defer the application of FIN 48 until issuance of its December 31, 2009 financial statements. For financial statements covering periods prior to calendar 2009, CCCF evaluates uncertain tax positions in accordance with existing generally accepted accounting principles and makes such accruals and disclosures as might be required there under.

Reclassifications

Certain prior year amounts have been reclassified herein to conform to the current method of presentation.

2. RESTATEMENT OF 2007 FINANCIAL STATEMENTS

In 2008, the FASB issued FASB Staff Position (FSP) 117-1, Endowments of Not-for-Profit Organizations, which affects non-profit organizations that have board designated or donor-restricted endowments. CCCF has adopted the FSP as of January 1, 2008 and has restated its financial statements as of and for the year ended December 31, 2007 as prescribed in the implementation guidance of the FSP. The reclassification of net assets from unrestricted to temporarily restricted at January 1, 2007 was \$8,715,477.

CASS COUNTY COMMUNITY FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2008 AND 2007

In conjunction with the adoption of the FSP, CCCF also modified its interpretation of the classification of certain funds previously classified as custodial funds. CCCF also restated its 2007 financial statements for this matter decreasing the previously reported change in net assets by \$26,974 and increasing the opening temporarily restricted net assets at January 1, 2007 by \$209,401.

3. INVESTMENTS

Investments (including restricted investments) consist of the following at December 31, 2008 and 2007:

	<u>2008</u>	<u>2007</u>
Domestic corporate bonds	\$ 140,770	\$ 498,035
Domestic common stocks	3,393,545	4,324,268
Foreign common stocks	255,077	637,650
Government fixed income securities	2,866,779	2,347,414
Domestic preferred stocks	1,641,728	1,524,650
Money market funds	<u>591,531</u>	<u>522,134</u>
	<u>\$ 8,889,430</u>	<u>\$ 9,854,151</u>

The following schedule summarizes the investment return, excluding the investment return related to the restricted investments which is a part of the change in custodial funds, and its classification in the Statements of Activities for the years ended December 31, 2008 and 2007:

	<u>2008</u>	<u>2007</u>
Interest and dividend income	\$ 505,405	\$ 454,757
Realized gains (losses) on investments	141,644	(53,063)
Unrealized losses on investments	(1,887,293)	(335,771)
Investment and other fees	<u>(53,810)</u>	<u>(50,302)</u>
	<u>\$ (1,294,054)</u>	<u>\$ 15,621</u>

CASS COUNTY COMMUNITY FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2008 AND 2007

4. RISKS AND UNCERTAINTIES

The Organization holds investments (Note 3). Such investments are exposed to various risks such as interest rate, market, and credit. Due to the level of risk associated with these securities and the level of uncertainty related to changes in the value, it is at least reasonably possible that changes in the various risk factors will occur in the near term that could materially affect the amounts reported in the accompanying financial statements.

5. FAIR VALUE OF FINANCIAL INSTRUMENTS

Effective January 1, 2008, CCCF adopted FASB Statement No. 157 (FAS 157), *Fair Value Measurements (as amended)*, which provides a comprehensive framework for measuring fair value and expands required disclosures concerning fair value measurements. Specifically, FAS 157 sets forth a definition of fair value and establishes a hierarchy prioritizing the inputs to valuation techniques, giving the highest priority to quoted prices in active markets for identical assets and liabilities and the lowest priority to unobservable value inputs. The adoption of FAS 157 did not have a material impact on CCCF's financial statements.

FAS 157 defines levels within the hierarchy of inputs as follows:

- Level 1 – Unadjusted quoted prices for identical assets and liabilities in active markets
- Level 2 – Quoted prices for similar assets and liabilities in active markets (other than those included in Level 1) which are observable for the assets or liability, either directly or indirectly.
- Level 3 – Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable.

The following table sets forth financial assets measured at fair value in the Statement of Financial Position and the respective levels to which the fair value measurements are classified within the fair value hierarchy as of December 31, 2008:

	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>
Assets:			
Certificate of Deposit	\$ 29,178	\$ -0-	\$ 29,178
Investments	8,246,238	8,246,238	-0-
Restricted investments	643,192	643,192	-0-

CASS COUNTY COMMUNITY FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2008 AND 2007

The fair value of the certificate of deposit approximates its cost. Fair values for investments and restricted investments are determined by reference to quoted market prices and other relevant information generated by market transactions.

6. PROPERTY AND EQUIPMENT

A summary of property and equipment at December 31, 2008 and 2007 is as follows:

	<u>2008</u>	<u>2007</u>
Land held for sale	\$ 12,053	\$ 12,053
Office and computer equipment	<u>55,208</u>	<u>46,326</u>
	67,261	58,379
Less accumulated depreciation	<u>37,508</u>	<u>32,312</u>
	<u>\$ 29,753</u>	<u>\$ 26,067</u>

7. CUSTODIAL FUNDS

Custodial funds represent funds placed on deposit with CCCF by other 501(c)(3) organizations based on their individual board resolutions. CCCF accounts for these transfers as a liability in accordance with Statement of Financial Accounting Standards No. 136. Income is added to these funds periodically in accordance with CCCF's investment allocation policies. Contributions by, investment interest credits for, and distributions to those organizations are reflected as adjustments to the liability account and are not reflected in the Statements of Activities.

Following is a progression of custodial funds during 2008 and 2007:

	<u>2008</u>	<u>2007</u> As Restated
Beginning balance	\$ 772,716	\$ 801,381
Contributions	20,800	100
Investment return, net	(104,622)	(946)
Administrative fees	(7,380)	(7,459)
Grant payments	<u>(38,322)</u>	<u>(20,360)</u>
Ending balance	<u>\$ 643,192</u>	<u>\$ 772,716</u>

CASS COUNTY COMMUNITY FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2008 AND 2007

8. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are restricted for the following purposes at December 31, 2008 and 2007:

	<u>2008</u>	<u>2007</u>
Designated purpose restrictions related to:		
Sustaining Resource Development	\$ 78,367	\$ 160,938
Endowment funds not yet appropriated for expenditure	<u>8,634,927</u>	<u>10,089,006</u>
	<u>\$ 8,713,294</u>	<u>\$ 10,249,944</u>

9. NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from donor restrictions or based on CCCF's spending policy during the years ended December 31, 2008 and 2007 as follows:

	<u>2008</u>	<u>2007</u>
Designated purpose restrictions related to:		
Sustaining Resource Development	\$ 82,571	\$ 53,800
Endowment funds appropriated for expenditure	<u>273,776</u>	<u>377,901</u>
	<u>\$ 356,347</u>	<u>\$ 431,701</u>

10. PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets include designated purpose restrictions related to providing scholarships in Cass County and total \$150,154 at December 31, 2008 and 2007. There were no changes in permanently restricted net assets during 2008 and 2007.

11. ENDOWMENT

The majority of CCCF's funds consist of endowed funds established for a variety of purposes. Its endowment includes donor-restricted endowment funds. As required by GAAP, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

CASS COUNTY COMMUNITY FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2008 AND 2007

The Board of Directors has interpreted the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") as requiring endowment funds to be classified as temporarily restricted net assets until those amounts are appropriated for expenditure by CCCF in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, CCCF considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds.

- (1) The duration and preservation of the fund
- (2) The purposes of CCCF and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of CCCF
- (7) The investment policies of CCCF

CCCF has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding for granting purposes while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that CCCF must use for a donor-specified purpose as well as board-designated funds. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce long-term growth of capital without undue exposure to risk. CCCF expects its endowment funds, over time, to provide an average rate of return of approximately 8 percent annually. Actual returns in any given year may vary from this amount.

To satisfy its long-term rate of return objectives, CCCF relies on a total return strategy in which investment decisions shall be made with the intent of maximizing the long-term total return of the portfolio through market value changes (realized and unrealized) and through earned income (dividends and interest).

CCCF has a policy of appropriating for distribution each year 2 percent of its endowment funds' average fair value over the prior 20 quarters, or a lesser percentage as voted upon annually by the Board of Directors. In establishing this policy, CCCF considered the long-term expected return on its endowment.

Temporarily restricted net assets at December 31, 2008 and 2007 consisted of donor restricted funds only.

CASS COUNTY COMMUNITY FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2008 AND 2007

Changes in temporarily restricted net assets for the years ending December 31, 2008 and 2007 were as follows:

	<u>2008</u>	<u>2007</u>
Endowment net assets, beginning of year	\$ 10,249,944	\$ 9,419,397
Contributions and grants	137,869	1,304,427
Investment income	(1,318,172)	(42,179)
Appropriation of endowment assets for expenditure	<u>(356,347)</u>	<u>(431,701)</u>
Endowment net assets, end of year	<u>\$ 8,713,294</u>	<u>\$ 10,249,944</u>

12. FUNCTIONAL EXPENSES

CCCF serves as a vehicle for residents of Cass County to donate to various organizations and projects in the county. Expenses related to providing this service for the years ended December 31, 2008 and 2007 are classified as follows:

	<u>2008</u>	<u>2007</u>
Development of Cass County	\$ 545,727	\$ 469,789
Fundraising	79,392	66,879
General and administrative expenses	<u>56,657</u>	<u>45,874</u>
	<u>\$ 681,776</u>	<u>\$ 582,542</u>

13. RELATED PARTY TRANSACTIONS

The Organization received \$1,210 and \$1,634 in contributions from members of the Organization's Board of Directors during 2008 and 2007, respectively.

14. CONCENTRATIONS OF CREDIT RISK

CCCF maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. CCCF has not experienced any losses in such accounts. CCCF believes it is not exposed to any significant credit risk on cash. CCCF's investments are managed by one investment firm. Certain balances exceed the Securities Investor Protection Corporation insured limits of up to \$500,000.