Form **990-PF**

Department of the Treasury
Internal Revenue Service

Return of Private Foundation
or Section 4947(a)(1) Nonexempt Charitable Trust Treated as a Private Foundation

Note. The foundation may be able to use a copy of this return to satisfy state reporting requirements

OMB No 1545-0052

2010

For calendar year 2010, or tax year beginning , 2010, and ending , 20

G Check all that apply: ☐ Initial return ☐ Initial return of a former public charity ☐ Final return
☐ Amended return ☐ Address change ☐ Name change

Name of foundation		A Employer identification number
Electric Cooperative Foundation, Inc.		63-1190086
Number and street (or P O box number if mail is not delivered to street address)	Room/suite	B Telephone number (see page 10 of the instructions)
P. O. Box 244014		334-215-2732
City or town, state, and ZIP code		C If exemption application is pending, check here ▶ ☐
Montgomery, AL 36124-4014		D 1. Foreign organizations, check here ▶ ☐

H Check type of organization: ☑ Section 501(c)(3) exempt private foundation
☐ Section 4947(a)(1) nonexempt charitable trust ☐ Other taxable private foundation

I Fair market value of all assets at end of year *(from Part II, col. (c), line 16)* ▶ $ 214479

J Accounting method: ☐ Cash ☑ Accrual ☐ Other (specify) *(Part I, column (d) must be on cash basis.)*

D 2. Foreign organizations meeting the 85% test, check here and attach computation ▶ ☐

E If private foundation status was terminated under section 507(b)(1)(A), check here ▶ ☐

F If the foundation is in a 60-month termination under section 507(b)(1)(B), check here ▶ ☐

Part I Analysis of Revenue and Expenses *(The total of amounts in columns (b), (c), and (d) may not necessarily equal the amounts in column (a) (see page 11 of the instructions).)*

	Line	Description	(a) Revenue and expenses per books	(b) Net investment income	(c) Adjusted net income	(d) Disbursements for charitable purposes (cash basis only)
Revenue	1	Contributions, gifts, grants, etc , received (attach schedule)	7654			
	2	Check ▶ ☐ if the foundation is **not** required to attach Sch. B				
	3	Interest on savings and temporary cash investments	25	25	0	
	4	Dividends and interest from securities	5528	5528	0	
	5a	Gross rents	0	0	0	
	b	Net rental income or (loss) 0				
	6a	Net gain or (loss) from sale of assets not on line 10	-13151			
	b	Gross sales price for all assets on line 6a 118036				
	7	Capital gain net income (from Part IV, line 2)		-13151		
	8	Net short-term capital gain			0	
	9	Income modifications			0	
	10a	Gross sales less returns and allowances 0				
	b	Less: Cost of goods sold 0				
	c	Gross profit or (loss) (attach schedule)	0		0	
	11	Other income (attach schedule)	0	0	0	
	12	**Total.** Add lines 1 through 11	56	-7598	0	
Operating and Administrative Expenses	13	Compensation of officers, directors, trustees, etc.	0	0	0	
	14	Other employee salaries and wages	0	0	0	
	15	Pension plans, employee benefits	0	0	0	
	16a	Legal fees (attach schedule)	0	0	0	
	b	Accounting fees (attach schedule)	4500	0	0	
	c	Other professional fees (attach schedule)	0	0	0	
	17	Interest	0	0	0	
	18	Taxes (attach schedule) (see page 14 of the instructions)	0	0	0	
	19	Depreciation (attach schedule) and depletion	0	0	0	
	20	Occupancy	0	0	0	
	21	Travel, conferences, and meetings	0	0	0	
	22	Printing and publications	1671	0	0	
	23	Other expenses (attach schedule) Schedule #1	462	0	0	
	24	**Total operating and administrative expenses.** Add lines 13 through 23	6633	0	0	
	25	Contributions, gifts, grants paid	19855			
	26	**Total expenses and disbursements.** Add lines 24 and 25	26488	0	0	
	27	Subtract line 26 from line 12:				
	a	**Excess of revenue over expenses and disbursements**	-26432			
	b	**Net investment income** (if negative, enter -0-)		0		
	c	**Adjusted net income** (if negative, enter -0-)			0	

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Part II Balance Sheets	Attached schedules and amounts in the description column should be for end-of-year amounts only (See instructions)	Beginning of year (a) Book Value	End of year (b) Book Value	End of year (c) Fair Market Value
Assets				
1	Cash—non-interest-bearing	0	0	0
2	Savings and temporary cash investments	7340	387	387
3	Accounts receivable ▶ 1000			
	Less· allowance for doubtful accounts ▶ 0	0	1000	1000
4	Pledges receivable ▶ 0			
	Less: allowance for doubtful accounts ▶ 0	0	0	0
5	Grants receivable	0	0	0
6	Receivables due from officers, directors, trustees, and other disqualified persons (attach schedule) (see page 15 of the instructions)	0	0	0
7	Other notes and loans receivable (attach schedule) ▶ 0			
	Less· allowance for doubtful accounts ▶ 0	0	0	0
8	Inventories for sale or use	0	0	0
9	Prepaid expenses and deferred charges	0	0	0
10a	Investments—U S. and state government obligations (attach schedule)	0	0	0
b	Investments—corporate stock (attach schedule)	0	0	0
c	Investments—corporate bonds (attach schedule)	0	0	0
11	Investments—land, buildings, and equipment basis ▶ 0			
	Less· accumulated depreciation (attach schedule) ▶ 0	0	0	0
12	Investments—mortgage loans	0	0	0
13	Investments—other (attach schedule) Schedule # 2	202123	212769	212769
14	Land, buildings, and equipment· basis ▶ 0			
	Less. accumulated depreciation (attach schedule) ▶ 0	0	0	0
15	Other assets (describe ▶ Dividend & Interest Receivable)	449	323	323
16	**Total assets** (to be completed by all filers—see the instructions. Also, see page 1, item I)	209912	214479	214479
Liabilities				
17	Accounts payable and accrued expenses	0	0	
18	Grants payable	0	0	
19	Deferred revenue	0	0	
20	Loans from officers, directors, trustees, and other disqualified persons	0	0	
21	Mortgages and other notes payable (attach schedule)	0	0	
22	Other liabilities (describe ▶)	0	0	
23	**Total liabilities** (add lines 17 through 22)	0	0	
Net Assets or Fund Balances				
	Foundations that follow SFAS 117, check here ▶ ☐ and complete lines 24 through 26 and lines 30 and 31.			
24	Unrestricted			
25	Temporarily restricted			
26	Permanently restricted			
	Foundations that do not follow SFAS 117, check here ▶ ☑ and complete lines 27 through 31.			
27	Capital stock, trust principal, or current funds	0	0	
28	Paid-in or capital surplus, or land, bldg , and equipment fund	0	0	
29	Retained earnings, accumulated income, endowment, or other funds	209912	214479	
30	**Total net assets or fund balances** (see page 17 of the instructions)	209912	214479	
31	**Total liabilities and net assets/fund balances** (see page 17 of the instructions)	209912	214479	

Part III Analysis of Changes in Net Assets or Fund Balances

1	Total net assets or fund balances at beginning of year—Part II, column (a), line 30 (must agree with end-of-year figure reported on prior year's return)	1	209912
2	Enter amount from Part I, line 27a	2	-26432
3	Other increases not included in line 2 (itemize) ▶ Unrealized Gains on Marketable Securities	3	30999
4	Add lines 1, 2, and 3	4	214479
5	Decreases not included in line 2 (itemize) ▶	5	0
6	Total net assets or fund balances at end of year (line 4 minus line 5)—Part II, column (b), line 30	6	214479

Part IV Capital Gains and Losses for Tax on Investment Income

	(a) List and describe the kind(s) of property sold (e g , real estate, 2-story brick warehouse, or common stock, 200 shs MLC Co)	(b) How acquired P—Purchase D—Donation	(c) Date acquired (mo , day, yr)	(d) Date sold (mo , day, yr)
1a	See Schedule # 3			
b				
c				
d				
e				

	(e) Gross sales price	(f) Depreciation allowed (or allowable)	(g) Cost or other basis plus expense of sale	(h) Gain or (loss) (e) plus (f) minus (g)
a				
b				
c				
d				
e				

Complete only for assets showing gain in column (h) and owned by the foundation on 12/31/69

	(i) F M V as of 12/31/69	(j) Adjusted basis as of 12/31/69	(k) Excess of col (i) over col (j), if any	(l) Gains (Col (h) gain minus col (k), but not less than -0-) or Losses (from col (h))
a				
b				
c				
d				
e				

2	Capital gain net income or (net capital loss) { If gain, also enter in Part I, line 7 / If (loss), enter -0- in Part I, line 7 }	2	-13151
3	Net short-term capital gain or (loss) as defined in sections 1222(5) and (6): If gain, also enter in Part I, line 8, column (c) (see pages 13 and 17 of the instructions) If (loss), enter -0- in Part I, line 8	3	0

Part V Qualification Under Section 4940(e) for Reduced Tax on Net Investment Income

(For optional use by domestic private foundations subject to the section 4940(a) tax on net investment income.)

If section 4940(d)(2) applies, leave this part blank.

Was the foundation liable for the section 4942 tax on the distributable amount of any year in the base period? ☐ Yes ☑ No

If "Yes," the foundation does not qualify under section 4940(e) Do not complete this part.

1 Enter the appropriate amount in each column for each year; see page 18 of the instructions before making any entries.

(a) Base period years Calendar year (or tax year beginning in)	(b) Adjusted qualifying distributions	(c) Net value of noncharitable-use assets	(d) Distribution ratio (col (b) divided by col (c))
2009	19463	192191	.101269
2008	20000	237494	.084213
2007	18203	286018	.063643
2006	18760	274181	.068422
2005	18182	279707	065004

2	**Total** of line 1, column (d)	2	.382551
3	Average distribution ratio for the 5-year base period—divide the total on line 2 by 5, or by the number of years the foundation has been in existence if less than 5 years	3	.076510
4	Enter the net value of noncharitable-use assets for 2010 from Part X, line 5	4	203533
5	Multiply line 4 by line 3	5	15572
6	Enter 1% of net investment income (1% of Part I, line 27b)	6	0
7	Add lines 5 and 6	7	15572
8	Enter qualifying distributions from Part XII, line 4	8	19855

If line 8 is equal to or greater than line 7, check the box in Part VI, line 1b, and complete that part using a 1% tax rate. See the Part VI instructions on page 18.

Part VI Excise Tax Based on Investment Income (Section 4940(a), 4940(b), 4940(e), or 4948—see page 18 of the instructions)

1a	Exempt operating foundations described in section 4940(d)(2), check here ▶ ☐ and enter "N/A" on line 1. Date of ruling or determination letter ________ (attach copy of letter if necessary—see instructions)		
b	Domestic foundations that meet the section 4940(e) requirements in Part V, check here ▶ ☑ and enter 1% of Part I, line 27b	1	0
c	All other domestic foundations enter 2% of line 27b Exempt foreign organizations enter 4% of Part I, line 12, col. (b).		
2	Tax under section 511 (domestic section 4947(a)(1) trusts and taxable foundations only Others enter -0-)	2	0
3	Add lines 1 and 2	3	0
4	Subtitle A (income) tax (domestic section 4947(a)(1) trusts and taxable foundations only Others enter -0-)	4	0
5	**Tax based on investment income.** Subtract line 4 from line 3 If zero or less, enter -0-	5	0
6	Credits/Payments:		
a	2010 estimated tax payments and 2009 overpayment credited to 2010 — 6a: 0		
b	Exempt foreign organizations—tax withheld at source — 6b: 0		
c	Tax paid with application for extension of time to file (Form 8868) — 6c: 0		
d	Backup withholding erroneously withheld — 6d: 0		
7	Total credits and payments Add lines 6a through 6d	7	0
8	Enter any **penalty** for underpayment of estimated tax. Check here ☐ if Form 2220 is attached	8	0
9	**Tax due.** If the total of lines 5 and 8 is more than line 7, enter **amount owed** ▶	9	0
10	**Overpayment.** If line 7 is more than the total of lines 5 and 8, enter the **amount overpaid** ▶	10	0
11	Enter the amount of line 10 to be **Credited to 2011 estimated tax** ▶ **Refunded** ▶	11	0

Part VII-A Statements Regarding Activities

			Yes	No
1a	During the tax year, did the foundation attempt to influence any national, state, or local legislation or did it participate or intervene in any political campaign?	1a		✓
b	Did it spend more than $100 during the year (either directly or indirectly) for political purposes (see page 19 of the instructions for definition)?	1b		✓
	*If the answer is "Yes" to **1a** or **1b**, attach a detailed description of the activities and copies of any materials published or distributed by the foundation in connection with the activities.*			
c	Did the foundation file **Form 1120-POL** for this year?	1c		✓
d	Enter the amount (if any) of tax on political expenditures (section 4955) imposed during the year **(1)** On the foundation. ▶ $ 0 **(2)** On foundation managers. ▶ $ 0			
e	Enter the reimbursement (if any) paid by the foundation during the year for political expenditure tax imposed on foundation managers. ▶ $ 0			
2	Has the foundation engaged in any activities that have not previously been reported to the IRS? *If "Yes," attach a detailed description of the activities.*	2		✓
3	Has the foundation made any changes, not previously reported to the IRS, in its governing instrument, articles of incorporation, or bylaws, or other similar instruments? *If "Yes," attach a conformed copy of the changes*	3		✓
4a	Did the foundation have unrelated business gross income of $1,000 or more during the year?	4a		✓
b	If "Yes," has it filed a tax return on **Form 990-T** for this year?	4b		
5	Was there a liquidation, termination, dissolution, or substantial contraction during the year? *If "Yes," attach the statement required by General Instruction T.*	5		✓
6	Are the requirements of section 508(e) (relating to sections 4941 through 4945) satisfied either: • By language in the governing instrument, or • By state legislation that effectively amends the governing instrument so that no mandatory directions that conflict with the state law remain in the governing instrument?	6		
7	Did the foundation have at least $5,000 in assets at any time during the year? *If "Yes," complete Part II, col. (c), and Part XV*	7	✓	
8a	Enter the states to which the foundation reports or with which it is registered (see page 19 of the instructions) ▶ Alabama			
b	If the answer is "Yes" to line 7, has the foundation furnished a copy of Form 990-PF to the Attorney General (or designate) of each state as required by *General Instruction G? If "No," attach explanation*	8b	✓	
9	Is the foundation claiming status as a private operating foundation within the meaning of section 4942(j)(3) or 4942(j)(5) for calendar year 2010 or the taxable year beginning in 2010 (see instructions for Part XIV on page 27)? *If "Yes," complete Part XIV*	9		✓
10	Did any persons become substantial contributors during the tax year? *If "Yes," attach a schedule listing their names and addresses* Schedule B	10	✓	

Part VII-A Statements Regarding Activities *(continued)*

			Yes	No
11	At any time during the year, did the foundation, directly or indirectly, own a controlled entity within the meaning of section 512(b)(13)? If "Yes," attach schedule (see page 20 of the instructions)	11		✓
12	Did the foundation acquire a direct or indirect interest in any applicable insurance contract before August 17, 2008?	12		✓
13	Did the foundation comply with the public inspection requirements for its annual returns and exemption application?	13	✓	
	Website address ▶ n/a			
14	The books are in care of ▶ Karl G. Rayborn, Treasurer Telephone no ▶ 334-215-2732 Located at ▶ 340 TechnaCenter Drive; Montgomery, AL ZIP+4 ▶ 36117			
15	Section 4947(a)(1) nonexempt charitable trusts filing Form 990-PF in lieu of **Form 1041**—Check here ▶ ☐ and enter the amount of tax-exempt interest received or accrued during the year ▶ 15			
16	At any time during calendar year 2010, did the foundation have an interest in or a signature or other authority over a bank, securities, or other financial account in a foreign country?	16		✓
	See page 20 of the instructions for exceptions and filing requirements for Form TD F 90-22.1. If "Yes," enter the name of the foreign country ▶			

Part VII-B Statements Regarding Activities for Which Form 4720 May Be Required

	File Form 4720 if any item is checked in the "Yes" column, unless an exception applies.		Yes	No
1a	During the year did the foundation (either directly or indirectly):			
	(1) Engage in the sale or exchange, or leasing of property with a disqualified person? ☐ Yes ☑ No			
	(2) Borrow money from, lend money to, or otherwise extend credit to (or accept it from) a disqualified person? ☐ Yes ☑ No			
	(3) Furnish goods, services, or facilities to (or accept them from) a disqualified person? ☐ Yes ☑ No			
	(4) Pay compensation to, or pay or reimburse the expenses of, a disqualified person? ☐ Yes ☑ No			
	(5) Transfer any income or assets to a disqualified person (or make any of either available for the benefit or use of a disqualified person)? ☐ Yes ☑ No			
	(6) Agree to pay money or property to a government official? (**Exception.** Check "No" if the foundation agreed to make a grant to or to employ the official for a period after termination of government service, if terminating within 90 days) ☐ Yes ☑ No			
b	If any answer is "Yes" to 1a(1)-(6), did **any** of the acts fail to qualify under the exceptions described in Regulations section 53.4941(d)-3 or in a current notice regarding disaster assistance (see page 22 of the instructions)?	1b		
	Organizations relying on a current notice regarding disaster assistance check here ▶☐			
c	Did the foundation engage in a prior year in any of the acts described in 1a, other than excepted acts, that were not corrected before the first day of the tax year beginning in 2010?	1c		✓
2	Taxes on failure to distribute income (section 4942) (does not apply for years the foundation was a private operating foundation defined in section 4942(j)(3) or 4942(j)(5)):			
a	At the end of tax year 2010, did the foundation have any undistributed income (lines 6d and 6e, Part XIII) for tax year(s) beginning before 2010? ☐ Yes ☑ No If "Yes," list the years ▶ 20___, 20___, 20___, 20___			
b	Are there any years listed in 2a for which the foundation is **not** applying the provisions of section 4942(a)(2) (relating to incorrect valuation of assets) to the year's undistributed income? (If applying section 4942(a)(2) to **all** years listed, answer "No" and attach statement—see page 22 of the instructions)	2b		
c	If the provisions of section 4942(a)(2) are being applied to **any** of the years listed in 2a, list the years here. ▶ 20___, 20___, 20___, 20___			
3a	Did the foundation hold more than a 2% direct or indirect interest in any business enterprise at any time during the year? ☐ Yes ☑ No			
b	If "Yes," did it have excess business holdings in 2010 as a result of **(1)** any purchase by the foundation or disqualified persons after May 26, 1969, **(2)** the lapse of the 5-year period (or longer period approved by the Commissioner under section 4943(c)(7)) to dispose of holdings acquired by gift or bequest; or **(3)** the lapse of the 10-, 15-, or 20-year first phase holding period? *(Use Schedule C, Form 4720, to determine if the foundation had excess business holdings in 2010.)*	3b		
4a	Did the foundation invest during the year any amount in a manner that would jeopardize its charitable purposes?	4a		✓
b	Did the foundation make any investment in a prior year (but after December 31, 1969) that could jeopardize its charitable purpose that had not been removed from jeopardy before the first day of the tax year beginning in 2010?	4b		✓

Part VII-B Statements Regarding Activities for Which Form 4720 May Be Required *(continued)*

5a During the year did the foundation pay or incur any amount to:

(1) Carry on propaganda, or otherwise attempt to influence legislation (section 4945(e))? ☐ Yes ☑ No

(2) Influence the outcome of any specific public election (see section 4955); or to carry on, directly or indirectly, any voter registration drive? ☐ Yes ☑ No

(3) Provide a grant to an individual for travel, study, or other similar purposes? ☐ Yes ☑ No

(4) Provide a grant to an organization other than a charitable, etc., organization described in section 509(a)(1), (2), or (3), or section 4940(d)(2)? (see page 22 of the instructions) ☐ Yes ☑ No

(5) Provide for any purpose other than religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals? ☐ Yes ☑ No

b If any answer is "Yes" to 5a(1)–(5), did **any** of the transactions fail to qualify under the exceptions described in Regulations section 53.4945 or in a current notice regarding disaster assistance (see page 22 of the instructions)? **5b**

Organizations relying on a current notice regarding disaster assistance check here ▶ ☐

c If the answer is "Yes" to question 5a(4), does the foundation claim exemption from the tax because it maintained expenditure responsibility for the grant? ☐ Yes ☐ No

If "Yes," attach the statement required by Regulations section 53.4945–5(d).

6a Did the foundation, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract? ☐ Yes ☑ No

b Did the foundation, during the year, pay premiums, directly or indirectly, on a personal benefit contract? **6b**

If "Yes" to 6b, file Form 8870

7a At any time during the tax year, was the foundation a party to a prohibited tax shelter transaction? ☐ Yes ☑ No

b If "Yes," did the foundation receive any proceeds or have any net income attributable to the transaction? **7b**

Part VIII Information About Officers, Directors, Trustees, Foundation Managers, Highly Paid Employees, and Contractors

1 List all officers, directors, trustees, foundation managers and their compensation (see page 22 of the instructions).

(a) Name and address	(b) Title, and average hours per week devoted to position	(c) Compensation (If not paid, enter -0-)	(d) Contributions to employee benefit plans and deferred compensation	(e) Expense account, other allowances
See Schedule #4		0	0	0

2 Compensation of five highest-paid employees (other than those included on line 1—see page 23 of the instructions). If none, enter "NONE."

(a) Name and address of each employee paid more than $50,000	(b) Title, and average hours per week devoted to position	(c) Compensation	(d) Contributions to employee benefit plans and deferred compensation	(e) Expense account, other allowances
NONE				

Total number of other employees paid over $50,000 ▶ NONE

Part VIII Information About Officers, Directors, Trustees, Foundation Managers, Highly Paid Employees, and Contractors *(continued)*

3 Five highest-paid independent contractors for professional services (see page 23 of the instructions). If none, enter "NONE."

(a) Name and address of each person paid more than $50,000	(b) Type of service	(c) Compensation
Total number of others receiving over $50,000 for professional services ▶		None

Part IX-A Summary of Direct Charitable Activities

List the foundation's four largest direct charitable activities during the tax year Include relevant statistical information such as the number of organizations and other beneficiaries served, conferences convened, research papers produced, etc	Expenses
1 The Electric Cooperative Foundation awarded 27 educational scholarships to dependents of electric cooperative members across the state of Alabama for the 2009-2010 academic year.	26488
2	
3	
4	

Part IX-B Summary of Program-Related Investments (see page 24 of the instructions)

Describe the two largest program-related investments made by the foundation during the tax year on lines 1 and 2	Amount
1	
2	
All other program-related investments See page 24 of the instructions 3	
Total. Add lines 1 through 3 ▶	

Part X **Minimum Investment Return** (All domestic foundations must complete this part. Foreign foundations, see page 24 of the instructions.)

1	Fair market value of assets not used (or held for use) directly in carrying out charitable, etc., purposes:		
a	Average monthly fair market value of securities	1a	203611
b	Average of monthly cash balances	1b	2664
c	Fair market value of all other assets (see page 25 of the instructions)	1c	358
d	**Total** (add lines 1a, b, and c)	1d	206633
e	Reduction claimed for blockage or other factors reported on lines 1a and 1c (attach detailed explanation) . . . 1e 0		
2	Acquisition indebtedness applicable to line 1 assets	2	0
3	Subtract line 2 from line 1d	3	206633
4	Cash deemed held for charitable activities. Enter 1 ½ % of line 3 (for greater amount, see page 25 of the instructions)	4	3100
5	**Net value of noncharitable-use assets.** Subtract line 4 from line 3. Enter here and on Part V, line 4	5	203533
6	**Minimum investment return.** Enter 5% of line 5	6	10177

Part XI **Distributable Amount** (see page 25 of the instructions) (Section 4942(j)(3) and (j)(5) private operating foundations and certain foreign organizations check here ▶ ☐ and do not complete this part.)

1	Minimum investment return from Part X, line 6	1	10177
2a	Tax on investment income for 2010 from Part VI, line 5 . . . 2a 0		
b	Income tax for 2010. (This does not include the tax from Part VI.) 2b 0		
c	Add lines 2a and 2b	2c	0
3	Distributable amount before adjustments. Subtract line 2c from line 1	3	10177
4	Recoveries of amounts treated as qualifying distributions	4	0
5	Add lines 3 and 4	5	10177
6	Deduction from distributable amount (see page 25 of the instructions)	6	0
7	**Distributable amount** as adjusted. Subtract line 6 from line 5. Enter here and on Part XIII, line 1	7	10177

Part XII **Qualifying Distributions** (see page 25 of the instructions)

1	Amounts paid (including administrative expenses) to accomplish charitable, etc., purposes:		
a	Expenses, contributions, gifts, etc.—total from Part I, column (d), line 26	1a	19855
b	Program-related investments—total from Part IX-B	1b	0
2	Amounts paid to acquire assets used (or held for use) directly in carrying out charitable, etc., purposes	2	0
3	Amounts set aside for specific charitable projects that satisfy the:		
a	Suitability test (prior IRS approval required)	3a	0
b	Cash distribution test (attach the required schedule)	3b	0
4	**Qualifying distributions.** Add lines 1a through 3b. Enter here and on Part V, line 8, and Part XIII, line 4	4	19855
5	Foundations that qualify under section 4940(e) for the reduced rate of tax on net investment income. Enter 1% of Part I, line 27b (see page 26 of the instructions)	5	0
6	**Adjusted qualifying distributions.** Subtract line 5 from line 4	6	19855

Note. The amount on line 6 will be used in Part V, column (b), in subsequent years when calculating whether the foundation qualifies for the section 4940(e) reduction of tax in those years.

Part XIII Undistributed Income (see page 26 of the instructions)

	(a) Corpus	(b) Years prior to 2009	(c) 2009	(d) 2010
1 Distributable amount for 2010 from Part XI, line 7				10177
2 Undistributed income, if any, as of the end of 2010.				
a Enter amount for 2009 only			0	
b Total for prior years. 20___,20___,20___		0		
3 Excess distributions carryover, if any, to 2010·				
a From 2005 ... 0				
b From 2006 ... 5126				
c From 2007 ... 4870				
d From 2008 ... 8125				
e From 2009 ... 9853				
f **Total** of lines 3a through e	27974			
4 Qualifying distributions for 2010 from Part XII, line 4: ▶ $ 19855				
a Applied to 2009, but not more than line 2a			0	
b Applied to undistributed income of prior years (Election required—see page 26 of the instructions)		0		
c Treated as distributions out of corpus (Election required—see page 26 of the instructions)	0			
d Applied to 2010 distributable amount				10177
e Remaining amount distributed out of corpus	9678			
5 Excess distributions carryover applied to 2010 *(If an amount appears in column (d), the same amount must be shown in column (a))*	0			0
6 **Enter the net total of each column as indicated below:**				
a Corpus. Add lines 3f, 4c, and 4e. Subtract line 5	37652			
b Prior years' undistributed income. Subtract line 4b from line 2b		0		
c Enter the amount of prior years' undistributed income for which a notice of deficiency has been issued, or on which the section 4942(a) tax has been previously assessed		0		
d Subtract line 6c from line 6b. Taxable amount—see page 27 of the instructions		0		
e Undistributed income for 2009. Subtract line 4a from line 2a Taxable amount—see page 27 of the instructions			0	
f Undistributed income for 2010. Subtract lines 4d and 5 from line 1 This amount must be distributed in 2011				0
7 Amounts treated as distributions out of corpus to satisfy requirements imposed by section 170(b)(1)(F) or 4942(g)(3) (see page 27 of the instructions)	0			
8 Excess distributions carryover from 2005 not applied on line 5 or line 7 (see page 27 of the instructions)	0			
9 **Excess distributions carryover to 2011.** Subtract lines 7 and 8 from line 6a	37652			
10 Analysis of line 9				
a Excess from 2006 ... 5126				
b Excess from 2007 ... 4870				
c Excess from 2008 ... 8125				
d Excess from 2009 ... 9853				
e Excess from 2010 ... 9678				

Part XIV Private Operating Foundations (see page 27 of the instructions and Part VII-A, question 9)

1a If the foundation has received a ruling or determination letter that it is a private operating foundation, and the ruling is effective for 2010, enter the date of the ruling . . . ▶

b Check box to indicate whether the foundation is a private operating foundation described in section ☐ 4942(j)(3) or ☐ 4942(j)(5)

	Tax year	Prior 3 years			
	(a) 2010	(b) 2009	(c) 2008	(d) 2007	(e) Total
2a Enter the lesser of the adjusted net income from Part I or the minimum investment return from Part X for each year listed					
b 85% of line 2a					
c Qualifying distributions from Part XII, line 4 for each year listed					
d Amounts included in line 2c not used directly for active conduct of exempt activities					
e Qualifying distributions made directly for active conduct of exempt activities Subtract line 2d from line 2c					
3 Complete 3a, b, or c for the alternative test relied upon:					
a "Assets" alternative test—enter: (1) Value of all assets					
(2) Value of assets qualifying under section 4942(j)(3)(B)(i)					
b "Endowment" alternative test—enter 2/3 of minimum investment return shown in Part X, line 6 for each year listed					
c "Support" alternative test—enter: (1) Total support other than gross investment income (interest, dividends, rents, payments on securities loans (section 512(a)(5)), or royalties)					
(2) Support from general public and 5 or more exempt organizations as provided in section 4942(j)(3)(B)(iii)					
(3) Largest amount of support from an exempt organization					
(4) Gross investment income					

Part XV Supplementary Information (Complete this part only if the foundation had $5,000 or more in assets at any time during the year—see page 28 of the instructions.)

1 Information Regarding Foundation Managers:

a List any managers of the foundation who have contributed more than 2% of the total contributions received by the foundation before the close of any tax year (but only if they have contributed more than $5,000). (See section 507(d)(2).)

NONE

b List any managers of the foundation who own 10% or more of the stock of a corporation (or an equally large portion of the ownership of a partnership or other entity) of which the foundation has a 10% or greater interest.

NONE

2 Information Regarding Contribution, Grant, Gift, Loan, Scholarship, etc., Programs:

Check here ▶ ☐ if the foundation only makes contributions to preselected charitable organizations and does not accept unsolicited requests for funds. If the foundation makes gifts, grants, etc. (see page 28 of the instructions) to individuals or organizations under other conditions, complete items 2a, b, c, and d

a The name, address, and telephone number of the person to whom applications should be addressed:

Electric Cooperative Foundation, Inc.; P. O. Box 244014, Montgomery, AL 36124-4014 334-215-2732

b The form in which applications should be submitted and information and materials they should include:

See Schedule # 5

c Any submission deadlines:

March 12, 2010

d Any restrictions or limitations on awards, such as by geographical areas, charitable fields, kinds of institutions, or other factors:

See Schedule # 6

Part XV Supplementary Information (continued)

3 Grants and Contributions Paid During the Year or Approved for Future Payment

Recipient Name and address (home or business)	If recipient is an individual, show any relationship to any foundation manager or substantial contributor	Foundation status of recipient	Purpose of grant or contribution	Amount
a *Paid during the year*				
See Schedule # 7				
Total ▶ 3a				19855
b *Approved for future payment*				
Total ▶ 3b				0

Part XVI-A Analysis of Income-Producing Activities

Enter gross amounts unless otherwise indicated.	Unrelated business income		Excluded by section 512, 513, or 514		(e)
	(a) Business code	(b) Amount	(c) Exclusion code	(d) Amount	Related or exempt function income (See page 28 of the instructions)
1 Program service revenue.					
a					
b					
c					
d					
e					
f					
g Fees and contracts from government agencies					
2 Membership dues and assessments					
3 Interest on savings and temporary cash investments			14	25	
4 Dividends and interest from securities			14	5528	
5 Net rental income or (loss) from real estate:					
a Debt-financed property					
b Not debt-financed property					
6 Net rental income or (loss) from personal property					
7 Other investment income			18	-13151	
8 Gain or (loss) from sales of assets other than inventory					
9 Net income or (loss) from special events					
10 Gross profit or (loss) from sales of inventory					
11 Other revenue: a					
b					
c					
d					
e					
12 Subtotal Add columns (b), (d), and (e)				-7598	

13 **Total.** Add line 12, columns (b), (d), and (e) . . . 13 -7598

(See worksheet in line 13 instructions on page 29 to verify calculations)

Part XVI-B Relationship of Activities to the Accomplishment of Exempt Purposes

Line No. ▼	Explain below how each activity for which income is reported in column (e) of Part XVI-A contributed importantly to the accomplishment of the foundation's exempt purposes (other than by providing funds for such purposes) (See page 29 of the instructions)
	N/A

Part XVII **Information Regarding Transfers To and Transactions and Relationships With Noncharitable Exempt Organizations**

			Yes	No
1	Did the organization directly or indirectly engage in any of the following with any other organization described in section 501(c) of the Code (other than section 501(c)(3) organizations) or in section 527, relating to political organizations?			
a	Transfers from the reporting foundation to a noncharitable exempt organization of:			
	(1) Cash	1a(1)		✓
	(2) Other assets	1a(2)		✓
b	Other transactions:			
	(1) Sales of assets to a noncharitable exempt organization	1b(1)		✓
	(2) Purchases of assets from a noncharitable exempt organization	1b(2)		✓
	(3) Rental of facilities, equipment, or other assets	1b(3)		✓
	(4) Reimbursement arrangements	1b(4)		✓
	(5) Loans or loan guarantees	1b(5)		✓
	(6) Performance of services or membership or fundraising solicitations	1b(6)		✓
c	Sharing of facilities, equipment, mailing lists, other assets, or paid employees	1c		✓

d If the answer to any of the above is "Yes," complete the following schedule. Column (b) should always show the fair market value of the goods, other assets, or services given by the reporting foundation. If the foundation received less than fair market value in any transaction or sharing arrangement, show in column (d) the value of the goods, other assets, or services received

(a) Line no	(b) Amount involved	(c) Name of noncharitable exempt organization	(d) Description of transfers, transactions, and sharing arrangements

2a Is the foundation directly or indirectly affiliated with, or related to, one or more tax-exempt organizations described in section 501(c) of the Code (other than section 501(c)(3)) or in section 527? ☑ Yes ☐ No

b If "Yes," complete the following schedule.

(a) Name of organization	(b) Type of organization	(c) Description of relationship
AL Rural Electric Association of Cooperatives	501(c)6	Performs administrative duties for Foundation

Sign Here

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer or fiduciary) is based on all information of which preparer has any knowledge

▶ Karl D. Taylor | 05/06/11 | ▶ Treasurer

Signature of officer or trustee | Date | Title

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check ☐ if self-employed	PTIN
Firm's name ▶			Firm's EIN ▶	
Firm's address ▶			Phone no	

Schedule B
(Form 990, 990-EZ, or 990-PF)
Department of the Treasury
Internal Revenue Service

Schedule of Contributors

▶ **Attach to Form 990, 990-EZ, or 990-PF.**

OMB No 1545-0047

2010

Name of the organization	**Employer identification number**
Electric Cooperative Foundation, Inc.	63-1190086

Organization type (check one).

Filers of:	**Section:**
Form 990 or 990-EZ	☐ 501(c)( ) (enter number) organization
	☐ 4947(a)(1) nonexempt charitable trust **not** treated as a private foundation
	☐ 527 political organization
Form 990-PF	☑ 501(c)(3) exempt private foundation
	☐ 4947(a)(1) nonexempt charitable trust treated as a private foundation
	☐ 501(c)(3) taxable private foundation

Check if your organization is covered by the **General Rule** or a **Special Rule.**

Note. Only a section 501(c)(7), (8), or (10) organization can check boxes for both the General Rule and a Special Rule. See instructions.

General Rule

☑ For an organization filing Form 990, 990-EZ, or 990-PF that received, during the year, $5,000 or more (in money or property) from any one contributor. Complete Parts I and II.

Special Rules

☐ For a section 501(c)(3) organization filing Form 990 or 990-EZ that met the 33 1/3 % support test of the regulations under sections 509(a)(1) and 170(b)(1)(A)(vi), and received from any one contributor, during the year, a contribution of the greater of **(1)** $5,000 or **(2)** 2% of the amount on (i) Form 990, Part VIII, line 1h or (ii) Form 990-EZ, line 1. Complete Parts I and II.

☐ For a section 501(c)(7), (8), or (10) organization filing Form 990 or 990-EZ that received from any one contributor, during the year, aggregate contributions of more than $1,000 for use *exclusively* for religious, charitable, scientific, literary, or educational purposes, or the prevention of cruelty to children or animals. Complete Parts I, II, and III.

☐ For a section 501(c)(7), (8), or (10) organization filing Form 990 or 990-EZ that received from any one contributor, during the year, contributions for use *exclusively* for religious, charitable, etc., purposes, but these contributions did not aggregate to more than $1,000 If this box is checked, enter here the total contributions that were received during the year for an *exclusively* religious, charitable, etc., purpose. Do not complete any of the parts unless the **General Rule** applies to this organization because it received nonexclusively religious, charitable, etc., contributions of $5,000 or more during the year . . . . ▶ $ ____________

Caution. An organization that is not covered by the General Rule and/or the Special Rules does not file Schedule B (Form 990, 990-EZ, or 990-PF), but it **must** answer "No" on Part IV, line 2 of its Form 990, or check the box on line H of its Form 990-EZ, or on line 2 of its Form 990-PF, to certify that it does not meet the filing requirements of Schedule B (Form 990, 990-EZ, or 990-PF).

Name of organization	Employer identification number
Electric Cooperative Foundation, Inc.	63-1190086

Part I Contributors (see instructions)

(a) No.	(b) Name, address, and ZIP + 4	(c) Aggregate contributions	(d) Type of contribution
1	Alabama Rural Electric Association 340 TechnaCenter Drive Montgomery, AL 36117	$ 6629	Person ☑ Payroll ☐ Noncash ☐ (Complete Part II if there is a noncash contribution)
		$	Person ☐ Payroll ☐ Noncash ☐ (Complete Part II if there is a noncash contribution.)
		$	Person ☐ Payroll ☐ Noncash ☐ (Complete Part II if there is a noncash contribution.)
		$	Person ☐ Payroll ☐ Noncash ☐ (Complete Part II if there is a noncash contribution)
		$	Person ☐ Payroll ☐ Noncash ☐ (Complete Part II if there is a noncash contribution.)
		$	Person ☐ Payroll ☐ Noncash ☐ (Complete Part II if there is a noncash contribution.)

ELECTRIC COOPERATIVE FOUNDATION, INC. **EIN: 63-1190086**

SCHEDULE 1 - Other Expenses (line 23 - Part I Form 990-PF)

Bank Fees	4
Postage	458
	$ 462

SCHEDULE 2 - Investments - Other (line 13 - Part II Form 990-PF)

	Beginning of Year		End of Year	
	Book Value	Market Value	Book Value	Market Value
Mutual Funds	$ 202,123	$ 202,123	$ 212,769	$ 212,769

ELECTRIC COOPERATIVE FOUNDATION, INC. **EIN: 63-1190086**

Schedule 3 - Part IV Capital Gains & Losses for Tax on Investment Income

Property Description	Acquired	Date Acquired	Date Sold	Gross Sales Price	Depr allowed	Cost Basis	Gain/ (Loss)
American Century Diversified Bond - Ins {137.868 shs}	Purchase	01/20/10	06/29/10	1,500.00	0.00	1,490.35	9.65
American Century Diversified Bond - Ins {756.539 shs}	Purchase	01/20/10	09/28/10	8,412.71	0.00	8,267.04	145.67
Pimco Total Return Instl Fund # 35 {30.432 shs}	Purchase	07/02/09	05/20/10	339.01	0.00	333.80	5.21
Pimco Total Return Instl Fund # 35 {44.405 shs}	Purchase	07/02/09	06/29/10	500.00	0.00	485.43	14.57
Pimco Total Return Instl Fund # 35 {11.099 shs}	Purchase	07/02/09	08/20/10	127.64	0.00	117.16	10.48
Pimco Total Return Instl Fund # 35 {210.146 shs}	Purchase	07/02/09	09/28/10	2,437.70	0.00	2,205.40	232.30
Pimco Total Return Instl Fund # 35 {366.784 shs}	Purchase	07/02/09	11/15/10	4,221.68	0.00	3,811.68	410.00
Pimco Total Return Instl Fund # 35 {6.614 shs}	Purchase	07/20/09	11/15/10	76.13	0.00	69.65	6.48
Pimco Total Return Instl Fund # 35 {3.314 shs}	Purchase	07/31/09	11/15/10	38.14	0.00	35.23	2.91
Pimco Total Return Instl Fund # 35 {3.329 shs}	Purchase	08/31/09	11/15/10	38.32	0.00	35.89	2.43
Pimco Total Return Instl Fund # 35 {3.123shs}	Purchase	10/01/09	11/15/10	35.95	0.00	34.10	1.85
Pimco Total Return Instl Fund # 35 {47.027 shs}	Purchase	10/20/09	11/15/10	541.28	0.00	514.01	27.27
Pimco Total Return Instl Fund # 35 {2.933 shs}	Purchase	11/02/09	11/15/10	33.76	0.00	32.09	1.67
Pimco Total Return Instl Fund # 35 {2.458 shs}	Purchase	11/30/09	11/15/10	28.29	0.00	27.14	1.15
Pimco Total Return Instl Fund # 35 {1.624 shs}	Purchase	12/09/09	11/15/10	18.69	0.00	17.68	1.01
Pimco Total Return Instl Fund # 35 {5.837 shs}	Purchase	12/09/09	11/15/10	67.18	0.00	63.57	3.61
Pimco Total Return Instl Fund # 35 {2.374 shs}	Purchase	01/04/10	11/15/10	27.32	0.00	25.64	1 68
Pimco Total Return Instl Fund # 35 {5.754 shs}	Purchase	01/20/10	11/15/10	66.23	0.00	63.01	3.22
Pimco Total Return Instl Fund # 35 {1.799 shs}	Purchase	01/31/10	11/15/10	20.71	0.00	19.72	0.99
Pimco Total Return Instl Fund # 35 {1.781 shs}	Purchase	02/28/10	11/15/10	20.50	0.00	19.57	0.93
Pimco Total Return Instl Fund # 35 {1.866 shs}	Purchase	03/31/10	11/15/10	21.48	0.00	20.60	0.88
Pimco Total Return Instl Fund # 35 {1.911 shs}	Purchase	04/30/10	11/15/10	22.00	0.00	21.27	0.73
Pimco Total Return Instl Fund # 35 {1.728 shs}	Purchase	05/31/10	11/15/10	19.89	0.00	19.18	0.71
Pimco Total Return Instl Fund # 35 {1.855 shs}	Purchase	06/30/10	11/15/10	21.35	0.00	20.89	0.46
Pimco Total Return Instl Fund # 35 {1.850 shs}	Purchase	07/31/10	11/15/10	21.29	0.00	21.09	0.20
Pimco Total Return Instl Fund # 35 {1.693 shs}	Purchase	09/01/10	11/15/10	19.49	0.00	19.54	-0.05
Pimco Total Return Instl Fund # 35 {1.683 shs}	Purchase	10/01/10	11/15/10	19.37	0.00	19.52	-0.15

ELECTRIC COOPERATIVE FOUNDATION, INC. **EIN: 63-1190086**

Schedule 3 - Part IV Capital Gains & Losses for Tax on Investment Income

Property Description	Acquired	Date Acquired	Date Sold	Gross Sales Price	Depr allowed	Cost Basis	Gain/ (Loss)
Pimco Total Return Instl Fund # 35 {1.295 shs}	Purchase	11/02/10	11/15/10	14.90	0.00	15.14	-0.24
Pimco Foreign Bond Fund - Inst {69.582 shs}	Purchase	07/02/09	06/29/10	700.00	0.00	691.65	8.35
Pimco Foreign Bond Fund - Inst {37.881 shs}	Purchase	07/02/09	08/20/10	404.95	0.00	342.44	62.51
Pimco Foreign Bond Fund - Inst {263.761 shs}	Purchase	07/02/09	09/28/10	2,940.94	0.00	2,384.40	556.54
Pioneer Bond Fund Class Y Fund #0703 {1306.62 shs}	Purchase	2007	01/20/10	12,007.84	0.00	12,017.00	-9.16
Pioneer Bond Fund Class Y Fund #0703 {247.315 shs}	Purchase	2007	05/20/10	2,307.45	0.00	2,195.19	112.26
Pioneer Bond Fund Class Y Fund #0703 {15.974 shs}	Purchase	01/02/08	05/20/10	149.04	0.00	146.16	2.88
Pioneer Bond Fund Class Y Fund #0703 {15.871 shs}	Purchase	02/01/08	05/20/10	148.08	0.00	146.81	1.27
Pioneer Bond Fund Class Y Fund #0703 {14.44 shs}	Purchase	03/03/08	05/20/10	134.73	0.00	133.28	1.45
Pioneer Bond Fund Class Y Fund #0703 {13.95 shs}	Purchase	04/01/08	05/20/10	130.15	0.00	128.06	2.09
Pioneer Bond Fund Class Y Fund #0703 {14.004 shs}	Purchase	05/01/08	05/20/10	130.66	0.00	128.56	2.10
Pioneer Bond Fund Class Y Fund #0703 {15.828 shs}	Purchase	06/02/08	05/20/10	147.68	0.00	143.72	3.96
Pioneer Bond Fund Class Y Fund #0703 {127.537 shs}	Purchase	06/26/08	05/20/10	1,189.92	0.00	1,147.83	42.09
Pioneer Bond Fund Class Y Fund #0703 {15.494 shs}	Purchase	07/01/08	05/20/10	144.56	0.00	139.76	4.80
Pioneer Bond Fund Class Y Fund #0703 {16.228 shs}	Purchase	08/01/08	05/20/10	151.41	0.00	145.08	6.33
Pioneer Bond Fund Class Y Fund #0703 {1074.262 shs}	Purchase	08/12/08	05/20/10	10,022.87	0.00	9,582.42	440.45
Pioneer Bond Fund Class Y Fund #0703 {19.519 shs}	Purchase	09/02/08	05/20/10	182.11	0.00	174.00	8.11
Pioneer Bond Fund Class Y Fund #0703 {10.762 shs}	Purchase	10/01/08	05/20/10	100.39	0.00	247.70	-147.31
Pioneer Bond Fund Class Y Fund #0703 {10.669 shs}	Purchase	10/01/08	05/27/10	99.01	0.00	92.82	6.19
Pioneer Bond Fund Class Y Fund #0703 {4.801 shs}	Purchase	11/03/08	05/27/10	44.55	0.00	46.86	-2.31
Pioneer Bond Fund Class Y Fund #0703 {18.45 shs}	Purchase	11/03/08	06/29/10	172.69	0.00	144.26	28.43
Pioneer Bond Fund Class Y Fund #0703 {62.107 shs}	Purchase	11/24/08	06/29/10	581.32	0.00	494.99	86.33
Pioneer Bond Fund Class Y Fund #0703 {24.329 shs}	Purchase	12/01/08	06/29/10	227.72	0.00	196.09	31.63
Pioneer Bond Fund Class Y Fund #0703 {194.259 shs}	Purchase	12/29/08	06/29/10	1,818.27	0.00	1,865.76	-47.49
Pioneer Bond Fund Class Y Fund #0703 {362.731 shs}	Purchase	12/29/08	08/20/10	3,453.20	0.00	2,684.85	768.35
Pioneer Bond Fund Class Y Fund #0703 {48.123 shs}	Purchase	01/09/09	08/20/10	458.13	0.00	392.20	65.93
Pioneer Bond Fund Class Y Fund #0703 {29.494 shs}	Purchase	02/02/09	08/20/10	280.78	0.00	241.85	38.93

ELECTRIC COOPERATIVE FOUNDATION, INC. **EIN: 63-1190086**

Schedule 3 - Part IV Capital Gains & Losses for Tax on Investment Income

Property Description	Acquired	Date Acquired	Date Sold	Gross Sales Price	Depr allowed	Cost Basis	Gain/ (Loss)
Pioneer Bond Fund Class Y Fund #0703 {18.910 shs}	Purchase	03/03/09	08/20/10	180.03	0.00	825.00	-644.97
Pioneer Bond Fund Class Y Fund #0703 {11.109 shs}	Purchase	03/03/09	09/28/10	106.65	0.00	89.98	16.67
Pioneer Bond Fund Class Y Fund #0703 {30.173 shs}	Purchase	04/02/09	09/28/10	289.66	0.00	245.61	44.05
Pioneer Bond Fund Class Y Fund #0703 {599.948 shs}	Purchase	04/20/09	09/28/10	5,759.50	0.00	4,943.57	815.93
Pioneer Bond Fund Class Y Fund #0703 {31.427 shs}	Purchase	05/04/09	09/28/10	301.70	0.00	259.90	41.80
Pioneer Bond Fund Class Y Fund #0703 {722.221 shs}	Purchase	05/15/09	09/28/10	6,933.32	0.00	6,912.42	20.90
American Century Large Co Value - Int {7.297 shs}	Purchase	02/13/08	01/20/10	37.87	0.00	48.96	-11.09
American Century Large Co Value - Int {494.624 shs}	Purchase	02/13/08	06/29/10	2,300.00	0.00	3,318.93	-1,018.93
American Century Large Co Value - Int {1912.704 shs}	Purchase	02/13/08	09/28/10	9,716.54	0.00	12,834.24	-3,117.70
American Century Large Co Value - Int {20.709 shs}	Purchase	03/18/08	09/28/10	105.20	0.00	134.61	-29.41
American Century Large Co Value - Int {20.385 shs}	Purchase	06/17/08	09/28/10	103.56	0.00	129.85	-26.29
American Century Large Co Value - Int {79.85 shs}	Purchase	06/26/08	09/28/10	405.64	0.00	483.09	-77.45
American Century Large Co Value - Int {167.657 shs}	Purchase	08/12/08	09/28/10	851.70	0.00	1,027.74	-176.04
American Century Large Co Value - Int {26.669 shs}	Purchase	09/16/08	09/28/10	135.48	0.00	152.28	-16.80
American Century Large Co Value - Int {47.388 shs}	Purchase	09/26/08	09/28/10	240.73	0.00	276.27	-35.54
American Century Large Co Value - Int {69.543 shs}	Purchase	12/09/08	09/28/10	353.28	0.00	296.95	56.33
American Century Large Co Value - Int {3.33 shs}	Purchase	12/09/08	09/28/10	16.92	0.00	14.22	2.70
American Century Large Co Value - Int {39.337 shs}	Purchase	12/09/08	09/28/10	199.83	0.00	162.07	37.76
American Century Large Co Value - Int {35.924 shs}	Purchase	03/17/09	09/28/10	182.49	0.00	127.17	55.32
American Century Large Co Value - Int {20.806 shs}	Purchase	06/16/09	09/28/10	105.69	0.00	86.97	18.72
American Century Large Co Value - Int {14.754 shs}	Purchase	09/15/09	09/28/10	74.95	0.00	71.41	3.54
American Century Large Co Value - Int {14.224 shs}	Purchase	12/29/09	09/28/10	72.26	0.00	72.54	-0.28
American Century Large Co Value - Int {15.488 shs}	Purchase	03/23/10	09/28/10	78.68	0.00	81.62	-2.94
American Century Large Co Value - Int {77.177 shs}	Purchase	05/20/10	09/28/10	392.06	0.00	371.22	20.84
American Century Large Co Value - Int {12.624 shs}	Purchase	06/15/10	09/28/10	64.13	0.00	62.74	1.39
American Century Large Co Value - Int {48.849 shs}	Purchase	08/20/10	09/28/10	248.15	0.00	233.50	14.65
American Century Large Co Value - Int {13.708 shs}	Purchase	09/21/10	09/28/10	69.63	0.00	69.36	0.27

ELECTRIC COOPERATIVE FOUNDATION, INC. **EIN: 63-1190086**

Schedule 3 - Part IV Capital Gains & Losses for Tax on Investment Income

Property Description	Acquired	Date Acquired	Date Sold	Gross Sales Price	Depr allowed	Cost Basis	Gain/ (Loss)
American Century Small Cap Value - Inst CL {56.316 shs}	Purchase	01/20/10	05/20/10	431.94	0.00	426.88	5.06
American Century Small Cap Value - Inst CL {22.685 shs}	Purchase	01/20/10	11/15/10	189.19	0.00	178.98	10.21
MFS Value Fund Cl I {1.61 shs}	Purchase	09/28/10	11/15/10	35.44	0.00	34.04	1.40
Pioneer Fundamental Growth CL Y {41.026 shs}	Purchase	03/08/10	06/29/10	400.00	0.00	517.65	-117.65
Pioneer Fundamental Growth CL Y {32.574 shs}	Purchase	03/08/10	11/15/10	367.11	0.00	411.01	-43 90
Pioneer Intl Value Fund Intl Value Fund - Y {541.943 shs}	Purchase	06/16/09	06/29/10	8,887.87	0.00	13,964.74	-5,076.87
Pioneer Intl Value Fund Intl Value Fund - Y {3.725 shs}	Purchase	12/30/09	06/29/10	61.09	0.00	71.75	-10.66
Pioneer Mid Cap Value Fund Class Y FD #0710 {2.694 shs}	Purchase	05/15/09	05/20/10	50.10	0.00	68 11	-18.01
Pioneer Mid Cap Value Fund Class Y FD #0710 {10.989 shs}	Purchase	05/15/09	06/29/10	200.00	0.00	277.81	-77.81
Pioneer Mid Cap Value Fund Class Y FD #0710 {4.595 shs}	Purchase	05/15/09	11/15/10	96.08	0.00	116.16	-20.08
Pioneer Small Cap Growth Fund Class A #0044 {16.016 shs}	Purchase	01/20/10	05/20/10	368.21	0.00	364.52	3.69
Pioneer Small Cap Growth Fund Class A #0044 {10.273 shs}	Purchase	01/20/10	11/15/10	269.86	0.00	253.02	16.84
Pioneer Select Mid Cap Growth Y {4.738 shs}	Purchase	05/15/10	01/20/10	71.87	0.00	91.40	-19.53
Pioneer Select Mid Cap Growth Y {14.015 shs}	Purchase	05/15/10	06/29/10	200.00	0.00	270.35	-70.35
Pioneer Select Mid Cap Growth Y {6.613 shs}	Purchase	05/15/10	11/15/10	111.10	0.00	127.56	-16.46
Pioneer Lg Cap Growth Fund Class Y FD #0748 {35.269 shs}	Purchase	2007	01/20/10	406.30	0.00	463.74	-57.44
Pioneer Lg Cap Growth Fund Class Y FD #0748 {28.902 shs}	Purchase	2007	06/29/10	300.00	0.00	380.03	-80.03
Pioneer Lg Cap Growth Fund Class Y FD #0748 {23.486 shs}	Purchase	2007	11/15/10	278.07	0.00	308.81	-30.74
Pioneer Growth Fund Y {27.203 shs}	Purchase	05/15/09	01/20/10	489.39	0.00	574.26	-84.87
Pioneer Growth Opportunities Fd Cl Y # 760 {229.282 shs}	Purchase	08/31/09	01/20/10	5,493.60	0.00	6,879.85	-1,386.25
Pioneer Cullen Value Fund Class Y FS # 0765 {10.88 shs}	Purchase	05/15/09	01/20/10	184.19	0.00	268.07	-83.88
Pioneer Cullen Value Fund Class Y FS # 0765 {291.262 shs}	Purchase	05/15/09	06/29/10	4,500.00	0.00	7,130.09	-2,630.09
Pioneer Cullen Value Fund Class Y FS # 0765 {2.289 shs}	Purchase	05/15/09	11/15/10	40.47	0.00	51.19	-10.72
Pioneer Value Fund Class Y FD #702 {8.819 shs}	Purchase	2007	01/20/10	96.30	0.00	124.03	-27.73
Pioneer Value Fund Class Y FD #702 {704.473 shs}	Purchase	2007	05/20/10	7,157.45	0.00	9,339.42	-2,181.97
American Europacific Growth - F2 {9.833 shs}	Purchase	12/29/08	08/20/10	357.81	0.00	269.52	88.29
American Europacific Growth - F2 {.89 shs}	Purchase	12/29/08	08/20/10	36.63	0.00	24.39	12.24

ELECTRIC COOPERATIVE FOUNDATION, INC. **EIN: 63-1190086**

Schedule 3 - Part IV Capital Gains & Losses for Tax on Investment Income

Property Description	Acquired	Date Acquired	Date Sold	Gross Sales Price	Depr allowed	Cost Basis	Gain/ (Loss)
MFS RESH Intl FD CL I {31.577 shs}	Purchase	06/26/08	08/20/10	426.60	0.00	568.70	-142.10
MFS RESH Intl FD CL I {22.983 shs}	Purchase	06/26/08	11/15/10	358.30	0.00	413.92	-55.62
				$ 118,030.08	$ -	$ 131,181.35	$ (13,151.27)

ELECTRIC COOPERATIVE FOUNDATION, INC. EIN: 63-1190086

Schedule 4 - List of Officers, Directors, Trustees and Foundation Managers (Part VIII Form 990-PF)

Name & Address	Title & Average Hrs/Wk	Compensation	Employee Benefit Plan Contribution	Expense Account
George Kitchens P.O. Box 460 Trinity, AL 35673	Chairman/Director 0.5 hr/wk	-0-	-0-	-0-
Fred O. Braswell P.O. Box 244014 Montgomery, AL 36124-4014	Executive Director /Secretary 0.5 hr/wk	-0-	-0-	-0-
Karl G. Rayborn P.O. Box 244014 Montgomery, AL 36124-4014	Treasurer 2 hr/wk	-0-	-0-	-0-
Martin Anderson 85 Bakers Chapel Road Guntersville, AL 35976	Director 0.5 hr/wk	-0-	-0-	-0-
Randy Brannon P. O. Box 969 Ozark, AL 36361-0969	Director 0.5 hr/wk	-0-	-0-	-0-
Steve Foshee P.O. Box 610 Guin, AL 35563	Director 0.5 hr/wk	-0-	-0-	-0-
Ruby Neeley 8481 County Road 51 Clanton, AL 35046	Director 0.5 hr/wk	-0-	-0-	-0-

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Electric Cooperative Foundation, Inc.

Scholarship Application Package

Complete application should be returned to:

Electric Cooperative Foundation, Inc.
P.O. Box 244014
Montgomery, AL 36124

NOTE: Incomplete applications will not be considered in the application process.

P2010

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Electric Cooperative Foundation, Inc.
P.O. Box 244014
Montgomery, AL 36124

Participating Cooperatives

Arab EC

Baldwin EMC

Central Alabama EC

Cherokee EC

Clarke-Washington EMC

Covington EC

Cullman EC

Dixie EC

Franklin EC

Joe Wheeler EMC

Marshall-Dekalb EC

North Alabama EC

Pea River EC

Pioneer EC

Sand Mountain EC

South Alabama EC

Southern Pine EC

Tallapoosa River EC

Tombigbee EC

Wiregrass EC

The Electric Cooperative Foundation, Inc. was created by the electric cooperatives of Alabama in 1997 in an effort to give back to the communities they serve by providing scholarships for post-secondary and vocational education to accredited institutions for qualifying high school seniors. For the spring of 2010, the Foundation will award scholarships to dependents of members of the participating electric cooperatives in each of the 20 districts established by the Foundation's Board of Directors. The sole decision as to whom is to receive the scholarship in each established district will be determined by the Board of Directors of the Foundation. However, the Foundation may request or enlist the assistance of the electric cooperatives in each district in disseminating the applications and information about the scholarships, and may request assistance from such electric cooperatives in gathering and screening the scholarship applications, although such assistance and the final determination shall at all times remain under the direction and control of the Board of Directors of the Foundation.

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63-1190086

Application for Scholarship from
ELECTRIC COOPERATIVE FOUNDATION, INC.
(Private Foundation of the Electric Cooperatives of Alabama)

(Type or Print Please)

1. Name of Applicant: ______________________________

2. Served by which electric cooperative: ______________________________

3. Name of Parent/Guardian(s): ______________________________

   Relationship: ______________________________

4. Cooperative Account Number: ______________________________
   (Used only for member verification purposes)

5. Home Address: ______________________________

   ____

6. Telephone Number: (______) ______________________________

7. Social Security Number: __________ - ________ - __________

8. High School Attended: ______________________________

   City: ______________________________

9. Date of High School Graduation: __________________, 2010

10. High School GPA: __________ GPA Scale: __________ (please attach verification from High School Official)

11. I ☐ have ☐ have not taken the ☐ SAT or ☐ ACT
    (please check the appropriate boxes)

    Score Received: ACT ________
    (please attach copy of score report)

    Score Received: SAT ________
    (please attach copy of score report)

12. College or Vocational School in which you plan to enroll:

    ____

13. Anticipated Major (Course of Study): ______________________________

14. Please attach a list of all school extracurricular, church, community, civic, work and/or volunteer activities that you desire to be taken into account in your application.

15. Please attach three letters of recommendation. No letters from relatives will be accepted.

By signing below, we acknowledge that we have each read the entire application package and do hereby certify that we understand the contents of the application package. Also, by signing below, we each certify that the information provided in the application and each of the attachments submitted with the application are true and correct. If any of the information provided in the application or any of the attachments is found not to be true and correct, the applicant will be immediately disqualified and, if any scholarship has been awarded, such scholarship shall be rescinded.

______________________________ Date: ______________
Signature of Applicant

______________________________ Date: ______________
Signature of Parent/Guardian

NOTE: Incomplete applications will not be considered in the application process.

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APPLICATION PACKAGE FOR SCHOLARSHIP FROM ELECTRIC COOPERATIVE FOUNDATION, INC.

The application (and all attachments thereto) must be signed, completed and all attachments required thereunder must be completed and attached and submitted to the Foundation at P.O. Box 244014, Montgomery, AL 36124. **If an applicant fails to complete the entire application or fails to submit all of the items in the format requested hereunder by the deadline date, the application will not be considered for any purposes or under any circumstances with respect to the scholarships of the Foundation.**

Please note that the application must be signed by both the student applying for the scholarship and the parent/guardian of the applicant and, if either of such signatures is not on the application, the application will be considered incomplete, and not considered in the application process.

The application with all required attachments and submissions must be received no later than **March 12, 2010.**

The Foundation does not, and will not discriminate, on the basis of race, color, sex, religion or national origin or on any other basis in either the application process or in the consideration and granting of the scholarships provided by the Foundation. The districts established by the Foundation are based on the territories of the electric cooperatives who created the Foundation. As a result, the scholarship for which you are applying is based upon the service territory of the electric cooperative of which your parent/guardian is a member. A map showing the districts established is attached to the back of this application package.

By submitting the application package and the attachments and submissions relating to the application, the applicant and his or her parent/guardian signing the application are certifying that the information submitted is true and correct and the applicant and his or her parent are agreeing to the scholarship conditions set forth below.

SCHOLARSHIP CONDITIONS

The terms and conditions on which the scholarships are to be made for the 2009-2010 scholarship year, are as follows:

1. The scholarships shall be transmitted to the accredited school selected by the scholarship recipient. For each district, there will be either two $500 scholarships or one $1,000 scholarship, as such number and amount is determined by the Foundation prior to March 12, 2010.

2. The scholarship shall be granted only to graduating high school seniors.

3. The scholarships shall be announced and awarded in the spring prior to the recipient's graduation, but are contingent and subject to the scholarship recipient graduating from high school and passing any required graduation exam.

4. The scholarship will be available to the student for the immediate 4 academic years following the student's high school graduation.

5. The scholarship will be paid by the Foundation directly to the educational institution for credit to the student's account at the institution with notification of receipt to be received from the educational institution.

Initial: ______ (Applicant)

______ (Parent/Guardian)

6. In order to qualify for the partial scholarship, the student must attend a four year college, a junior college, a technical school or vocational school of the scholarship recipient's choice provided that such school chosen is an accredited institution.

7. In order for the scholarship funds to be received to the benefit of the scholarship recipient, the student mu enroll on a full-time basis at the institution selected, which full-time status must be certified to by th institution. Failure to qualify as a full-time student will result in a rescission of the scholarship with the funds being returned from the institution to the Foundation. There are no exceptions to this rule, and except as determined by the Foundation on a nondiscriminatory basis, there will be no deferral of enrollment.

8. In order to qualify for the scholarship, the applicant must be a dependent child of a member of a participating Alabama electric cooperative at the time the application is made and through graduation from high school.

9. The scholarships will not be awarded solely based on need, nor will need be a predominate basis upon which any determination is made.

10. If an applicant's parents live in two different districts established by the Foundation, the applicant shall only be permitted to apply for a scholarship in one district.

Initial: _______ (Applicant)

_______ (Parent/Guardian)

RELEASE OF INFORMATION

We, the undersigned individuals, the applicant and a parent/guardian of the applicant, by signing below authorize the release of any and all academic information from ________________________________(Name of High School) and do hereby authorize the guidance counselor and principal of such high school to discuss such information with the Foundation. We, the undersigned, by signing below authorize the release of any and all test scores and other information from the American College of Testing or the Stanford Achievement Test to the Foundation.

____ Date: ____________________________

Signature of Applicant

____ Date: ____________________________

Signature of Parent

NOTE: Incomplete applications will not be considered in the application process

Schedule #5
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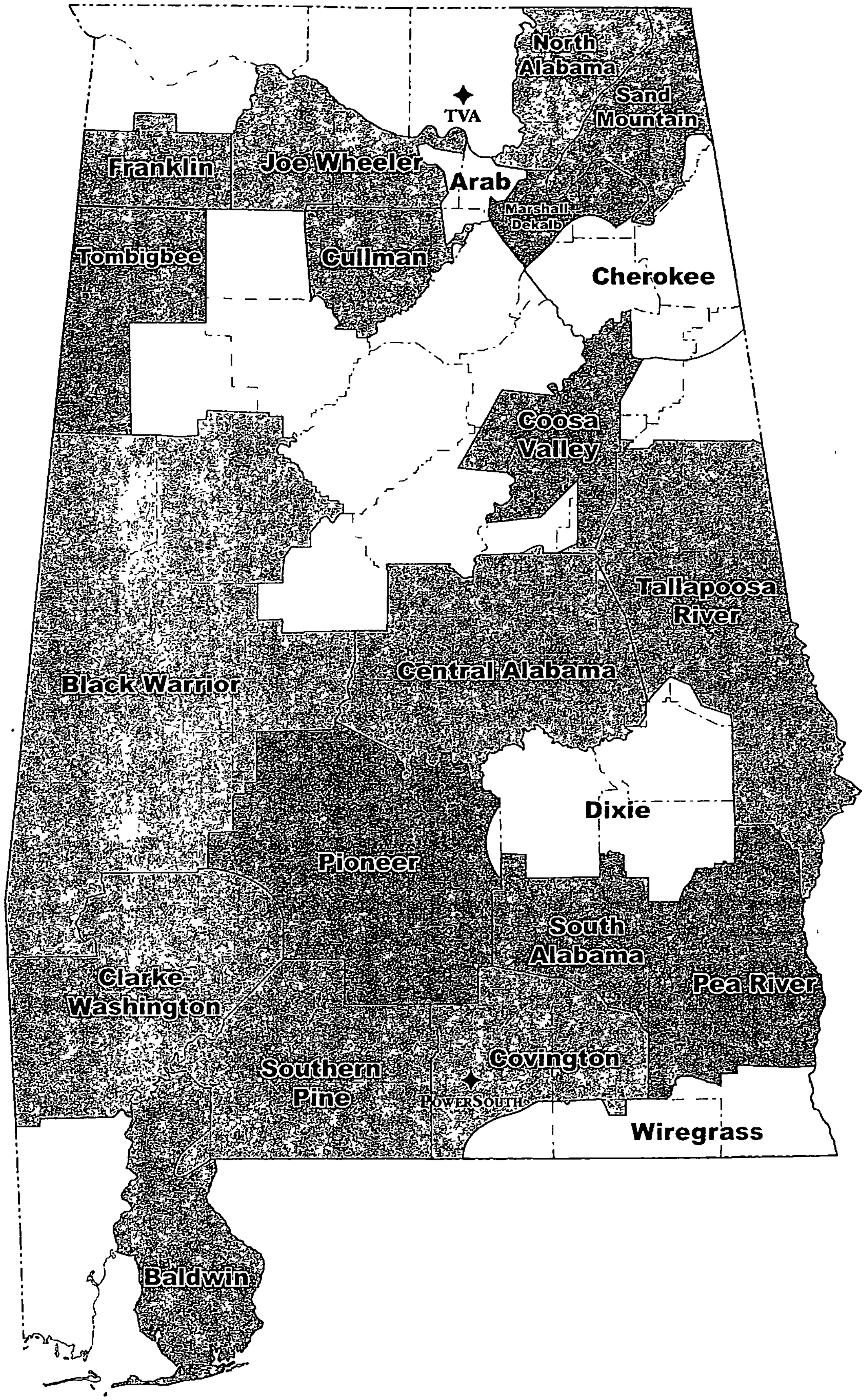
ALABAMA RURAL ELECTRIC ASSOCIATION of COOPERATIVES

63-1190086



ELECTRIC COOPERATIVE FOUNDATION, INC. EIN: 63-1190086

Schedule 6 - Any restrictions or limitations on awards (line 2d - Part XV Form 990-PF)

Scholarships are for post-secondary education of dependents of members of an Alabama electric cooperative that has contributed principal funds to the Foundation.

ELECTRIC COOPERATIVE FOUNDATION, INC. EIN: 63-1190086

Schedule 7 - Grants & Contributions Paid During the Year (Part XV - 3a Form 990-PF)

Recipient Name & Address	Relationship	Foundation status	Purpose of grant or contribution	Amount
Courtney B. Bass 6703 Boggan Level Road Andalusia, AL 36420	None		Educational Scholarship	$ 1,000
Julius A. Brown, II 10481 County Road 85 Minter, AL 36761	None		Educational Scholarship	1,000
Zachary N. Ciranni 949 Oak Lake Drive Enterprise, AL 36330	None		Educational Scholarship	1,000
Ashton B. Conley P. O. Box 625 Fyffe, AL 35971	None		Educational Scholarship	1,000
Dillon B. Davis 1676 County Road 215 Jack, AL 36346	None		Educational Scholarship	1,000
Marlan Golden 813 Saint James Court Pike Road, AL 36064	None		Educational Scholarship	1,000
Madline G. Hagedorn 133 Highway 78 Russellville, AL 35654	None		Educational Scholarship	500
James T. Hall 106 Calvert Road Lacey's Spring, AL 35754	None		Educational Scholarship	500
Coleman K. Harrell 113 Antioch Road Grove Hill, AL 36451	None		Educational Scholarship	1,000
Corey J. Harris 383 Golfview Drive, NE Arab, AL 35016	None		Educational Scholarship	500

Schedule 7 - Grants & Contributions Paid During the Year (Part XV - 3a Form 990-PF)

Recipient Name & Address	Relationship	Foundation status	Purpose of grant or contribution	Amount
Taylor L. Hightower 285 County Road 107 Hamilton, AL 35570	None		Educational Scholarship	1,000
Emma K. Hill 6081 Balm Road Wetumpka, AL 36092	None		Educational Scholarship	500
Maci B. Hughes 1215 County Road 125 Gaylesville, AL 35973	None		Educational Scholarship	500
Morgan A. Jensen 827 East Byrd Road Hartselle, AL 35640	None		Educational Scholarship	500
Sarah E. Leverette 1825 Bluestone Court Auburn, AL 36830	None		Educational Scholarship	1,000
Joshua N. McCurdy 1640 Kuykendall Road Albertville, AL 35951	None		Educational Scholarship	1,000
Patrick C. McGee 1905 West 3rd Street Gulf Shores, Al 36542	None		Educational Scholarship	500
Dynasty R. Moore P. O. Box 630 Bridgeport, AL 35740	None		Educational Scholarship	500
Palee Myrex 146 County Road 151 Bremen, AL 35033	None		Educational Scholarship	1,000
Lexus O. Simpson 21758 County Road 48 Robertsdale, AL 36567	None		Educational Scholarship	500

ELECTRIC COOPERATIVE FOUNDATION, INC. EIN: 63-1190086

Schedule 7 - Grants & Contributions Paid During the Year (Part XV - 3a Form 990-PF)

Recipient Name & Address	Relationship	Foundation status	Purpose of grant or contribution	Amount
Jessica D. Sisk 553 County Road 9 Estillfork, AL 35745	None		Educational Scholarship	500
Shelby L. Smith 475 Oakhills Drive Russellville, AL 35653	None		Educational Scholarship	500
Sandra Kellean Stacey 4354 Booneville Road Atmore, AL 36502	None		Educational Scholarship Returned	(145)
Christopher J. Stafford 561 Knob Hill Circle Dothan, AL 36301	None		Educational Scholarship	1,000
Katlyn M. Stricklend 292 Norwood Drive Joppa, AL 35087	None		Educational Scholarship	500
Allison L. Terrell 723 Flatwood Road Wetumpka, AL 36092	None		Educational Scholarship	500
Luke M. Trammell 305 County Road 227 Leesburg, AL 35983	None		Educational Scholarship	500
Jacob R. Wasdin 1023 Dorriety Circle Atmore, AL 36502	None		Educational Scholarship	1,000
				19,855

Electric Cooperative Foundation, Inc.

Financial Statements

December 31, 2010 and 2009

Electric Cooperative Foundation, Inc.
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December 31, 2010 and 2009

CRI CARR RIGGS & INGRAM
CPAs and Advisors

Carr, Riggs & Ingram, LLC
7550 Halcyon Summit Drive
Montgomery, Alabama 36117

(334) 271-6678
(334) 271-6697 (fax)
www cricpa com

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Electric Cooperative Foundation, Inc.
Montgomery, Alabama

We have audited the accompanying statements of financial position of the Electric Cooperative Foundation, Inc. (the Foundation) as of December 31, 2010 and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Foundation's management Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of Electric Cooperative Foundation, Inc. as of December 31, 2009, were audited by other auditors whose report dated January 28, 2010, expressed an unqualified opinion on those statements

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

In our opinion, the financial statements, referred to above present fairly, in all material respects, the financial position of the Electric Cooperative Foundation, Inc. as of December 31, 2010, and the results of operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Carr, Riggs & Ingram, L.L.C.

Montgomery, Alabama
February 1, 2011

Electric Cooperative Foundation, Inc.

Statements of Financial Position

December 31,		2010		2009
Assets				
Current assets				
Cash and cash equivalents	**$**	**387**	$	7,340
Contributions receivable		**1,000**		-
Interest receivable		**323**		449
Total current assets		**1,710**		7,789
Investments in marketable securities		**212,769**		202,123
Total assets	**$**	**214,479**	$	209,912
Net assets				
Unrestricted net assets	**$**	**214,479**	$	209,912
Total net assets	**$**	**214,479**	$	209,912

See accompanying notes to financial statements

Electric Cooperative Foundation, Inc.

Statements of Activities

Years ended December 31,		2010		2009
Changes in unrestricted net assets				
Revenues and gains				
Cooperative contributions	$	**1,025**	$	1,025
Contributions from AREA		**6,629**		5,842
Investment return		**23,401**		40,394
Total revenues and gains		**31,055**		47,261
Expenses				
Scholarships awarded, net		**19,855**		19,463
General and administrative expenses		**6,633**		5,937
Total expenses		**26,488**		25,400
Increase in unrestricted net assets		**4,567**		21,861
Net assets, beginning of year		**209,912**		188,051
Net assets, end of year	$	**214,479**	$	209,912

See accompanying notes to financial statements

Electric Cooperative Foundation, Inc.

Statements of Cash Flows

Years ended December 31,	2010	2009
Operating activities		
Increase in unrestricted net assets	$ 4,567	$ 21,861
Adjustments to reconcile increase in unrestricted net assets to net cash used in operating activities:		
Net realized and unrealized (gains) losses on investments	(17,848)	(34,566)
Change in operating assets and liabilities:		
Contributions receivable	(1,000)	-
Interest receivable	126	317
Accounts payable	-	(162)
Net cash used in operating activities	(14,155)	(12,550)
Investing activities		
Purchases of investments	(110,722)	(72,238)
Proceeds from sale of investments	117,924	91,170
Net cash provided by investing activities	7,202	18,932
Net increase (decrease) in cash and cash equivalents	(6,953)	6,382
Cash and cash equivalents, beginning of year	7,340	958
Cash and cash equivalents, end of year	$ 387	$ 7,340

See accompanying notes to financial statements

NOTE 1 – NATURE OF OPERATIONS

The Electric Cooperative Foundation, Inc. (the Foundation) was incorporated under the laws of Alabama on December 11, 1997. Its purpose is to provide scholarships for postsecondary education to children of members of an Alabama electric cooperative that has contributed principal funds to the Foundation.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of the Foundation is presented to assist in understanding the Foundation's financial statements. The financial statements and notes are representations of the Foundation's management, who is responsible for their integrity and objectivity. These accounting policies conform to U.S. generally accepted accounting principles and have been consistently applied in the preparation of the financial statements.

The significant accounting policies followed by the Foundation are summarized as follows:

Basis of Presentation

The accompanying financial statements have been prepared in conformity with U.S. generally accepted accounting principles.

Use of Estimates

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

Cash and Cash Equivalents

For the purpose of presentation in the Foundation's statements of cash flows, cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash, and so near their maturities that they present insignificant risk of changes in value due to interest rate fluctuation.

Contributions Receivable

The Foundation considers contributions receivable to be fully collectible; accordingly, no allowance for doubtful accounts is required. If amounts become uncollectible, they will be charged to operations when that determination is made.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments

The Foundation values its investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values in the statement of financial position. Realized and unrealized gains and losses are included in investment return in the period in which they occur. Realized gains and losses are determined based on specific identification and unrealized gains and losses are determined based on quoted market prices.

Income Tax Status

The Foundation is exempt from paying income taxes under Section 501(c) (3) of the Internal Revenue Code. It is required to file an annual information return on Federal Form 990. When income is earned from unrelated business operations, the filing of Federal Form 990-T and Alabama Form 20C is required and resulting taxes, if any, are paid on net unrelated business income in excess of $1,000. The Foundation did not incur any such income tax during 2010 and 2009.

The Foundation adopted the provisions of *ASC (Accounting Standards Codification) No. 740, Accounting for Uncertainty in Income Taxes*, on January 1, 2009. As a result of the implementation of ASC No. 740, the Foundation has not recognized any respective liability for unrecognized tax benefits as it has no known tax positions that would subject the Foundation to any material income tax exposure. The tax years that remain subject to examination are the periods beginning on January 1, 2007 and after for all major tax jurisdictions.

Determination of Fair Value of Financial Instruments

Fair value of cash approximates its carrying value. Fair values for investment securities are based on quoted market prices.

Subsequent Events

The Foundation has evaluated subsequent events through the date of issuance of the financial statements which was February 1, 2011.

NOTE 3 – CASH AND CASH EQUIVALENTS

Cash and cash equivalents consisted of the following:

December 31,		2010		2009
Held in checking account	$	254	$	2,063
Held in investment account		133		5,277
	$	387	$	7,340

NOTE 4 – INVESTMENTS

The aggregate fair value, gross unrealized holding gains, gross unrealized holding losses, and cost for investments consisted of the following:

December 31, 2010		Cost		Gross Unrealized Gains		Gross Unrealized Losses		Fair Value
Mutual funds - fixed income	$	57,518	$	3,842	$	(58)	$	61,302
Mutual funds - equities		139,857		13,531		(1,931)		151,467
	$	197,375	$	17,373	$	(1,989)	$	212,769

December 31, 2009		Cost		Gross Unrealized Gains		Gross Unrealized Losses		Fair Value
Mutual funds - fixed income	$	85,816	$	2,711	$	-	$	88,527
Mutual funds - equities		131,923		2,415		(20,742)		113,596
	$	217,739	$	5,126	$	(20,742)	$	202,123

Gross proceeds from the sales of investments amounted to $117,924 and $91,170 for 2010 and 2009, respectively. These sales resulted in realized losses of $13,151 and $24,322 for 2010 and 2009, respectively.

NOTE 4 – INVESTMENTS (CONTINUED)

Major categories of net investment return are summarized as follows:

Years ended December 31,	2010	2009
Interest and dividend income	$ 5,553	$ 5,827
Net realized loss	(13,151)	(24,322)
Change in unrealized gains and losses	30,999	58,889
	$ 23,401	$ 40,394

NOTE 5 – FAIR VALUE MEASUREMENTS

The Foundation follows Statement of Financial Accounting Standards Codification No. 820, *Fair Value Measurements and Disclosures (ASC No. 820),* for all financial assets and liabilities and for nonfinancial assets and liabilities recognized or disclosed at fair value in the financial statements on a recurring basis (at least annually). *ASC No. 820* defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The standard also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

ASC No. 820 describes three levels of inputs that may be used to measure fair value:

Level 1	Quoted market prices in active markets for identical assets or liabilities.
Level 2	Observable market based inputs or unobservable inputs that are corroborated by market data.
Level 3	Unobservable inputs that are not corroborated by market data.

NOTE 5 – FAIR VALUE MEASUREMENTS (CONTINUED)

In accordance with the adoption of ASC No. 820, the Foundation's investments in marketable securities at December 31, 2010 and 2009 were carried at fair value in the statements of financial position as follows:

Assets measured at Fair Value on a Recurring Basis:

	Based on:		
December 31, 2010	**Level 1 inputs**	**Level 2 inputs**	**Level 3 inputs**
Mutual funds - fixed income	$ 61,302	$ -	$ -
Mutual funds - equities	151,467		
	$ 212,769	$ -	$ -

	Based on:		
December 31, 2009	**Level 1 inputs**	**Level 2 inputs**	**Level 3 inputs**
Mutual funds - fixed income	$ 88,527	$ -	$ -
Mutual funds - equities	113,596		
	$ 202,123	$ -	$ -

NOTE 6 – RELATED PARTY TRANSACTIONS

The Foundation and Alabama Rural Electric Association (AREA) have certain common board members. The Foundation is administered by employees of AREA on a day-to-day basis and operations are conducted in common facilities owned by AREA at no cost to the Foundation. The value of expenses paid of $6,629 and $5,845 in 2010 and 2009, respectively, have been recognized as contribution revenue and expensed on the Foundation's statements of activities. There were no amounts due to or from AREA as of December 31, 2010 and 2009.

NOTE 7 – CONCENTRATION OF CASH

The Foundation maintains its cash balances at a financial institution located in Alabama. The Federal Deposit Insurance Corporation (FDIC) insures these balances up to a total of $250,000 at December 31, 2010 and 2009 at each institution. Cash and investment balances are also maintained in broker accounts that are insured up to a total of $500,000 by the Securities Investor Protection Corporation (SIPC). As of December 31, 2010 and 2009, there were no cash balances in excess of FDIC or SIPC limits.