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## Return of Organization Exempt From Income Tax

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung benefit trust or private foundation)

OMB No 1545-0047

2010

Open to Public  
Inspection

► The organization may have to use a copy of this return to satisfy state reporting requirements.

A For the 2010 calendar year, or tax year beginning JUL 1, 2010 and ending JUN 30, 2011

B Check if applicable	C Name of organization <b>MORTON COMMUNITY FOUNDATION</b>		D Employer identification number <b>37-1397503</b>
<input type="checkbox"/> Address change <input type="checkbox"/> Name change <input type="checkbox"/> Initial return <input type="checkbox"/> Terminated <input type="checkbox"/> Amended return <input type="checkbox"/> Application pending	Doing Business As Number and street (or P O box if mail is not delivered to street address) <b>309 N MAIN ST, SUITE B</b>		Room/suite
	City or town, state or country, and ZIP + 4 <b>MORTON, IL 61550</b>		
	F Name and address of principal officer: <b>SCOTT WITZIG</b> <b>309 N MAIN ST, MORTON, IL 61550</b>		G Gross receipts \$ <b>496,133.</b>
I Tax-exempt status: <input checked="" type="checkbox"/> 501(c)(3) <input type="checkbox"/> 501(c)( ) (insert no) <input type="checkbox"/> 4947(a)(1) or <input type="checkbox"/> 527			H(a) Is this a group return for affiliates? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
J Website: ► <a href="http://www.mortoncommunityfoundation.org">www.mortoncommunityfoundation.org</a>			H(b) Are all affiliates included? <input type="checkbox"/> Yes <input type="checkbox"/> No If "No," attach a list. (see instructions)
K Form of organization <input checked="" type="checkbox"/> Corporation <input type="checkbox"/> Trust <input type="checkbox"/> Association <input type="checkbox"/> Other ►			L Year of formation <b>2000</b> M State of legal domicile <b>IL</b>

## Part I Summary

Activities & Governance	1 Briefly describe the organization's mission or most significant activities: <b>BENEFIT RESIDENTS OF MORTON AREA</b>	
	2 Check this box ► <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets.	
	3 Number of voting members of the governing body (Part VI, line 1a)	3 13
	4 Number of independent voting members of the governing body (Part VI, line 1b)	4 13
	5 Total number of individuals employed in calendar year 2010 (Part V, line 2a)	5 1
	6 Total number of volunteers (estimate if necessary)	6 25
	7a Total unrelated business revenue from Part VIII, column (C), line 12	7a 0.
	b Net unrelated business taxable income from Form 990-T, line 34	7b 0.

Revenue	8 Contributions and grants (Part VIII, line 1h)	Prior Year 416,629. Current Year 373,598.
	9 Program service revenue (Part VIII, line 2g)	0. 0.
	10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)	24,987. 119,853.
	11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	1,793. 2,682.
	12 Total revenue - add lines 8 through 11 (must equal Part VIII, column (A), line 12)	443,409. 496,133.
	13 Grants and similar amounts paid (Part IX, column (A), lines 1-3)	38,430. 53,950.
	14 Benefits paid to or for members (Part IX, column (A), line 4)	0. 0.
	15 Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10)	90,500. 97,353.
	16a Professional fundraising fees (Part IX, column (A), line 11e)	0. 0.
	b Total fundraising expenses (Part IX, column (D), line 25) ► <b>9,398.</b>	9,398.
	17 Other expenses (Part IX, column (A), lines 11a-11d, 11f-24f)	49,866. 45,306.
	18 Total expenses. Add lines 13-17 (must equal Part IX, column (A), line 25)	178,796. 196,609.
	19 Revenue less expenses. Subtract line 18 from line 12	264,613. 299,524.

Expenses	20 Total assets (Part X, line 16)	Beginning of Current Year 1,361,644.	End of Year 1,802,606.
	21 Total liabilities (Part X, line 26)	86,118.	141,773.
	22 Net assets or fund balances. Subtract line 21 from line 20	1,275,526.	1,660,833.

## Part II Signature Block

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 officer) is based on all information of which preparer has any knowledge.

Sign Here	► Signature of officer	Date <b>5/15/12</b>		
	► <b>SCOTT WITZIG, EXECUTIVE DIRECTOR</b>			
	Type or print name and title			

Paid Preparer Use Only	Print/Type preparer's name <b>Mark D Reinken, CPA</b>	Preparer's signature <i>Mark D. Reinken</i>	Date <b>05/14/12</b>	Check <input type="checkbox"/> if self-employed	PTIN
	Firm's name ► <b>Ginoli &amp; Company Ltd, CPA's</b>	Firm's EIN ►			
	Firm's address ► <b>7625 N University Ste A Peoria, IL 61614-8303</b>	Phone no <b>(309) 671-2350</b>			

May the IRS discuss this return with the preparer shown above? (see instructions)

 Yes  No



## Part IV Checklist of Required Schedules

1 \* Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)?  
*If "Yes," complete Schedule A*

2 Is the organization required to complete Schedule B, Schedule of Contributors?

3 Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? *If "Yes," complete Schedule C, Part I*

4 **Section 501(c)(3) organizations.** Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? *If "Yes," complete Schedule C, Part II*

5 Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? *If "Yes," complete Schedule C, Part III*

6 Did the organization maintain any donor advised funds or any similar funds or accounts where donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? *If "Yes," complete Schedule D, Part I*

7 Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas, or historic structures? *If "Yes," complete Schedule D, Part II*

8 Did the organization maintain collections of works of art, historical treasures, or other similar assets? *If "Yes," complete Schedule D, Part III*

9 Did the organization report an amount in Part X, line 21; serve as a custodian for amounts not listed in Part X; or provide credit counseling, debt management, credit repair, or debt negotiation services? *If "Yes," complete Schedule D, Part IV*

10 Did the organization, directly or through a related organization, hold assets in term, permanent, or quasi-endowments?  
*If "Yes," complete Schedule D, Part V*

11 If the organization's answer to any of the following questions is "Yes," then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable.

a Did the organization report an amount for land, buildings, and equipment in Part X, line 10? *If "Yes," complete Schedule D, Part VI*

b Did the organization report an amount for investments - other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VII*

c Did the organization report an amount for investments - program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VIII*

d Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part IX*

e Did the organization report an amount for other liabilities in Part X, line 25? *If "Yes," complete Schedule D, Part X*

f Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? *If "Yes," complete Schedule D, Part X*

12a Did the organization obtain separate, independent audited financial statements for the tax year? *If "Yes," complete Schedule D, Parts XI, XII, and XIII*

b Was the organization included in consolidated, independent audited financial statements for the tax year?  
*If "Yes," and if the organization answered "No" to line 12a, then completing Schedule D, Parts XI, XII, and XIII is optional*

13 Is the organization a school described in section 170(b)(1)(A)(ii)? *If "Yes," complete Schedule E*

14a Did the organization maintain an office, employees, or agents outside of the United States?

b Did the organization have aggregate revenues or expenses of more than \$10,000 from grantmaking, fundraising, business, and program service activities outside the United States? *If "Yes," complete Schedule F, Parts I and IV*

15 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of grants or assistance to any organization or entity located outside the United States? *If "Yes," complete Schedule F, Parts II and IV*

16 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of aggregate grants or assistance to individuals located outside the United States? *If "Yes," complete Schedule F, Parts III and IV*

17 Did the organization report a total of more than \$15,000 of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? *If "Yes," complete Schedule G, Part I*

18 Did the organization report more than \$15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? *If "Yes," complete Schedule G, Part II*

19 Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 9a? *If "Yes," complete Schedule G, Part III*

20a Did the organization operate one or more hospitals? *If "Yes," complete Schedule H*

b If "Yes" to line 20a, did the organization attach its audited financial statements to this return? **Note.** Some Form 990 filers that operate one or more hospitals must attach audited financial statements (see instructions)

	Yes	No
1	X	
2	X	
3		X
4		X
5		
6	X	
7		X
8		X
9		X
10	X	
11a	X	
11b		X
11c		X
11d		X
11e	X	
11f		X
12a	X	
12b		X
13		X
14a		X
14b		X
15		X
16		X
17		X
18		X
19		X
20a		X
20b		

**Part IV: Checklist of Required Schedules (continued)**

	<b>Yes</b>	<b>No</b>
21 Did the organization report more than \$5,000 of grants and other assistance to governments and organizations in the United States on Part IX, column (A), line 1? If "Yes," complete Schedule I, Parts I and II	21 X	
22 Did the organization report more than \$5,000 of grants and other assistance to individuals in the United States on Part IX, column (A), line 2? If "Yes," complete Schedule I, Parts I and III	22 X	
23 Did the organization answer "Yes" to Part VII, Section A, line 3, 4, or 5 about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? If "Yes," complete Schedule J	23 X	
24a Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than \$100,000 as of the last day of the year, that was issued after December 31, 2002? If "Yes," answer lines 24b through 24d and complete Schedule K. If "No", go to line 25	24a X	
b Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	24b	
c Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	24c	
d Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	24d	
25a Section 501(c)(3) and 501(c)(4) organizations. Did the organization engage in an excess benefit transaction with a disqualified person during the year? If "Yes," complete Schedule L, Part I	25a X	
b Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? If "Yes," complete Schedule L, Part I	25b X	
26 Was a loan to or by a current or former officer, director, trustee, key employee, highly compensated employee, or disqualified person outstanding as of the end of the organization's tax year? If "Yes," complete Schedule L, Part II	26 X	
27 Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor, or a grant selection committee member, or to a person related to such an individual? If "Yes," complete Schedule L, Part III	27 X	
28 Was the organization a party to a business transaction with one of the following parties (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions):		
a A current or former officer, director, trustee, or key employee? If "Yes," complete Schedule L, Part IV	28a X	
b A family member of a current or former officer, director, trustee, or key employee? If "Yes," complete Schedule L, Part IV	28b X	
c An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? If "Yes," complete Schedule L, Part IV	28c X	
29 Did the organization receive more than \$25,000 in non-cash contributions? If "Yes," complete Schedule M	29 X	
30 Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? If "Yes," complete Schedule M	30 X	
31 Did the organization liquidate, terminate, or dissolve and cease operations? If "Yes," complete Schedule N, Part I	31 X	
32 Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? If "Yes," complete Schedule N, Part II	32 X	
33 Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? If "Yes," complete Schedule R, Part I	33 X	
34 Was the organization related to any tax-exempt or taxable entity? If "Yes," complete Schedule R, Parts II, III, IV, and V, line 1	34 X	
35 Is any related organization a controlled entity within the meaning of section 512(b)(13)?	35 X	
a Did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? If "Yes," complete Schedule R, Part V, line 2	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
36 Section 501(c)(3) organizations. Did the organization make any transfers to an exempt non-charitable related organization? If "Yes," complete Schedule R, Part V, line 2	36 X	
37 Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? If "Yes," complete Schedule R, Part VI	37 X	
38 Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11 and 19? Note. All Form 990 filers are required to complete Schedule O	38 X	

**Part V Statements Regarding Other IRS Filings and Tax Compliance**Check if Schedule O contains a response to any question in this Part V 

	Yes	No
1a Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable	1a 0	
b Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable	1b 0	
c Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	1c <input checked="" type="checkbox"/>	
2a Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return	2a <input type="checkbox"/>	1
b If at least one is reported on line 2a, did the organization file all required federal employment tax returns? <i>Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file. (see instructions)</i>	2b <input checked="" type="checkbox"/>	
3a Did the organization have unrelated business gross income of \$1,000 or more during the year?	3a <input type="checkbox"/>	X
b If "Yes," has it filed a Form 990-T for this year? If "No," provide an explanation in Schedule O	3b <input type="checkbox"/>	
4a At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?	4a <input checked="" type="checkbox"/>	
b If "Yes," enter the name of the foreign country: ►  See instructions for filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts.		
5a Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?	5a <input checked="" type="checkbox"/>	
b Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?	5b <input checked="" type="checkbox"/>	
c If "Yes," to line 5a or 5b, did the organization file Form 8886-T?	5c <input type="checkbox"/>	
6a Does the organization have annual gross receipts that are normally greater than \$100,000, and did the organization solicit any contributions that were not tax deductible?	6a <input type="checkbox"/>	X
b If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?		
<b>7 Organizations that may receive deductible contributions under section 170(c).</b>		
a Did the organization receive a payment in excess of \$75 made partly as a contribution and partly for goods and services provided to the payor?	7a <input checked="" type="checkbox"/>	
b If "Yes," did the organization notify the donor of the value of the goods or services provided?	7b <input checked="" type="checkbox"/>	
c Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?	7c <input type="checkbox"/>	X
d If "Yes," indicate the number of Forms 8282 filed during the year	7d <input type="checkbox"/>	
e Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?		
f Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?		
g If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?		
h If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?		
<b>8 Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations.</b> Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?		
<b>9 Sponsoring organizations maintaining donor advised funds.</b>		
a Did the organization make any taxable distributions under section 4966?		
b Did the organization make a distribution to a donor, donor advisor, or related person?		
<b>10 Section 501(c)(7) organizations.</b> Enter:		
a Initiation fees and capital contributions included on Part VIII, line 12	10a <input type="checkbox"/>	
b Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities	10b <input type="checkbox"/>	
<b>11 Section 501(c)(12) organizations.</b> Enter:		
a Gross income from members or shareholders	11a <input type="checkbox"/>	
b Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them.)	11b <input type="checkbox"/>	
<b>12a Section 4947(a)(1) non-exempt charitable trusts.</b> Is the organization filing Form 990 in lieu of Form 1041?		
b If "Yes," enter the amount of tax-exempt interest received or accrued during the year	12b <input type="checkbox"/>	
<b>13 Section 501(c)(29) qualified nonprofit health insurance issuers.</b>		
a Is the organization licensed to issue qualified health plans in more than one state?		
<i>Note. See the instructions for additional information the organization must report on Schedule O.</i>		
b Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans	13b <input type="checkbox"/>	
c Enter the amount of reserves on hand	13c <input type="checkbox"/>	
<b>14a</b> Did the organization receive any payments for indoor tanning services during the tax year?	14a <input checked="" type="checkbox"/>	
b If "Yes," has it filed a Form 720 to report these payments? If "No," provide an explanation in Schedule O	14b <input type="checkbox"/>	

**Part VI: Governance, Management, and Disclosure** For each "Yes" response to lines 2 through 7b below, and for a "No" response to line 8a, 8b, or 10b below, describe the circumstances, processes, or changes in Schedule O. See instructions.

Check if Schedule O contains a response to any question in this Part VI

### Section A. Governing Body and Management

1a Enter the number of voting members of the governing body at the end of the tax year **1a** **13**

b Enter the number of voting members included in line 1a, above, who are independent **1b** **13**

2 Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee? **2** **X**

3 Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person? **3** **X**

4 Did the organization make any significant changes to its governing documents since the prior Form 990 was filed? **4** **X**

5 Did the organization become aware during the year of a significant diversion of the organization's assets? **5** **X**

6 Does the organization have members or stockholders? **6** **X**

7a Does the organization have members, stockholders, or other persons who may elect one or more members of the governing body? **7a** **X**

b Are any decisions of the governing body subject to approval by members, stockholders, or other persons? **7b** **X**

8 Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following:

a The governing body? **8a** **X**

b Each committee with authority to act on behalf of the governing body? **8b** **X**

9 Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O **9** **X**

### Section B. Policies (This Section B requests information about policies not required by the Internal Revenue Code.)

10a Does the organization have local chapters, branches, or affiliates? **10a** **X**

b If "Yes," does the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with those of the organization? **10b**

11a Has the organization provided a copy of this Form 990 to all members of its governing body before filing the form? **11a** **X**

b Describe in Schedule O the process, if any, used by the organization to review this Form 990. **12a** **X**

12a Does the organization have a written conflict of interest policy? If "No," go to line 13 **12b** **X**

b Are officers, directors or trustees, and key employees required to disclose annually interests that could give rise to conflicts? **12c** **X**

c Does the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this is done **13** **X**

13 Does the organization have a written whistleblower policy? **14** **X**

14 Does the organization have a written document retention and destruction policy? **15** **X**

15 Did the process for determining compensation of the following persons include a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision? **15a** **X**

a The organization's CEO, Executive Director, or top management official **15b** **X**

b Other officers or key employees of the organization **16a** **X**

If "Yes" to line 15a or 15b, describe the process in Schedule O. (See instructions.) **16b**

16a Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year? **16b**

b If "Yes," has the organization adopted a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and taken steps to safeguard the organization's exempt status with respect to such arrangements? **16b**

### Section C. Disclosure

17 List the states with which a copy of this Form 990 is required to be filed ► **IL**

18 Section 6104 requires an organization to make its Forms 1023 (or 1024 if applicable), 990, and 990-T (501(c)(3)s only) available for public inspection. Indicate how you make these available. Check all that apply.

Own website  Another's website  Upon request

19 Describe in Schedule O whether (and if so, how), the organization makes its governing documents, conflict of interest policy, and financial statements available to the public.

20 State the name, physical address, and telephone number of the person who possesses the books and records of the organization: ► **SCOTT WITZIG - (309) 291-0434**

**309 N MAIN ST, SUITE B, MORTON, IL 61550**

## **Part VII: Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors**

Check if Schedule O contains a response to any question in this Part VII

**Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees**

**1a** Complete this table for all persons required to be listed. Report compensation for the calendar year ending with or within the organization's tax year.

- List all of the organization's **current** officers, directors, trustees (whether individuals or organizations), regardless of amount of compensation. Enter -0- in columns (D), (E), and (F) if no compensation was paid.
- List all of the organization's **current** key employees, if any. See instructions for definition of "key employee."
- List the organization's five **current** highest compensated employees (other than an officer, director, trustee, or key employee) who received reportable compensation (Box 5 of Form W-2 and/or Box 7 of Form 1099-MISC) of more than \$100,000 from the organization and any related organizations.
- List all of the organization's **former** officers, key employees, and highest compensated employees who received more than \$100,000 of reportable compensation from the organization and any related organizations.
- List all of the organization's **former** directors or trustees that received, in the capacity as a former director or trustee of the organization, more than \$10,000 of reportable compensation from the organization and any related organizations.

List persons in the following order: individual trustees or directors; institutional trustees; officers; key employees; highest compensated employees; and former such persons.

Check this box if neither the organization nor any related organization compensated any current officer, director, or trustee.

**(A)** **(B)** **(C)** **(D)** **(E)**

Name and Title	Average hours per week (describe hours for related organizations in Schedule O)	Position (check all that apply)					Reportable compensation from the organization (W-2/1099-MISC)	Reportable compensation from related organizations (W-2/1099-MISC)	Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee			
MARY JANE JOHNSON PRESIDENT		X	X				0.	0.	0.
MARK JOHNSON VICE PRESIDENT		X	X				0.	0.	0.
MIKE WITZIG TREASURER		X	X				0.	0.	0.
CAROL JANKOWSKI SECRETARY		X	X				0.	0.	0.
JIM BENCKENDORF TRUSTEE		X					0.	0.	0.
LAURA ELAM TRUSTEE		X					0.	0.	0.
NICOLE GIBSON TRUSTEE		X					0.	0.	0.
MICHELE KUHL TRUSTEE		X					0.	0.	0.
WAYNE MENOLD TRUSTEE		X					0.	0.	0.
DAVE MILLS TRUSTEE		X					0.	0.	0.
MIKE MURPHY TRUSTEE		X					0.	0.	0.
TYLER PETERSEN TRUSTEE		X					0.	0.	0.
JANICE SHERMAN TRUSTEE		X					0.	0.	0.

**Part VII: Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees (continued)**

		Yes	No
3	Did the organization list any <b>former</b> officer, director or trustee, key employee, or highest compensated employee on line 1a? If "Yes," complete Schedule J for such individual	3	X
4	For any individual listed on line 1a, is the sum of reportable compensation and other compensation from the organization and related organizations greater than \$150,000? If "Yes," complete Schedule J for such individual	4	X
5	Did any person listed on line 1a receive or accrue compensation from any unrelated organization or individual for services rendered to the organization? If "Yes," complete Schedule J for such person	5	X

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**Section B. Independent Contractors**

1 Complete this table for your five highest compensated independent contractors that received more than \$100,000 of compensation from the organization. **NONE**

(A)	(B)	(C)
Name and business address	Description of services	Compensation

## Part VIII Statement of Revenue

		(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512, 513, or 514	
Contributions, gifts, grants and other similar amounts	1 a Federated campaigns	1a				
	b Membership dues	1b				
	c Fundraising events	1c				
	d Related organizations	1d				
	e Government grants (contributions)	1e				
	f All other contributions, gifts, grants, and similar amounts not included above	1f	373,598.			
	g Noncash contributions included in lines 1a-1f \$			373,598.		
	h Total. Add lines 1a-1f					
Program Service Revenue	2 a		Business Code			
	b					
	c					
	d					
	e					
	f All other program service revenue					
g Total. Add lines 2a-2f						
Other Revenue	3 Investment income (including dividends, interest, and other similar amounts)				119,853.	
	4 Income from investment of tax-exempt bond proceeds					
	5 Royalties					
	6 a Gross Rents	(i) Real	(ii) Personal			
	b Less: rental expenses					
	c Rental income or (loss)					
	d Net rental income or (loss)					
	7 a Gross amount from sales of assets other than inventory	(i) Securities	(ii) Other			
	b Less: cost or other basis and sales expenses					
	c Gain or (loss)					
	d Net gain or (loss)					
	8 a Gross income from fundraising events (not including \$ _____ of contributions reported on line 1c). See Part IV, line 18	a				
	b Less: direct expenses	b				
	c Net income or (loss) from fundraising events					
9 a Gross income from gaming activities. See Part IV, line 19	a					
b Less: direct expenses	b					
c Net income or (loss) from gaming activities						
10 a Gross sales of inventory, less returns and allowances	a					
b Less: cost of goods sold	b					
c Net income or (loss) from sales of inventory						
Miscellaneous Revenue	Business Code					
11 a MANAGEMENT FEES	900099	2,682.	2,682.			
b						
c						
d All other revenue						
e Total. Add lines 11a-11d		2,682.				
12 Total revenue. See instructions		496,133.	2,682.	0.	119,853.	

**Part IX: Statement of Functional Expenses**

Section 501(c)(3) and 501(c)(4) organizations must complete all columns.

All other organizations must complete column (A) but are not required to complete columns (B), (C), and (D).

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.	(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1 Grants and other assistance to governments and organizations in the U.S. See Part IV, line 21	53,950.	53,950.		
2 Grants and other assistance to individuals in the U.S. See Part IV, line 22				
3 Grants and other assistance to governments, organizations, and individuals outside the U.S. See Part IV, lines 15 and 16				
4 Benefits paid to or for members				
5 Compensation of current officers, directors, trustees, and key employees				
6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)				
7 Other salaries and wages	78,438.		78,438.	
8 Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	1,800.		1,800.	
9 Other employee benefits	10,516.		10,516.	
10 Payroll taxes	6,599.		6,599.	
11 Fees for services (non-employees):				
a Management				
b Legal				
c Accounting				
d Lobbying				
e Professional fundraising services See Part IV, line 17	3,590.		3,590.	
f Investment management fees	13,340.	13,340.		
g Other				
12 Advertising and promotion	1,812.			1,812.
13 Office expenses	10,006.		10,006.	
14 Information technology				
15 Royalties				
16 Occupancy				
17 Travel				
18 Payments of travel or entertainment expenses for any federal, state, or local public officials				
19 Conferences, conventions, and meetings	3,162.		3,162.	
20 Interest				
21 Payments to affiliates				
22 Depreciation, depletion, and amortization	650.		650.	
23 Insurance	2,063.		2,063.	
24 Other expenses Itemize expenses not covered above (List miscellaneous expenses in line 24f. If line 24f amount exceeds 10% of line 25, column (A) amount, list line 24f expenses on Schedule O)				
a FUNDRAISING EVENTS	4,855.			4,855.
b PRINTING & MATERIALS	2,731.			2,731.
c DUES	1,503.		1,503.	
d MISCELLANEOUS MANAGEMENT	1,371.		1,371.	
e TECH SUPPORT	223.		223.	
f All other expenses				
25 Total functional expenses. Add lines 1 through 24f	196,609.	67,290.	119,921.	9,398.
26 Joint costs. Check here ► <input type="checkbox"/> if following SOP 98-2 (ASC 958-720) Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation				

## Part X Balance Sheet

		(A) Beginning of year		(B) End of year
Assets	1 Cash - non-interest-bearing	374,476.	1	461,088.
	2 Savings and temporary cash investments	978,669.	2	1,338,898.
	3 Pledges and grants receivable, net		3	
	4 Accounts receivable, net	7,849.	4	2,620.
	5 Receivables from current and former officers, directors, trustees, key employees, and highest compensated employees. Complete Part II of Schedule L		5	
	6 Receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions)		6	
	7 Notes and loans receivable, net		7	
	8 Inventories for sale or use		8	
	9 Prepaid expenses and deferred charges		9	
	10a Land, buildings, and equipment: cost or other basis. Complete Part VI of Schedule D	9,658.		
	10b Less: accumulated depreciation	650.	10c	0.
	11 Investments - publicly traded securities		11	
	12 Investments - other securities. See Part IV, line 11		12	
	13 Investments - program-related. See Part IV, line 11		13	
	14 Intangible assets		14	
	15 Other assets. See Part IV, line 11		15	
	16 Total assets. Add lines 1 through 15 (must equal line 34)	1,361,644.	16	1,802,606.
Liabilities	17 Accounts payable and accrued expenses	7,813.	17	3,571.
	18 Grants payable	13,050.	18	10,518.
	19 Deferred revenue		19	
	20 Tax-exempt bond liabilities		20	
	21 Escrow or custodial account liability. Complete Part IV of Schedule D		21	
	22 Payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons. Complete Part II of Schedule L		22	
	23 Secured mortgages and notes payable to unrelated third parties		23	
	24 Unsecured notes and loans payable to unrelated third parties		24	
	25 Other liabilities. Complete Part X of Schedule D	65,255.	25	127,684.
	26 Total liabilities. Add lines 17 through 25	86,118.	26	141,773.
Net Assets or Fund Balances	Organizations that follow SFAS 117, check here ► <input checked="" type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34.			
	27 Unrestricted net assets	479,066.	27	506,559.
	28 Temporarily restricted net assets	796,460.	28	1,154,274.
	29 Permanently restricted net assets		29	
	Organizations that do not follow SFAS 117, check here ► <input type="checkbox"/> and complete lines 30 through 34.			
	30 Capital stock or trust principal, or current funds		30	
	31 Paid-in or capital surplus, or land, building, or equipment fund		31	
	32 Retained earnings, endowment, accumulated income, or other funds		32	
	33 Total net assets or fund balances	1,275,526.	33	1,660,833.
	34 Total liabilities and net assets/fund balances	1,361,644.	34	1,802,606.

**Part XI Reconciliation of Net Assets**Check if Schedule O contains a response to any question in this Part XI 

1 Total revenue (must equal Part VIII, column (A), line 12)	1	496,133.
2 Total expenses (must equal Part IX, column (A), line 25)	2	196,609.
3 Revenue less expenses. Subtract line 2 from line 1	3	299,524.
4 Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	1,275,526.
5 Other changes in net assets or fund balances (explain in Schedule O)	5	85,783.
6 Net assets or fund balances at end of year. Combine lines 3, 4, and 5 (must equal Part X, line 33, column (B))	6	1,660,833.

**Part XII Financial Statements and Reporting**Check if Schedule O contains a response to any question in this Part XII 

1 Accounting method used to prepare the Form 990:  Cash  Accrual  Other \_\_\_\_\_  
If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O.

2a Were the organization's financial statements compiled or reviewed by an independent accountant?  
b Were the organization's financial statements audited by an independent accountant?  
c If "Yes" to line 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant?  
If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O.  
d If "Yes" to line 2a or 2b, check a box below to indicate whether the financial statements for the year were issued on a separate basis, consolidated basis, or both:  
 Separate basis  Consolidated basis  Both consolidated and separate basis

3a As a result of a federal award, was the organization required to undergo an audit or audits as set forth in the Single Audit Act and OMB Circular A-133?  
b If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits.

	Yes	No
2a	X	
2b	X	
2c	X	
3a	X	
3b		

Form 990 (2010)

**SCHEDULE A**  
(Form 990 or 990-EZ)

Department of the Treasury  
Internal Revenue Service

**Public Charity Status and Public Support**

Complete if the organization is a section 501(c)(3) organization or a section 4947(a)(1) nonexempt charitable trust.  
► Attach to Form 990 or Form 990-EZ. ► See separate instructions.

OMB No 1545-0047

**2010**

Open to Public  
Inspection

Name of the organization

MORTON COMMUNITY FOUNDATION

Employer identification number

37-1397503

**Part I Reason for Public Charity Status** (All organizations must complete this part.) See instructions.

The organization is not a private foundation because it is: (For lines 1 through 11, check only one box.)

1  A church, convention of churches, or association of churches described in section 170(b)(1)(A)(i).  
 2  A school described in section 170(b)(1)(A)(ii). (Attach Schedule E.)  
 3  A hospital or a cooperative hospital service organization described in section 170(b)(1)(A)(iii).  
 4  A medical research organization operated in conjunction with a hospital described in section 170(b)(1)(A)(iii). Enter the hospital's name, city, and state: \_\_\_\_\_  
 5  An organization operated for the benefit of a college or university owned or operated by a governmental unit described in section 170(b)(1)(A)(iv). (Complete Part II.)  
 6  A federal, state, or local government or governmental unit described in section 170(b)(1)(A)(v).  
 7  An organization that normally receives a substantial part of its support from a governmental unit or from the general public described in section 170(b)(1)(A)(vi). (Complete Part II.)  
 8  A community trust described in section 170(b)(1)(A)(vi). (Complete Part II.)  
 9  An organization that normally receives: (1) more than 33 1/3% of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions - subject to certain exceptions, and (2) no more than 33 1/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975. See section 509(a)(2). (Complete Part III.)  
 10  An organization organized and operated exclusively to test for public safety. See section 509(a)(4).  
 11  An organization organized and operated exclusively for the benefit of, to perform the functions of, or to carry out the purposes of one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2). See section 509(a)(3). Check the box that describes the type of supporting organization and complete lines 11e through 11h.  
 a  Type I      b  Type II      c  Type III - Functionally integrated      d  Type III - Other  
 e  By checking this box, I certify that the organization is not controlled directly or indirectly by one or more disqualified persons other than foundation managers and other than one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2).  
 f If the organization received a written determination from the IRS that it is a Type I, Type II, or Type III supporting organization, check this box   
 g Since August 17, 2006, has the organization accepted any gift or contribution from any of the following persons?  
 (i) A person who directly or indirectly controls, either alone or together with persons described in (ii) and (iii) below, the governing body of the supported organization?  
 (ii) A family member of a person described in (i) above?  
 (iii) A 35% controlled entity of a person described in (i) or (ii) above?  
 h Provide the following information about the supported organization(s).

	Yes	No
11g(i)		
11g(ii)		
11g(iii)		

(i) Name of supported organization	(ii) EIN	(iii) Type of organization (described on lines 1-9 above or IRC section (see instructions))	(iv) Is the organization in col (i) listed in your governing document?	(v) Did you notify the organization in col (i) of your support?		(vi) Is the organization in col (i) organized in the U.S.?	(vii) Amount of support
				Yes	No		
Total							

LHA For Paperwork Reduction Act Notice, see the Instructions for Form 990 or 990-EZ.

Schedule A (Form 990 or 990-EZ) 2010

**Part II. Support Schedule for Organizations Described in Sections 170(b)(1)(A)(iv) and 170(b)(1)(A)(vi)**

(Complete only if you checked the box on line 5, 7, or 8 of Part I or if the organization failed to qualify under Part III. If the organization fails to qualify under the tests listed below, please complete Part III.)

**Section A. Public Support**

Calendar year (or fiscal year beginning in) ►	(a) 2006	(b) 2007	(c) 2008	(d) 2009	(e) 2010	(f) Total
1 Gifts, grants, contributions, and membership fees received. (Do not include any "unusual grants.")	159,302.	462,711.	106,464.	416,629.	283,500.	1,428,606.
2 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
3 The value of services or facilities furnished by a governmental unit to the organization without charge						
4 Total. Add lines 1 through 3	159,302.	462,711.	106,464.	416,629.	283,500.	1,428,606.
5 The portion of total contributions by each person (other than a governmental unit or publicly supported organization) included on line 1 that exceeds 2% of the amount shown on line 11, column (f)						
6 Public support. Subtract line 5 from line 4						1,428,606.

**Section B. Total Support**

Calendar year (or fiscal year beginning in) ►	(a) 2006	(b) 2007	(c) 2008	(d) 2009	(e) 2010	(f) Total
7 Amounts from line 4	159,302.	462,711.	106,464.	416,629.	283,500.	1,428,606.
8 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources	20,994.	26,416.	30,420.	24,987.	119,853.	222,670.
9 Net income from unrelated business activities, whether or not the business is regularly carried on						
10 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part IV.)	2,649.	1,760.	2,430.	1,793.	2,682.	11,314.
11 Total support. Add lines 7 through 10						1,662,590.
12 Gross receipts from related activities, etc. (see instructions)					12	

13 First five years. If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and stop here ►

**Section C. Computation of Public Support Percentage**

14 Public support percentage for 2010 (line 6, column (f) divided by line 11, column (f))	14	85.93	%
15 Public support percentage from 2009 Schedule A, Part II, line 14	15	88.42	%
16a 33 1/3% support test - 2010. If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and stop here. The organization qualifies as a publicly supported organization ► <input checked="" type="checkbox"/>			
b 33 1/3% support test - 2009. If the organization did not check a box on line 13 or 16a, and line 15 is 33 1/3% or more, check this box and stop here. The organization qualifies as a publicly supported organization ► <input type="checkbox"/>			
17a 10% -facts-and-circumstances test - 2010. If the organization did not check a box on line 13, 16a, or 16b, and line 14 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and stop here. Explain in Part IV how the organization meets the "facts-and-circumstances" test. The organization qualifies as a publicly supported organization ► <input type="checkbox"/>			
b 10% -facts-and-circumstances test - 2009. If the organization did not check a box on line 13, 16a, 16b, or 17a, and line 15 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and stop here. Explain in Part IV how the organization meets the "facts-and-circumstances" test. The organization qualifies as a publicly supported organization ► <input type="checkbox"/>			
18 Private foundation. If the organization did not check a box on line 13, 16a, 16b, 17a, or 17b, check this box and see instructions ► <input type="checkbox"/>			

**Part III. Support Schedule for Organizations Described in Section 509(a)(2)**

(Complete only if you checked the box on line 9 of Part I or if the organization failed to qualify under Part II. If the organization fails to qualify under the tests listed below, please complete Part II.)

**Section A. Public Support**

Calendar year (or fiscal year beginning in) ►	(a) 2006	(b) 2007	(c) 2008	(d) 2009	(e) 2010	(f) Total
1 Gifts, grants, contributions, and membership fees received. (Do not include any "unusual grants.")						
2 Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in any activity that is related to the organization's tax-exempt purpose						
3 Gross receipts from activities that are not an unrelated trade or business under section 513						
4 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
5 The value of services or facilities furnished by a governmental unit to the organization without charge						
<b>6 Total.</b> Add lines 1 through 5						
<b>7a</b> Amounts included on lines 1, 2, and 3 received from disqualified persons						
<b>b</b> Amounts included on lines 2 and 3 received from other than disqualified persons that exceed the greater of \$5,000 or 1% of the amount on line 13 for the year						
<b>c</b> Add lines 7a and 7b						
<b>8 Public support</b> (Subtract line 7c from line 6)						

**Section B. Total Support**

Calendar year (or fiscal year beginning in) ►	(a) 2006	(b) 2007	(c) 2008	(d) 2009	(e) 2010	(f) Total
9 Amounts from line 6						
<b>10a</b> Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
<b>b</b> Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						
<b>c</b> Add lines 10a and 10b						
<b>11</b> Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						
<b>12</b> Other income. Do not include gain or loss from the sale of capital assets (Explain in Part IV.)						
<b>13 Total support</b> (Add lines 9, 10c, 11, and 12)						

**14 First five years.** If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and **stop here** ►

**Section C. Computation of Public Support Percentage**

15 Public support percentage for 2010 (line 8, column (f) divided by line 13, column (f))	15	%
16 Public support percentage from 2009 Schedule A, Part III, line 15	16	%

**Section D. Computation of Investment Income Percentage**

17 Investment income percentage for 2010 (line 10c, column (f) divided by line 13, column (f))	17	%
18 Investment income percentage from 2009 Schedule A, Part III, line 17	18	%

**19a 33 1/3% support tests - 2010.** If the organization did not check the box on line 14, and line 15 is more than 33 1/3%, and line 17 is not more than 33 1/3%, check this box and **stop here**. The organization qualifies as a publicly supported organization ►

**b 33 1/3% support tests - 2009.** If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3%, and line 18 is not more than 33 1/3%, check this box and **stop here**. The organization qualifies as a publicly supported organization ►

**20 Private foundation.** If the organization did not check a box on line 14, 19a, or 19b, check this box and see instructions ►

**SCHEDULE D**  
(Form 990)

Department of the Treasury  
Internal Revenue Service

**Supplemental Financial Statements**

► Complete if the organization answered "Yes," to Form 990,  
Part IV, line 6, 7, 8, 9, 10, 11, or 12.  
► Attach to Form 990. ► See separate instructions.

OMB No 1545-0047

**2010**

Open to Public  
Inspection

Name of the organization

MORTON COMMUNITY FOUNDATION

Employer identification number  
37-1397503

**Part I Organizations Maintaining Donor Advised Funds or Other Similar Funds or Accounts.** Complete if the organization answered "Yes" to Form 990, Part IV, line 6.

	(a) Donor advised funds	(b) Funds and other accounts
1 Total number at end of year		6
2 Aggregate contributions to (during year)	6,000.	
3 Aggregate grants from (during year)		
4 Aggregate value at end of year		

5 Did the organization inform all donors and donor advisors in writing that the assets held in donor advised funds are the organization's property, subject to the organization's exclusive legal control?  Yes  No

6 Did the organization inform all grantees, donors, and donor advisors in writing that grant funds can be used only for charitable purposes and not for the benefit of the donor or donor advisor, or for any other purpose conferring impermissible private benefit?  Yes  No

**Part II Conservation Easements.** Complete if the organization answered "Yes" to Form 990, Part IV, line 7.

1 Purpose(s) of conservation easements held by the organization (check all that apply).

<input type="checkbox"/> Preservation of land for public use (e.g., recreation or education)	<input type="checkbox"/> Preservation of an historically important land area
<input type="checkbox"/> Protection of natural habitat	<input type="checkbox"/> Preservation of a certified historic structure
<input type="checkbox"/> Preservation of open space	

2 Complete lines 2a through 2d if the organization held a qualified conservation contribution in the form of a conservation easement on the last day of the tax year.

	Held at the End of the Tax Year
2a	
2b	
2c	
2d	

a Total number of conservation easements

b Total acreage restricted by conservation easements

c Number of conservation easements on a certified historic structure included in (a)

d Number of conservation easements included in (c) acquired after 8/17/06, and not on a historic structure listed in the National Register

3 Number of conservation easements modified, transferred, released, extinguished, or terminated by the organization during the tax year ► \_\_\_\_\_

4 Number of states where property subject to conservation easement is located ► \_\_\_\_\_

5 Does the organization have a written policy regarding the periodic monitoring, inspection, handling of violations, and enforcement of the conservation easements it holds?  Yes  No

6 Staff and volunteer hours devoted to monitoring, inspecting, and enforcing conservation easements during the year ► \_\_\_\_\_

7 Amount of expenses incurred in monitoring, inspecting, and enforcing conservation easements during the year ► \$ \_\_\_\_\_

8 Does each conservation easement reported on line 2(d) above satisfy the requirements of section 170(h)(4)(B)(i) and section 170(h)(4)(B)(ii)?  Yes  No

9 In Part XIV, describe how the organization reports conservation easements in its revenue and expense statement, and balance sheet, and include, if applicable, the text of the footnote to the organization's financial statements that describes the organization's accounting for conservation easements.

**Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets.**

Complete if the organization answered "Yes" to Form 990, Part IV, line 8.

1a If the organization elected, as permitted under SFAS 116 (ASC 958), not to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide, in Part XIV, the text of the footnote to its financial statements that describes these items.

b If the organization elected, as permitted under SFAS 116 (ASC 958), to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide the following amounts relating to these items:

(i) Revenues included in Form 990, Part VIII, line 1 ► \$ \_\_\_\_\_

(ii) Assets included in Form 990, Part X ► \$ \_\_\_\_\_

2 If the organization received or held works of art, historical treasures, or other similar assets for financial gain, provide the following amounts required to be reported under SFAS 116 (ASC 958) relating to these items:

a Revenues included in Form 990, Part VIII, line 1 ► \$ \_\_\_\_\_

b Assets included in Form 990, Part X ► \$ \_\_\_\_\_

**Part III. Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets (continued)**

3 Using the organization's acquisition, accession, and other records, check any of the following that are a significant use of its collection items

(check all that apply):

a  Public exhibition  
 b  Scholarly research  
 c  Preservation for future generations

d  Loan or exchange programse  Other \_\_\_\_\_

4 Provide a description of the organization's collections and explain how they further the organization's exempt purpose in Part XIV.

5 During the year, did the organization solicit or receive donations of art, historical treasures, or other similar assets

to be sold to raise funds rather than to be maintained as part of the organization's collection?

 Yes No**Part IV. Escrow and Custodial Arrangements.** Complete if the organization answered "Yes" to Form 990, Part IV, line 9, or reported an amount on Form 990, Part X, line 21.

1a Is the organization an agent, trustee, custodian or other intermediary for contributions or other assets not included on Form 990, Part X?

 Yes No

b If "Yes," explain the arrangement in Part XIV and complete the following table:

	Amount
1c	
1d	
1e	
1f	

2a Did the organization include an amount on Form 990, Part X, line 21?

 Yes No

b If "Yes," explain the arrangement in Part XIV.

**Part V. Endowment Funds.** Complete if the organization answered "Yes" to Form 990, Part IV, line 10.

	(a) Current year	(b) Prior year	(c) Two years back	(d) Three years back	(e) Four years back
1a Beginning of year balance	986,473.	817,911.			
b Contributions	246,509.	75,802.			
c Net investment earnings, gains, and losses	202,431.	114,781.			
d Grants or scholarships	86,180.	14,100.			
e Other expenditures for facilities and programs	13,239.	7,921.			
f Administrative expenses					
g End of year balance	1,335,994.	986,473.			

2 Provide the estimated percentage of the year end balance held as:

a Board designated or quasi-endowment ► 41.71 %

b Permanent endowment ► %

c Term endowment ► 58.29 %

3a Are there endowment funds not in the possession of the organization that are held and administered for the organization

by:

(i) unrelated organizations  
 (ii) related organizations

	Yes	No
3a(i)	X	
3a(ii)		X
3b		

b If "Yes" to 3a(ii), are the related organizations listed as required on Schedule R?

4 Describe in Part XIV the intended uses of the organization's endowment funds.

**Part VI. Land, Buildings, and Equipment.** See Form 990, Part X, line 10.

	Description of investment	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land					
b Buildings					
c Leasehold improvements					
d Equipment		9,658.	9,658.		0.
e Other					
<b>Total.</b> Add lines 1a through 1e. (Column (d) must equal Form 990, Part X, column (B), line 10(c).)				►	0.

**Part VII Investments - Other Securities.** See Form 990, Part X, line 12.

(a) Description of security or category (including name of security)	(b) Book value	(c) Method of valuation: Cost or end-of-year market value
(1) Financial derivatives		
(2) Closely-held equity interests		
(3) Other		
(A)		
(B)		
(C)		
(D)		
(E)		
(F)		
(G)		
(H)		
(I)		
<b>Total. (Col (b) must equal Form 990, Part X, col (B) line 12 ) ►</b>		

**Part VIII Investments - Program Related.** See Form 990, Part X, line 13.

(a) Description of investment type	(b) Book value	(c) Method of valuation: Cost or end-of-year market value
(1)		
(2)		
(3)		
(4)		
(5)		
(6)		
(7)		
(8)		
(9)		
(10)		
<b>Total. (Col (b) must equal Form 990, Part X, col (B) line 13 ) ►</b>		

**Part IX Other Assets.** See Form 990, Part X, line 15.

(a) Description	(b) Book value
(1)	
(2)	
(3)	
(4)	
(5)	
(6)	
(7)	
(8)	
(9)	
(10)	
<b>Total. (Column (b) must equal Form 990, Part X, col (B) line 15.) ►</b>	

**Part X Other Liabilities.** See Form 990, Part X, line 25.

(a) Description of liability	(b) Amount
(1) Federal income taxes	
(2) PAYROLL LIABILITIES	1,550.
(3) AGENCY LIABILITIES	126,134.
(4)	
(5)	
(6)	
(7)	
(8)	
(9)	
(10)	
(11)	
<b>Total. (Column (b) must equal Form 990, Part X, col (B) line 25.) ►</b>	127,684.

1. FIN 48 (ASC 740) Footnote In Part XIV, provide the text of the footnote to the organization's financial statements that reports the organization's liability for uncertain tax positions under

2. FIN 48 (ASC 740)

**Part XI Reconciliation of Change in Net Assets from Form 990 to Audited Financial Statements**

1 Total revenue (Form 990, Part VIII, column (A), line 12)	1	496,133.
2 Total expenses (Form 990, Part IX, column (A), line 25)	2	196,609.
3 Excess or (deficit) for the year. Subtract line 2 from line 1	3	299,524.
4 Net unrealized gains (losses) on investments	4	85,783.
5 Donated services and use of facilities	5	
6 Investment expenses	6	
7 Prior period adjustments	7	
8 Other (Describe in Part XIV.)	8	
9 Total adjustments (net). Add lines 4 through 8	9	85,783.
10 Excess or (deficit) for the year per audited financial statements. Combine lines 3 and 9	10	385,307.

**Part XII Reconciliation of Revenue per Audited Financial Statements With Revenue per Return**

1 Total revenue, gains, and other support per audited financial statements	1	587,916.
2 Amounts included on line 1 but not on Form 990, Part VIII, line 12:		
a Net unrealized gains on investments	2a	85,783.
b Donated services and use of facilities	2b	6,000.
c Recoveries of prior year grants	2c	
d Other (Describe in Part XIV.)	2d	
e Add lines 2a through 2d	2e	91,783.
3 Subtract line 2e from line 1	3	496,133.
4 Amounts included on Form 990, Part VIII, line 12, but not on line 1:		
a Investment expenses not included on Form 990, Part VIII, line 7b	4a	
b Other (Describe in Part XIV.)	4b	
c Add lines 4a and 4b	4c	0.
5 Total revenue. Add lines 3 and 4c. (This must equal Form 990, Part I, line 12.)	5	496,133.

**Part XIII Reconciliation of Expenses per Audited Financial Statements With Expenses per Return**

1 Total expenses and losses per audited financial statements	1	202,609.
2 Amounts included on line 1 but not on Form 990, Part IX, line 25:		
a Donated services and use of facilities	2a	6,000.
b Prior year adjustments	2b	
c Other losses	2c	
d Other (Describe in Part XIV.)	2d	
e Add lines 2a through 2d	2e	6,000.
3 Subtract line 2e from line 1	3	196,609.
4 Amounts included on Form 990, Part IX, line 25, but not on line 1:		
a Investment expenses not included on Form 990, Part VIII, line 7b	4a	
b Other (Describe in Part XIV.)	4b	
c Add lines 4a and 4b	4c	0.
5 Total expenses. Add lines 3 and 4c. (This must equal Form 990, Part I, line 18.)	5	196,609.

**Part XIV Supplemental Information**

Complete this part to provide the descriptions required for Part II, lines 3, 5, and 9; Part III, lines 1a and 4; Part IV, lines 1b and 2b; Part V, line 4; Part X, line 2; Part XI, line 8; Part XII, lines 2d and 4b; and Part XIII, lines 2d and 4b. Also complete this part to provide any additional information.

**Part V, line 4: THE FOUNDATION'S ENDOWMENTS CONSIST OF FUNDS**

**ESTABLISHED TO SUPPORT VARIOUS PROGRAMS AND ACTIVITIES OF THE FOUNDATION.**



MORTON COMMUNITY FOUNDATION

Part III Grants and Other

### **Grants and Other Assistance to Individuals in the United States. Complete the organization answers to the following questions.**

(a) Type of grant or assistance

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111

**SCHEDULE O**  
(Form 990 or 990-EZ)

Department of the Treasury  
Internal Revenue Service

**Supplemental Information to Form 990 or 990-EZ**

Complete to provide information for responses to specific questions on  
Form 990 or 990-EZ or to provide any additional information.  
► Attach to Form 990 or 990-EZ.

OMB No 1545-0047

**2010**  
Open to Public  
Inspection

Name of the organization

MORTON COMMUNITY FOUNDATION

Employer identification number  
37-1397503

Form 990, Part VI, Section B, line 11: THE GOVERNING BODY DOES NOT REVIEW  
FORM 990 BEFORE IT IS FILED WITH THE IRS.

Form 990, Part VI, Section B, Line 12c: THE PRESIDENT REGULARLY AND  
CONSISTENTLY MONITORS AND ENFORCES COMPLIANCE WITH THE CONFLICT OF INTEREST  
POLICY.

Form 990, Part VI, Section C, Line 19: THE ORGANIZATION'S GOVERNING  
DOCUMENTS AND FINANCIAL STATEMENTS ARE AVAILABLE UPON REQUEST.

Form 990, Part XI, line 5, Changes in Net Assets:

Net unrealized gains on investments: 85,783.

Form 8868 (Rev. 1-2011)

- If you are filing for an **Additional (Not Automatic) 3-Month Extension**, complete only Part II and check this box

**Note.** Only complete Part II if you have already been granted an automatic 3-month extension on a previously filed Form 8868.

- If you are filing for an **Automatic 3-Month Extension**, complete only Part I (on page 1).

<b>Part II Additional (Not Automatic) 3-Month Extension of Time.</b> Only file the original (no copies needed).		
<b>Type or print</b>  <b>File by the extended due date for filing your return. See Instructions</b>	Name of exempt organization  <b>MORTON COMMUNITY FOUNDATION</b>	Employer identification number  <b>37-1397503</b>
	Number, street, and room or suite no. If a P.O. box, see instructions.  <b>309 N MAIN ST, SUITE B</b>	
	City, town or post office, state, and ZIP code. For a foreign address, see instructions.  <b>MORTON, IL 61550</b>	

Enter the Return code for the return that this application is for (file a separate application for each return)

0 1

Application Is For	Return Code	Application Is For	Return Code
Form 990	01		
Form 990-BL	02	Form 1041-A	08
Form 990-EZ	03	Form 4720	09
Form 990-PF	04	Form 5227	10
Form 990-T (sec. 401(a) or 408(a) trust)	05	Form 6069	11
Form 990-T (trust other than above)	06	Form 8870	12

**STOP! Do not complete Part II if you were not already granted an automatic 3-month extension on a previously filed Form 8868.**

SCOTT WITZIG

- The books are in the care of ► **309 N MAIN ST, SUITE B - MORTON, IL 61550**

Telephone No. ► **(309) 291-0434** FAX No. ► 

- If the organization does not have an office or place of business in the United States, check this box
- If this is for a Group Return, enter the organization's four digit Group Exemption Number (GEN) . If this is for the whole group, check this box ► . If it is for part of the group, check this box ►  and attach a list with the names and EINs of all members the extension is for.

- 4 I request an additional 3-month extension of time until **May 15, 2012**.
- 5 For calendar year , or other tax year beginning **JUL 1, 2010**, and ending **JUN 30, 2011**.
- 6 If the tax year entered in line 5 is for less than 12 months, check reason:  Initial return  Final return  
 Change in accounting period
- 7 State in detail why you need the extension

8a If this application is for Form 990-BL, 990-PF, 990-T, 4720, or 6069, enter the tentative tax, less any nonrefundable credits. See instructions.	8a	\$	0.
b If this application is for Form 990-PF, 990-T, 4720, or 6069, enter any refundable credits and estimated tax payments made. Include any prior year overpayment allowed as a credit and any amount paid previously with Form 8868.	8b	\$	0.
c Balance due. Subtract line 8b from line 8a. Include your payment with this form, if required, by using EFTPS (Electronic Federal Tax Payment System). See instructions.	8c	\$	0.

#### Signature and Verification

Under penalties of perjury, I declare that I have examined this form, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete, and that I am authorized to prepare this form

Signature ► Mark D. Reisen Title ► CPADate ► 2/10/12

Form 8868 (Rev. 1-2011)

MORTON COMMUNITY FOUNDATION  
Morton, Illinois

Financial Statements  
and  
Auditor's Report

June 30, 2011

**COPY**

MORTON COMMUNITY FOUNDATION

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**GINOLI & COMPANY LTD**

**Certified Public Accountants and Business Consultants**

7625 N University, Suite A, Peoria Illinois 61614-8303 / 309 671-2350  
Morton Line 309 266-5923 / Telefax 309 671-5459 / email@ginolicpa.com / www.ginolicpa.com

Independent Auditor's Report

Board of Trustees  
Morton Community Foundation  
Morton, Illinois

We have audited the accompanying Statements of Financial Position of Morton Community Foundation as of June 30, 2011 and 2010, and the related Statements of Activities and Changes in Net Assets and Cash Flows for the years then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material 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 Morton Community Foundation as of June 30, 2011 and 2010, 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.

*Ginoli & Company Ltd*

**GINOLI & COMPANY LTD**  
Certified Public Accountants

Peoria, Illinois  
May 9, 2012

**MORTON COMMUNITY FOUNDATION  
STATEMENTS OF FINANCIAL POSITION  
JUNE 30, 2011 AND 2010**

<u>ASSETS</u>	<u>2011</u>	<u>2010</u>
Cash and cash equivalents	\$ 461,088	\$ 374,476
Investments	1,338,898	978,669
Accounts receivable	2,620	7,849
Equipment, net	-	650
 TOTAL ASSETS	 <u>\$ 1,802,606</u>	 <u>\$ 1,361,644</u>

**LIABILITIES AND NET ASSETS**

**LIABILITIES:**

Grants payable	\$ 10,518	\$ 13,050
Accounts payable and accrued expenses	3,571	7,813
Payroll liabilities	1,550	1,018
Agency liabilities	<u>126,134</u>	<u>64,237</u>
 Total liabilities	 <u>\$ 141,773</u>	 <u>\$ 86,118</u>

**NET ASSETS**

Unrestricted	\$ 506,559	\$ 479,066
Temporarily restricted	<u>1,154,274</u>	<u>796,460</u>
 Total net assets	 <u>\$ 1,660,833</u>	 <u>\$ 1,275,526</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 1,802,606</u>	 <u>\$ 1,361,644</u>

The notes to financial statements are an integral part of this exhibit.

## Exhibit B

**MORTON COMMUNITY FOUNDATION  
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS  
FOR THE YEARS ENDED JUNE 30, 2011 AND 2010**

	Unrestricted	Temporarily Restricted	Total 2011	Total 2010
<b>REVENUES, GAINS, AND OTHER SUPPORT</b>				
Public support - contributions	\$ 99,924	\$ 273,674	\$ 373,598	\$ 416,629
Investment income	10,402	19,353	29,755	24,987
Net unrealized and realized gains on investments	69,508	106,373	175,881	91,594
Management fees	2,682	-	2,682	1,793
In-kind rent	6,000	-	6,000	-
Net assets released from restrictions:				
Restrictions satisfied by payments	31,900	(31,900)	-	-
Administrative fees	9,686	(9,686)	-	-
<b>Total revenue, gains, and other support</b>	<b>\$ 230,102</b>	<b>\$ 357,814</b>	<b>\$ 587,916</b>	<b>\$ 535,003</b>
<b>DISTRIBUTIONS AND EXPENSES</b>				
Distributions and grants	\$ 53,950	\$ -	\$ 53,950	\$ 38,430
Investment management fees	13,340	-	13,340	9,714
Marketing	6,667	-	6,667	13,894
In-kind rent	6,000	-	6,000	-
Management and general	122,652	-	122,652	116,758
<b>Total distributions and expenses</b>	<b>\$ 202,609</b>	<b>\$ -</b>	<b>\$ 202,609</b>	<b>\$ 178,796</b>
<b>CHANGES IN NET ASSETS</b>				
NET ASSETS				
Beginning of year	<u>479,066</u>	<u>796,460</u>	<u>1,275,526</u>	<u>919,319</u>
End of year	<u>\$ 506,559</u>	<u>\$ 1,154,274</u>	<u>\$ 1,660,833</u>	<u>\$ 1,275,526</u>

The notes to financial statements are an integral part of this exhibit.

**MORTON COMMUNITY FOUNDATION  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30, 2011 AND 2010**

	<u>2011</u>	<u>2010</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Changes in net assets	\$ 385,307	\$ 356,207
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	650	3,220
Unrealized gains on investments	(85,783)	(70,876)
In-kind rent income	(6,000)	-
In-kind rent expense	6,000	-
Change in assets and liabilities:		
Accounts receivable	5,229	20,807
Grants payable	(2,532)	9,750
Accounts payable	(4,242)	4,130
Payroll liabilities	532	(282)
Agency liabilities	<u>61,897</u>	<u>809</u>
Net cash provided by operating activities	<u>\$ 361,058</u>	<u>\$ 323,765</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of investments	\$ (256,855)	\$ (54,898)
Interest/dividends reinvested	(26,938)	(23,187)
Realized (gains) losses reinvested	(90,098)	(20,718)
Distributions and grants from investments	86,180	-
Withdrawals for investment fees	<u>13,265</u>	<u>7,921</u>
Net cash used by investing activities	<u>\$ (274,446)</u>	<u>\$ (90,882)</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		
	\$ 86,612	\$ 232,883
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>374,476</u>	<u>141,593</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 461,088</u>	<u>\$ 374,476</u>

The notes to financial statements are an integral part of this exhibit.

MORTON COMMUNITY FOUNDATION  
NOTES TO FINANCIAL STATEMENTS

NOTE 1: NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT  
ACCOUNTING POLICIES

A. Nature of Activities

The Morton Community Foundation (Foundation) was organized on May 2, 2000. The Foundation is a nonprofit organization, and its purpose is to receive, manage, and distribute philanthropic gifts for the long-term benefit of Morton Area residents.

B. Basis of Accounting

The financial statements of the Foundation have been prepared on the accrual basis of accounting. Accordingly, revenues are recognized when earned and expenses are recognized when incurred.

C. Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the Foundation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. These net assets classifications are described as follows:

Unrestricted Net Assets - not subject to donor restrictions. Unrestricted net assets may be designated for specific purposes or locations by action of the Board of Trustees.

Temporarily Restricted Net Assets - subject to donor-imposed stipulations that may be fulfilled by actions of the Foundation to meet the stipulations or become unrestricted at the date specified by the donor.

Permanently Restricted Net Assets - subject to donor-imposed stipulations that they be retained and invested permanently by the Foundation, or in the absence of explicit donor stipulation, a portion of a donor-restricted fund that the Illinois Prudent Management of Institutional Funds Act (IPMIFA) requires the Foundation to retain permanently. The Foundation has no permanently restricted net assets.

D. Use of Estimates

The financial statements include estimates and assumptions made by management that effect the carrying amounts of assets and liabilities and the reported amounts of revenues and expenses. Actual amounts may differ from those estimates.

(Continued)

MORTON COMMUNITY FOUNDATION  
NOTES TO FINANCIAL STATEMENTS

NOTE 1: NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT  
ACCOUNTING POLICIES – continued

E. Cash and Cash Equivalents

For purposes of the statements of cash flows, the Foundation considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

F. Revenue Recognition

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

In certain instances, donors direct their donations to specific other charitable organizations. The Foundation has no discretion over the use of the assets received and, therefore, are considered to be acting in an agency capacity. Therefore, resources received and distributions disbursed are reported as increases and decreases in assets and liabilities, rather than contributions and distributions.

G. Equipment

Equipment is recorded at cost and is being depreciated using the straight-line method over its estimated useful life of three years. Expenditures for maintenance and repairs are charged to operations. Depreciation expense for the year ending June 30, 2011 and 2010 was \$650 and \$3,220, respectively.

H. Income Tax

The Foundation is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. However, income unrelated to its exempt purposes, if any, would be subject to income taxes. The income tax returns for the years ending June 30, 2011, 2010, and 2009 are open for examination by the taxing authorities.

(Continued)

MORTON COMMUNITY FOUNDATION  
NOTES TO FINANCIAL STATEMENTS

NOTE 2: CONCENTRATION OF CREDIT RISK

The Foundation maintains its checking and money market accounts at high credit quality financial institutions. The balance, at times, may exceed federally insured limits. At June 30, 2011, the Foundation exceeded the limit by \$172,474.

The investments of the Foundation are managed by the Community Foundation of Central Illinois (CFCI). Management believes CFCI invests Foundation funds to adequately meet its objectives for acceptable levels of risk and desire for growth and earnings.

NOTE 3: INVESTMENTS

The Foundation invests the majority of their funds in an Endowment Fund administered by the Community Foundation of Central Illinois (CFCI). CFCI manages the assets and maintains an accounting of the Foundation's portion of the fund. These fund assets are invested approximately 60% in equities, and approximately 40% in fixed income and cash equivalent securities.

Investments are reported at fair value based on quoted prices and are comprised of the following:

	<u>2011</u>	<u>2010</u>
Temporarily Restricted - CFCI	\$ 887,524	\$570,418
Unrestricted – CFCI	<u>451,374</u>	<u>408,251</u>
Total Investments	<u><u>\$1,338,898</u></u>	<u><u>\$978,669</u></u>

Investment income from these investments is summarized as follows:

Interest and dividends	\$ 26,938	\$ 23,187
Net realized gains	90,098	20,718
Net unrealized gains	<u>85,783</u>	<u>70,876</u>
Total investment income	<u><u>\$202,819</u></u>	<u><u>\$114,781</u></u>

(Continued)

**MORTON COMMUNITY FOUNDATION  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 4: FAIR VALUE MEASUREMENTS**

The Foundation uses a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described below:

**Level 1** Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access.

**Level 2** Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

**Level 3** Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

As of June 30, 2011, the only assets or liabilities that are measured at fair value on a recurring basis in periods subsequent to initial recognition are the investments held in an Endowment Fund administered by CFCI. Securities listed on a national market or exchange are valued at the last sales price. Such securities and cash equivalent securities are classified within Level 1 of the valuation hierarchy.

(Continued)

**MORTON COMMUNITY FOUNDATION  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 5: CLASSIFICATION OF NET ASSETS**

Net assets are available for the following purposes as of June 30, 2011 and 2010:

	<u>2011</u>	<u>2010</u>
<b>Unrestricted:</b>		
For administration	\$ 55,100	\$ 70,815
For grants	<u>451,459</u>	<u>408,251</u>
<b>Total Unrestricted</b>	<b><u>\$506,559</u></b>	<b><u>\$479,066</u></b>

Temporarily restricted net assets, subject to the power to invade, are available for the following purposes specified by the donors:

	<u>2011</u>	<u>2010</u>
	\$ 36,615	\$ 28,823
	12,410	3,453
	32,831	28,650
	34,498	29,744
	51,320	44,730
	25,293	21,697
	8,586	7,503
	9,521	7,617
	8,560	7,036
	15,099	12,687
	4,643	2,674
	15,921	13,912
	43,010	36,111
	30,191	22,876
	15,189	2,545
	405,016	223,265
	22,507	19,067
	29,472	9,073
	3,462	-
	18,585	16,139
	26,638	20,867
	7,896	-
	21,389	18,253
	10,708	-
	13,545	-
	175	-
	2,000	1,500
	239,080	204,350
	-	3,800
	<u>10,114</u>	<u>10,088</u>
<b>Total temporarily restricted net assets</b>	<b><u>\$1,154,274</u></b>	<b><u>\$796,460</u></b>

(Continued)

MORTON COMMUNITY FOUNDATION  
NOTES TO FINANCIAL STATEMENTS

NOTE 6: ENDOWMENTS

The Foundation's endowments consist of funds established to support various programs and activities of the Foundation. Its endowments consist of both donor-restricted endowment funds and funds designated by the Board of Directors (Board) to function as endowments. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Board of the Foundation has interpreted the Illinois Prudent Management of Institutional Funds Act (IPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. Consequently, the Foundation would classify permanently restricted net assets as:

- The original value of gifts donated to the permanent endowment,
- The original value of subsequent gifts to the permanent endowment.

The remaining portion of the donor-restricted endowment fund not classified as permanently restricted would be classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundation's Board. In accordance with IPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the endowment fund(s);
2. The purposes of the Foundation and the donor-restricted endowment fund(s);
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 the Foundation, and
7. The investment policy of the Foundation.

Spending Policy

The Foundation, acting through the Board of Directors, implements the spending policy through such actions as budget review and approval, review and approval of monthly financial statements, and review and assessment of investment performance.

(Continued)

**MORTON COMMUNITY FOUNDATION  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 6: ENDOWMENTS - continued**

**Return Objectives and Strategies Employed for Achieving Objectives**

The Foundation relies on a total return strategy of the CFCI in which investment returns are achieved through capital appreciation and current yield (interest and dividends). The primary objective for the investment management for endowment assets is to emphasize long-term growth of principal while avoiding risk. Short-term volatility will be tolerated to the extent that it is consistent with the volatility of a comparable market index. CFCI targets a diversified asset allocation strategy as follows:

Fixed Income Investments	-	40%
Equity Investments	-	60%

2011 Endowment net asset composition by type of fund as of June 30, 2011:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Donor restricted endowment funds	\$ -	\$ 905,079	\$ 905,079
Board designated endowment funds	<u>451,459</u>	<u>-</u>	<u>451,459</u>
<b>Total funds</b>	<b><u>451,459</u></b>	<b><u>905,079</u></b>	<b><u>1,356,538</u></b>

Changes in endowment net assets for the fiscal year ended June 30, 2011:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Net assets, beginning of year	\$ 408,251	\$ 578,222	\$ 986,473
Contributions	11,225	241,167	252,392
Investment return:			
Investment income	10,035	16,903	26,938
Net realized and unrealized gains	69,508	106,373	175,881
Appropriation of endowment assets for expenditure	<u>(47,560)</u>	<u>(37,586)</u>	<u>(85,146)</u>
<b>Net assets, end of year</b>	<b><u>451,459</u></b>	<b><u>905,079</u></b>	<b><u>1,356,538</u></b>

(Continued)

MORTON COMMUNITY FOUNDATION  
NOTES TO FINANCIAL STATEMENTS

NOTE 6: ENDOWMENTS - continued

2010 Endowment net asset composition by type of fund as of June 30, 2010:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Donor restricted endowment funds	\$ -	\$ 578,222	\$ 578,222
Board designated endowment funds	<u>408,251</u>	<u>-</u>	<u>408,251</u>
Total funds	<u>\$ 408,251</u>	<u>\$ 578,222</u>	<u>\$ 986,473</u>

Changes in endowment net assets for the fiscal year ended June 30, 2010:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Net assets, beginning of year	\$ 382,471	\$ 435,440	\$ 817,911
Contributions	2,765	73,037	75,802
Transfers	(25,000)	25,000	-
Investment return:			
Investment income	10,097	13,090	23,187
Net realized and unrealized gains	41,490	50,104	91,594
Appropriation of endowment assets for expenditure	<u>(3,572)</u>	<u>(18,449)</u>	<u>(22,021)</u>
Net assets, end of year	<u>\$ 408,251</u>	<u>\$ 578,222</u>	<u>\$ 986,473</u>

(Continued)

MORTON COMMUNITY FOUNDATION  
NOTES TO FINANCIAL STATEMENTS

NOTE 7: AGENCY LIABILITIES

Agency transactions for the year ended June 30, 2011 and 2010 were as follows:

	<u>2011</u>	<u>2010</u>
Beginning balance	\$ 64,237	\$63,428
Contributions	125,613	-
Investment income	1,082	1,009
Distributions and grants	-	(200)
Management fees	(613)	-
Transfers	<u>(64,185)</u>	<u>-</u>
Ending balance	<u>\$126,134</u>	<u>\$64,237</u>

NOTE 8: IN-KIND RENT

Morton Community Foundation received rent free use of a building from Lighthouse Automotive, on a month-by-month basis. Monthly rent is estimated at \$500 and is recorded as an income and expense item. Total rent recorded for 2011 is \$6,000.

NOTE 9: SUBSEQUENT EVENTS

Subsequent events were evaluated through the financial statement issuance date of May 9, 2012.

(Concluded)