

**INLAND NORTHWEST
COMMUNITY FOUNDATION**
(A Washington Non-Profit Corporation)
Spokane, Washington

**FINANCIAL STATEMENTS
WITH AUDITOR'S REPORT**
June 30, 2010



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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Inland Northwest Community Foundation
Bank of Whitman, Suite 302
618 W. Riverside
Spokane, Washington 99201

We have audited the accompanying consolidated statement of financial position of Inland Northwest Community Foundation (a non-profit corporation) and its related supporting organization as of June 30, 2010, and the related consolidated statements of activity and changes in net assets, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Organization's 2009 financial statements and, in our report dated October 8, 2009, we expressed an unqualified opinion on those financial 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 consolidated financial position of Inland Northwest Community Foundation and its supporting organization as of June 30, 2010, and the consolidated results of its activities, functional expenses, and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental information contained in Schedules I - V is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the examination of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Schoedel & Schoedel CPAs PLLC

October 15, 2010

INLAND NORTHWEST COMMUNITY FOUNDATION
Spokane, Washington

STATEMENTS OF FINANCIAL POSITION

As of June 30, 2010

With comparative totals as of June 30, 2009

	<u>ASSETS</u>	
	<u>2010</u>	<u>2009</u>
Assets:		
Cash and cash equivalents	\$ 655,905	\$ 351,323
Accounts receivable	5,580	1,451
Investments	51,679,724	46,982,451
Furniture and equipment, net of depreciation	49,696	59,000
Deferred gifts receivable - future interests	592,758	420,500
Supporting organization:		
Cash and cash equivalents	18,501	18,517
Accounts receivable	23,038	13,769
Real estate	1,441,923	1,441,923
Total assets	<u>\$ 54,467,125</u>	<u>\$ 49,288,934</u>
 <u>LIABILITIES AND NET ASSETS</u> 		
Liabilities:		
Accounts payable	\$ 25,086	\$ 45,313
Deferred salary payable	31,465	15,500
Grants payable	177,880	266,311
Total liabilities	<u>234,431</u>	<u>327,124</u>
Agency funds:		
Amounts designated for specific organizations	<u>4,130,763</u>	<u>3,614,883</u>
Net assets:		
Unrestricted		
Administrative	1,431,686	1,375,311
Discretionary	28,365,479	24,910,728
Area of interest	7,727,201	7,310,572
Designated	6,629,185	6,155,891
Scholarship	3,822,464	3,640,716
Equipment	49,696	59,000
Total unrestricted	<u>48,025,711</u>	<u>43,452,218</u>
Temporarily restricted - future interests	592,758	420,500
Temporarily restricted - supporting organization	1,483,462	1,474,209
Total temporarily restricted	<u>2,076,220</u>	<u>1,894,709</u>
Total net assets	<u>50,101,931</u>	<u>45,346,927</u>
Total liabilities and net assets	<u>\$ 54,467,125</u>	<u>\$ 49,288,934</u>

The accompanying notes are an integral part of these financial statements.

INLAND NORTHWEST COMMUNITY FOUNDATION
Spokane, Washington

STATEMENT OF FUNCTIONAL EXPENSES

Year ended June 30, 2010

With comparative totals for June 30, 2009

	GrantMaking						Total Program Services	Supporting Services		Totals 2010	Totals 2009
	Competitive	Non- Competitive	Philanthropic Services	Special Projects	Fund Management	Total		Administrative	Development		
Grants	\$ 898,174	\$ 1,678,725	\$ -	\$ -	\$ -	\$ 2,576,899	\$ -	\$ -	\$ 2,576,899	\$ 2,997,675	
Salaries	128,526	38,447	37,745	73,654	25,009	303,381	198,172	56,765	558,318	539,405	
Payroll taxes	10,938	3,272	3,212	6,268	2,128	25,818	16,866	4,831	47,571	47,571	
Employee benefits	24,717	7,394	7,259	14,165	4,810	58,345	38,111	10,917	107,373	100,149	
Total salaries and related expenses	164,181	49,113	48,216	94,087	31,947	387,544	253,149	72,513	713,206	687,125	
Consulting	-	-	-	-	-	-	5,743	-	5,743	8,342	
Legal and accounting	-	-	-	-	-	-	22,833	-	22,833	16,765	
Office supplies	1,331	398	391	763	259	3,142	2,053	588	5,783	7,447	
Postage	1,933	578	568	1,108	376	4,563	2,981	854	8,398	7,273	
Telephone	1,577	472	463	904	307	3,723	2,431	696	6,850	6,934	
Rent	20,618	6,168	6,055	11,816	4,012	48,669	31,791	9,106	89,566	86,954	
Insurance - general	-	-	-	-	-	-	7,594	-	7,594	7,576	
Taxes and licenses	-	-	-	-	-	-	1,196	-	1,196	472	
Parking and travel	2,109	631	620	1,209	410	4,979	3,253	932	9,164	7,011	
Minor equipment	-	-	-	-	-	-	802	-	802	2,710	
Equipment maintenance	-	-	-	-	-	-	24,674	-	24,674	28,279	
Public information	10,649	3,185	3,127	6,103	2,072	25,136	16,419	4,703	46,258	39,022	
Conferences	-	-	-	-	-	-	-	-	-	-	
Dues and subscriptions	2,039	610	599	1,168	397	4,813	3,144	900	8,857	8,790	
Meetings	4,636	1,387	1,361	2,657	902	10,943	7,148	2,047	20,138	21,492	
Bank fees	-	-	-	-	-	-	1,278	-	1,278	1,310	
Convening/TA/Workshops	1,273	381	374	730	248	3,006	1,963	562	5,531	1,552	
Investment management fees	-	-	-	-	49,659	49,659	-	-	49,659	55,333	
Miscellaneous	-	-	-	-	-	-	595	-	595	673	
Assessments	-	-	-	-	780,376	780,376	-	-	780,376	727,560	
Other expenses	-	7,280	-	-	98,723	106,003	2,698	-	108,701	9,778	
Depreciation	-	-	-	-	-	-	23,371	-	23,371	29,067	
Subtotal	210,346	70,203	61,774	120,545	969,688	1,432,556	415,116	92,901	1,940,573	1,761,465	
Less: allocated to agency funds	-	-	-	-	(236,289)	(236,289)	-	-	(236,289)	(95,709)	
Total expenditures	\$ 1,108,520	\$ 1,748,928	\$ 61,774	\$ 120,545	\$ 733,399	\$ 3,773,166	\$ 415,116	\$ 92,901	\$ 4,281,183	\$ 4,663,431	

The accompanying notes are an integral part of these financial statements.

FOUNDATION NORTHWEST
Spokane, Washington

STATEMENTS OF CASH FLOWS
Year ended June 30, 2010
With comparative totals for June 30, 2009

	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 4,755,004	\$ (11,950,584)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	23,371	29,067
Net (increase) decrease in program-related receivables	(13,398)	8,306
Net (increase) decrease in deferred gifts receivable	(172,258)	166,277
Net (gains) losses on investments	(3,616,090)	12,095,560
Net increase (decrease) in accounts payable	(4,262)	26,966
Net increase (decrease) in grants payable	(88,431)	70,506
Net increase (decrease) in amounts designated for specific organizations	515,880	(653,678)
Net cash provided (used) by operating activities	1,399,816	(207,580)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Net purchase of equipment	(14,067)	(24,435)
Net sales (purchases) of investments	(1,081,183)	(65,927)
Net cash provided (used) by investing activities	(1,095,250)	(90,362)
CASH FLOWS FROM FINANCING ACTIVITIES:	-	-
Net increase (decrease) in cash and cash equivalents	304,566	(297,942)
CASH AND CASH EQUIVALENTS - Beginning of year	369,840	667,782
CASH AND CASH EQUIVALENTS - End of year	\$ 674,406	\$ 369,840
CASH CLASSIFICATION:		
Cash and equivalents	655,905	351,323
Cash and equivalents - supporting organization	18,501	18,517
	\$ 674,406	\$ 369,840

The accompanying notes are an integral part of these financial statements.

INLAND NORTHWEST COMMUNITY FOUNDATION
Spokane, Washington

NOTES TO FINANCIAL STATEMENTS
June 30, 2010 and 2009

NOTE 1 - STATEMENT OF ORGANIZATION, PURPOSE AND FEDERAL INCOME TAX STATUS:

Organization and Purpose - Inland Northwest Community Foundation was incorporated on August 19, 1974 under the laws of the State of Washington as a non-profit corporation. The purpose of the Foundation is to carry out exclusively charitable purposes, primarily in and for the benefit of Spokane, Washington and the Inland Northwest.

Federal Income Tax Status - The Foundation has been granted an exemption from federal income taxes under Section 501 (c)(3) of the Internal Revenue Code in an exemption letter dated December 5, 1974. The Internal Revenue Service has further determined that the Foundation is a publicly supported organization under Section 509 (a)(1) and 170 (b)(1)(A)(vi) of the Code in a letter dated April 25, 1977.

Entity - These financial statements include the financial position and results of operations of Inland Northwest Community Foundation and its supporting organization. See also Note 10.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

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

Financial Statement Presentation - The Organization records contributions received as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Contributions of securities and property to the Foundation are recorded at fair market value at the date of the gift. Contributed materials, supplies, rent, equipment and outside professional services are reflected as contributions at their estimated fair market value at date of receipt. No amounts have been reflected in the statements for contributed volunteer non-professional services; however, a substantial number of volunteers have donated significant amounts of their time to the Foundation.

In addition, the Organization applies generally accepted principles for the disclosure and display of the net assets of the Organization. Accordingly, net assets are reported in the financial statements in each of the following three classes: (a) unrestricted net assets; (b) temporarily restricted net assets, and (c) permanently restricted net assets. Net assets of the restricted classes are created only by donor-imposed restrictions on their use. Contributions are considered to be available for unrestricted use unless specifically restricted by the donor.

INLAND NORTHWEST COMMUNITY FOUNDATION
Spokane, Washington

NOTES TO FINANCIAL STATEMENTS
June 30, 2010 and 2009

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNT POLICIES (Continued):

The Foundation's unrestricted net assets are further classified for display purposes into several categories, as described in Note 4. Net assets of the restricted classes are created only by donor-imposed restrictions on their use. All other net assets, including board-designated or appropriated amounts, are legally unrestricted, and are reported as part of the unrestricted class. Based on the variance powers granted to the Board of the Foundation, virtually all of the Foundation's funds are classified as unrestricted. As of June 30, 2010, temporarily restricted net assets are made up of funds that represent future interests, and are therefore restricted by the function of time. At June 30, 2010, there are no permanently restricted net assets.

The Foundation has adopted FASB ASC 958-605. This requires a recipient organization (Inland Northwest Community Foundation), that accepts cash or other financial assets from a donor and agrees to use those assets on behalf of a specified unaffiliated beneficiary, to recognize the fair value of those assets as a liability to the specified beneficiary, rather than as a contribution received. This may occur with donations received as "designated." However, since the Foundation has "variance power" over all donations, the Foundation will record a contribution received and an increase in net assets. Therefore, Foundation accounts for the majority of its receipts from donors as contributions received.

FASB ASC 958-605 also establishes standards for transactions that take place in a similar manner, but are not considered contributions because the transfers are defined as revocable, repayable, or reciprocal. One such circumstance occurs where a donor agency transfers assets and specifies itself as the beneficiary - these are commonly referred to as "agency funds." The Foundation accounts for transfers of such agency funds as a liability in the Statement of Financial Position termed "Agency funds: amounts designated for specific organizations." Subsequent donations to these funds from other donors are accounted for as contributions.

Fair Value Measurements - FASB ASC 820-10 defines fair value, establishes guidelines for measuring fair value and expands disclosures regarding fair measurements. FASB ASC 820-10 does not require any new fair value measurements but rather eliminates inconsistencies in guidance found in various prior accounting pronouncements and is effective for fiscal years beginning after November 15, 2007. Effective July 1, 2008, the Inland Northwest Community Foundation adopted FASB 820-10 which did not have a material impact on the financial statements.

FASB ASC 820-10 establishes a framework for measuring fair value. The framework provides 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 investment securities held by the Inland Northwest Community Foundation are classified as available for sale and are recorded at fair value based on quoted market prices (a Level 1 measurement).

INLAND NORTHWEST COMMUNITY FOUNDATION
Spokane, Washington

NOTES TO FINANCIAL STATEMENTS
June 30, 2010 and 2009

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNT POLICIES (Continued):

Investments in Securities - Investments in securities are carried at fair market value. Market values are provided by the Foundation's investment managers. Realized and unrealized gains or losses on securities are recorded as additions or subtractions from the applicable funds. Certain disclosures related to the investments and endowment funds are required. See also Note 3.

Investments in Real Estate - Real estate is held in the supporting organization, as required by the trust document that led to its creation. The real estate is carried at the appraised fair market value at the time of its transfer from the charitable trust.

Grants Expense / Spending Rule - The Foundation's policy is to record grants expense at the time of approval by the Board of Directors. The Foundation has adopted a spending rule for endowment-style funds, whereby the amount of funding available for grant-making is determined as a percentage of the fair market value of each applicable fund.

Fees Received / Administrative Fees - The foundation assesses proportionate fees from the individual funds. These are recorded as fees received by the administrative fund and as administrative fees paid by the individual funds.

Equipment and Improvements - Equipment and improvements are carried at cost when purchased or fair market value when donated and are depreciated by the straight-line method over the expected lives of the respective assets (ranging from three to five years.)

Cash - For purposes of the Statements of Cash Flows, the Foundation defines cash as cash on hand and cash held in demand accounts for general purposes, and excludes cash identified with specific endowment fund balances.

Accounting Standards - Effective July 1, 2009, the Financial Accounting Standards Board Accounting Standards Codification (Codification) became the single official source of authoritative, nongovernmental generally accepted accounting principles. The historical hierarchy was eliminated and the Codification became the only level of authoritative principles, other than guidelines issued by the Securities Exchange Commission. The Foundation's accounting policies were not affected by the conversion to the Codification. However, references to specific accounting principles in the notes to the financial statements have been changed to refer to the appropriate section of the Codification.

Use of Estimates - The process of preparing financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

Subsequent Events - Management has considered subsequent events through October 15, 2010, the date the financial statements were available to be issued.

INLAND NORTHWEST COMMUNITY FOUNDATION
Spokane, Washington

NOTES TO FINANCIAL STATEMENTS
June 30, 2010 and 2009

NOTE 3 - INVESTMENTS:

The following is a summary of investments held (at market value) as of June 30, 2010 and 2009:

<u>Investments</u>	<u>2010</u>	<u>2009</u>
Merrill Lynch-Cash & equivalents	\$ 1,142,708	\$ 1,265,850
UBS Financial Services-Cash & equivalents	1,578,582	1,583,807
DA Davidson-Cash & equivalents	-	1,450
Vanguard Total Bond Market Index	2,162,827	-
Artio Total Return Bond	3,238,198	-
Richards Merrill Peterson, Inc.	6,935,804	6,406,321
Dodge & Cox Funds-Stock funds	2,261,406	2,350,253
Rainier Investment Management		
Rainier Small/Mid Cap equity portfolio	2,098,151	1,988,522
American Funds		
EuroPacific Growth Fund	6,080,074	6,481,087
Growth Fund of America	2,341,567	2,121,119
Blackrock Global Fund	1,969,149	1,799,276
Pimco Funds		
Total Return Fund	6,241,951	9,799,940
All Asset Institutional Fund	2,164,565	1,838,055
Harris Alternatives LLC		
Aurora Offshore Fund Ltd II	4,382,738	3,965,591
Rreef America Reit II	3,178,386	3,376,583
Fidelity Spartan US Equity Index Fund	2,284,298	2,238,068
Dimensional Fund Advisors – Int'l Small Co. Portfolio	1,576,896	1,733,551
Cash value life insurance	2,042,424	32,978
Totals	<u>\$ 51,679,724</u>	<u>\$ 46,982,451</u>

	<u>2010</u>	<u>2009</u>
Realized and unrealized gains and losses consisted of the following, as of June 30:		
Realized gains	\$ 197,620	\$ 916,478
Unrealized gains (losses)	<u>3,418,470</u>	<u>(13,012,038)</u>
Net investment gain (losses)	<u>\$ 3,616,090</u>	<u>\$ (12,095,560)</u>

Aggregate deficiencies for endowment funds for which the fair value of the assets at June 30 is less than the net historic value	<u>\$ 2,675,745</u>	<u>\$ 3,979,406</u>
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INLAND NORTHWEST COMMUNITY FOUNDATION
Spokane, Washington

NOTES TO FINANCIAL STATEMENTS
June 30, 2010 and 2009

NOTE 4 - FUND BALANCES:

Each fund is classified per management based upon the characteristics of the fund. Management may reclassify certain funds based upon current interpretation of fund attributes and FASB guidelines. Such changes appear in the Statement of Activities as "Reclassification of Fund." The funds of the Foundation are composed of the following:

Administrative Fund - To assist the Foundation in its development, certain organizations and individuals have donated funds to defray administrative costs. In addition, an administrative endowment fund has also been created. The principal of the fund has been invested and the income there from will be used for administrative purposes. As of June 30, 2010 and 2009, the market value of the administrative endowment fund was \$784,677 and \$753,199, respectively.

Discretionary Fund - The amounts of the principal balance of this fund represent contributions made to the Foundation without any restriction and may be used for any purpose in accordance with the Articles of Incorporation and By-Laws. In addition, this fund includes donor-advised funds, whereby the donor may recommend specific grants for consideration. The policy of the Foundation is to make grants for charitable purposes based upon a reasonable percentage of the fund's fair market values, and also from contributions made specifically for current distribution (pass-through funds).

Area of Interest - This fund differs from the discretionary fund in that the fund allows the donor to choose a particular area of interest to benefit from the contribution. Such areas include education, culture, community development, and human services.

Designated Fund - This fund differs from the discretionary fund in that donors may specify that grants be used for specific designated purposes or organizations.

Equipment Fund - This fund reflects the amount of the office equipment and leasehold improvements owned by the Foundation and is net of depreciation and contracts payable on equipment.

Temporarily Restricted Fund - Future Interests - This fund accounts for receipts of unconditional promises from donors with payments due in future periods. See also Note 5.

Temporarily Restricted Fund - Supporting Organization - This fund accounts for the activities of supporting organizations. See also Note 10.

NOTE 5 - DEFERRED GIFTS / FUTURE INTERESTS:

The Foundation is the beneficiary of various charitable remainder annuity trusts. Pursuant to the terms of FASB ASC 958-605, valuations are made of the interests. The discounted present value of a deferred gift is recorded as an asset in the Statement of Financial Position. The annual increase or decrease in discounted present value of a prior year gift is recorded as contributions - future interests in the Statement of Activities.

INLAND NORTHWEST COMMUNITY FOUNDATION
Spokane, Washington

NOTES TO FINANCIAL STATEMENTS
June 30, 2010 and 2009

NOTE 6 - EXPENSE ALLOCATION:

Functional and Indirect Expenses - Expenses that are directly related to a program or fund are charged to the program or fund based upon the expenditures incurred. Indirect expenses are allocated to program services, administrative, and development, pursuant to a plan that allocates expenses based upon management estimates of the respective salaries, activities, and space requirements.

The operating expenses of the Foundation are funded through contributions and grants specifically designated for administrative purposes and through a proportionate assessment of the individual funds, in addition to the investment income of the Administrative Endowment Fund.

Pension plan - The Foundation contributes to a S.E.P. plan covering all eligible employees. Contributions are determined by the Board of Directors, and are calculated as a percentage of salaries. As of June 30, 2010 and 2009, this expense amounted to \$53,447 and \$39,988.

NOTE 7 - PUBLIC SUPPORT TEST:

The public support test ratio for Internal Revenue Service purposes is calculated as total gifts (net of individual gift amounts exceeding two percent of the total gifts) divided by total applicable income. The ratio for the five-year period preceding the current year is 45.42% and the ratio for the five-year period ending with the current year is 44.71%.

NOTE 8 - LEASES:

The Foundation currently leases office space within the Bank of Whitman. The term of the lease shall be three years, commencing February 1, 2008 and ending January 31, 2011. The premises are being made available to Inland Northwest Community Foundation without being obligated to pay any amount towards minimum monthly rent in consideration and recognition of the charitable work provided to Spokane and the surrounding area. Accordingly, the value of the contributed rent of \$89,566 for the year ending June 30, 2010 is included as in-kind contribution revenue and as rent expense.

NOTE 9 - PROPERTY AND EQUIPMENT:

Property and equipment consist of the following, as of June 30,

	<u>2010</u>	<u>2009</u>
Office equipment and furnishing	\$ 178,252	\$ 182,196
Less: accumulated depreciation	<u>(128,556)</u>	<u>(123,196)</u>
	<u>\$ 49,696</u>	<u>\$ 59,000</u>

INLAND NORTHWEST COMMUNITY FOUNDATION
Spokane, Washington

NOTES TO FINANCIAL STATEMENTS
June 30, 2010 and 2009

NOTE 10 - SUPPORTING ORGANIZATION:

The Henry Treede Supporting Organization/Inland Northwest Community Foundation was incorporated in 2002 to act as a supporting organization for the Foundation pursuant to section 509(a)(3) of the Internal Revenue Code. The supporting organization is organized, and shall at all times be operated exclusively for charitable, educational, and scientific purposes within the meaning of section 501(c)(3) of the Internal Revenue Code, by making distributions which exclusively benefit or carry out the charitable, educational, and scientific purposes of Inland Northwest Community Foundation. The Last Will of Henry Treede dated September 11, 1981, establishes the "Henry Treede Fund" with the restriction that the Foundation not sell any of the farmland included in the fund for at least 20 years following the death of Henry Treede and the death of his wife. Upon the removal of that restriction, by lapse of time or otherwise, this supporting organization may be dissolved by action of the majority of the Board of Directors and with the consent of Inland Northwest Community Foundation, with the assets of the Corporation to then be distributed to Inland Northwest Community Foundation to be administered and distributed in accordance with the provisions contained in the Last Will of Henry Treede. The supporting organization holds primarily the farmland and a small balance of cash. Income consists of the rents from the farmland, offset by contract farm management expense.

NOTE 11 - MERRILL LYNCH CHARITABLE COMMUNITY FUND:

The Foundation has entered into the Merrill Lynch Charitable Community Fund program. The program allows Merrill Lynch clients to create donor advised funds at the Foundation, thereby utilizing Foundation staff in the administration, management and distribution of fund assets to charitable programs. As of June 30, 2010, the Foundation held \$196,855 in charitable funds under this program.

NOTE 12 - DEFERRED COMPENSATION PLAN:

The Foundation has an employee salary deferral agreement which went into effect during the fiscal year ended June 30, 2009. This agreement allows an employee to defer a portion of annual salary for future payout, with interest, on a schedule specified in the agreement. As of June 30, 2010, deferred amounts totaling \$31,465 were included as deferred salary payable in the Foundation's liabilities. Related payroll taxes, benefits and interest are not recorded in the Foundation's liabilities, and are estimated at \$6,350 as of June 30, 2010.

INLAND NORTHWEST COMMUNITY FOUNDATION
Spokane, Washington

SCHEDULES OF DISCRETIONARY FUNDS

June 30, 2010 and 2009

	2010	2009
Alvin and Jane Wolff Fund	\$ 320,750	\$ 308,587
Allan and Mearle Roy Endowment Fund	765,838	710,294
Allan and Mearle Roy Pass-Through Fund	50,030	52,400
Allan H. and Ainslie Palmer Toole Fund	74,981	70,570
Angeline Dick Pass-Through Fund	2,800	2,800
Anonymous Pass-Through Fund #1	263	5,417
Avista Corporation Pass-Through Fund	44,400	117,000
Bell Family Fund	7,416	4,595
Betty M. Castle Fund	136,630	131,999
Betty Castle North Idaho Fund	13,325	12,873
Bill and Carole Zuppe Fund	3,491	15,741
Bonner and Boundary Counties Fund	463,692	433,490
Charles C. and Evelyn P. Leithe Fund	8,740	8,446
Chesrown Family Foundation	-	4,950
Christenson Family Fund	9,700	9,700
Cocchiarella Family Fund	300,858	300,858
Doris L. & Neil J. Kenney Bonner County Fund	374,699	361,991
Dorothy E. and Lloyd D. Weir Endowment Fund	24,151	23,334
Douglas Family Fund	5,182	5,007
Emry Family Fund	5,830	5,609
Ernst and Greta Toll Fund	658,563	653,289
Equinox Foundation Fund	205,000	-
Frank and Sherry Knott Fund	28,907	37,560
Frank and Willi Storey Fund	4,677	50
Fredrik Sindre Max Family Fund	4,203	4,060
G. Stanley and Joan G. Fergin Fund	84,551	77,294
G.A. Bill Garske Donor Advised Fund	500,760	467,568
Garry T. and Mary Jane Shea Fund	4,947	-
George F. Ingraham, Jr. Family Fund	366,392	353,974
GTE Fund for North Idaho	23,268	22,479
Haggin Foundation Fund	70,117	67,951
Hanford Fund	7,697	7,413
Harold and Priscilla Gilkey Fund	468,357	474,607
Henry Day North Idaho Fund	242,163	233,955
Hugh T. and Anita M. Smith Donor-Advised Fund	7,250	100
ICM Asset Management, Inc. Fund	100	100
Inland Empire Golden Retriever Rescue Fund	10,350	10,350
Joan and Vic Forni Fund	694	1,604
Joe M. and Florence P. Smith Fund	366,630	354,203
Joel and Mary Jo Hamilton Charitable Fund	12,201	-
Kermit M. and Frances Rudolf Fund	3,854	4,204
Balance carried forward	\$ 5,683,457	\$ 5,356,422

INLAND NORTHWEST COMMUNITY FOUNDATION
Spokane, Washington

SCHEDULES OF DISCRETIONARY FUNDS

June 30, 2010 and 2009

	2010	2009
Balance carried forward	\$ 5,683,457	\$ 5,356,422
Kurt and Gayle Orton Fund	1,673	7,023
Kutteruf and Robinson Fund	22,343	35,740
Landon Fund	24,218	-
Larson Family Fund	5,234	5,909
Bob and Mary Helen Larson Fund	25,353	1,000
Lawrence B. Stone Fund	2,150	2,150
Leonard and Eleanor Otto Donor-Advised Fund	66	199
Lester Family Fund	7,323	7,067
Leuthold Endowment Fund	5,730,156	5,621,234
LJC Fund	964,532	927,182
Will and Lana B. Lorenz Fund	18,083	17,469
Lovell Family Fund	43,310	73,323
Margaret F. Galbraith Fund No.1	2,909,328	2,815,512
Margaret F. Galbraith Fund No.2	7,093,854	6,406,334
Macedonian Donor-Advised Trust Fund	36,729	22,692
Macedonian Trust Fund	17,695	16,267
Margaret Thraillkill Fund	2,138	2,138
Bill and Nancy McGregor Fund	110,467	106,722
McTigue Family Fund	983	1,483
Memorial Endowment Fund	25,000	22,619
Merrill Lynch Foundation Fund	47,010	43,802
Moloney Family Endowed Fund	8,361	7,662
Moloney Family Fund	8,514	18,764
Nancy C. Driscoll Fund	-	66,361
Neal R. and Helen W. Fosseen Fund	28,758	27,778
Norman Krey Family Fund	22,072	21,297
Norman K. Thorpe and Hyunki Ahn Fund	2,097	2,097
Palouse Heritage Fund	31,409	24,976
Patty Houff Fund	9,230	7,852
Paul and Barbara Redmond Endowment Fund	225,709	218,552
Paul and Barbara Redmond Donor-Advised Fund	20,736	37,286
Pullman Foundation Funds-		
Bertramson Family Fund	11,758	11,375
Betty M. Watson Family Fund	5,614	5,423
DeVleming Family Fund	8,467	8,110
Fred and Dora Rounds Family Fund	10,898	10,529
Martin Family Fund	24,384	23,557
Pullman Foundation Fund	17,009	16,431
Sage Fund	16,135	12,697
Balance carried forward	\$ 23,222,253	\$ 22,013,034

INLAND NORTHWEST COMMUNITY FOUNDATION
Spokane, Washington

SCHEDULES OF DISCRETIONARY FUNDS

June 30, 2010 and 2009

	2010	2009
Balance carried forward	\$ 23,222,253	\$ 22,013,034
Philanthropy Awards Fund	4,574	4,575
Quantum Financial Planning Fund	8,050	10,051
Randy and Sharon Fosseen Family Fund	6,836	6,605
Richard and Connie Stacey Donor-Advised Fund	4,285	2,864
Richard and Jodi Penn Charitable Gift Fund	1,000	1,000
Robert M. and Dolores A. Griffith Fund	938	1,777
Roger and Mona Crawford Family Foundation	2,008,144	-
Roger and Mona Crawford Family Foundation	48,293	-
Roger and Teresa Woodworth Family Fund	1,473	-
Cosgrove Discretionary Fund	174,634	168,715
RRCE Miller Family Fund	5,374	4,795
Scott and Betty Lukins Fund	26,063	1,456
Scott and Michele Magnuson Fund	9,500	-
Scott and Michele Magnuson Family Fund	4,947	-
Scrudder Family Endowment Fund	21,471	19,829
Scrudder Family Fund	7,700	9,200
James L. Sheehan Fund	14,947	30,482
Spokane Foundation Fund	667,146	644,524
Community Grants Fund	599,428	588,509
Sterling Savings Bank Fund	22,116	21,003
Sterling Savings Bank Pass-Through Fund	25,000	28,000
Richard R. and Connie M. Stacey Fund	12,755	12,322
Tom and Vicki Solbrack Grantmaking Fund	82,115	-
Warren L. Forsythe Fund	-	2,500
Washington Trust Bank Endowment Fund	1,034,264	944,792
Washington Trust Bank Pass-Through Fund	23,700	28,700
Charlie and Kathy Watson Family Fund	188,330	230,330
Whitesel Silver Valley Fund	65,840	63,609
Wright Family Fund	8,046	8,046
William H. and Clara E. Kronenberg Fund	66,257	64,010
Total discretionary fund	\$ 28,365,479	\$ 24,910,728

INLAND NORTHWEST COMMUNITY FOUNDATION
Spokane, Washington
SCHEDULES OF AREA INTEREST FUNDS
June 30, 2010 and 2009

	2010	2009
Anonymous Pass-Through Fund # 2	\$ 11,482	\$ 11,482
Anton H. Albert Fund	39,687	40,315
Betty M. Castle Fund	60,671	58,614
Buder Memorial Donor-Advised Fund	286,152	276,411
Buder Memorial Community Fund	106,497	103,853
Columbia County Children's Fund	81,643	84,695
Elizabeth Wadden Memorial Fund	17,550	16,698
Evelyn M. Kratzer Fund	131,118	126,674
Every Woman Can Foundation	13,626	-
Fassett-Graham Fund	16,355	15,801
Faulding Fuel Fund	28,054	28,498
Florence Wasmer Music Fund	155,678	143,463
Florence Wasmer Fund for Arts and Culture	1,198,117	1,157,264
Florence Wasmer Fund for Children and Families	1,496,121	1,443,747
Fort George Wright Historical Museum Fund	36,592	35,353
Grandparents Fund	9,458	9,137
Heads Up Fund	23,256	21,432
Henrietta Burkowsky Fund	12,972	12,532
Henry Treede Field of Interest Fund	503,297	466,386
Inland Northwest Performing Arts Fund	128,846	119,194
Jesslyn Schultz Endowment Fund	293,559	281,065
KACHE Youth Fund	17,750	17,148
Katherine G. Gellhorn Fund for the Arts	91,619	84,757
Larry J. Harmon Memorial Fund	19,905	18,959
Lueders Family Fund	184,508	178,265
Luke G. and Beuletta M. Williams Family	14,696	-
Lester and Emma Allen Funds	127,557	129,573
Lucille I Hudon Fund	388,137	359,072
Maxine Davidson Arts Foundation	19,769	-
Molly Miles Farmin Fund	386,788	354,335
Nell Louise Clingerman Field of Interest Fund	89,738	82,197
Premera Blue Cross Health and Wellness Fund	999,466	944,282
Patsy Jane Nelson Fund	116,605	114,262
Priority Spokane Fund	7,000	-
Pullman Foundation Funds -		
Robert and Anna Neill Fund	84,026	77,434
Robert and Anna Neill Recreation Fund	19,415	17,961
Fund for Seniors of Greater Pullman and Whitman County	40,669	37,756
R. "Cameron" Ross Memorial Fund	14,416	13,096
Regina Hall Fund	8,896	8,594
Reverend Hamp Fund for Disadvantaged Youth	7,417	7,166
Ruby Bakalec Fund	49,431	47,755
Spokane County Medical Society Auxiliary Fund	60,501	58,446
Susie's Forest Fund	5,496	2,448
Children's Fund	61,611	59,522
Thomson Fund	43,783	42,274
Walter Hoefel Fund	7,617	7,048
Welty Fund	180,204	167,157
Endowment Fund for Women and Children	29,450	28,451
Total field of interest fund	<u>\$ 7,727,201</u>	<u>\$ 7,310,572</u>

INLAND NORTHWEST COMMUNITY FOUNDATION
Spokane, Washington

SCHEDULES OF DESIGNATED FUNDS

June 30, 2010 and 2009

	2010	2009
A.A.U.W. Community Projects Fund	\$ 13,926	\$ 13,355
Associated Industries Bright Promise Fund	4,574	2,000
Bertha Atkinson Fund fbo Peone Cemetery	62,658	60,101
Betramson Family Endowment	173,213	158,249
Beyersdorf Mulloy Fund	24,657	23,610
Carl and Gladys Carbon Fund	88,022	92,930
Colville Dollars for Scholars Foundation	491	457
Henry Delany Memorial Fund	43,571	41,795
Henry Treede Designated Fund	965,746	880,698
Endowment for Opera Excellence	8,835	8,122
Fairfield Cemetery Fund	32,075	30,682
Farmin Family Fund	32,341	30,505
Firth Chew/Spokane Civic Theatre Fund	186	178
Friends of KSPS Fund	3,533	3,195
Glo E. Ross Scholarship Fund	51,014	-
Greater Spokane Inc. Fund	-	2,254
Greater Spokane League Scholar/Athlete Fund	21,457	20,584
Guy and Ruth Reed Memorial Fund	42,198	39,433
Henry L. Day Fund # 2	300,356	288,115
Hospice of Salmon Valley Fund	196,841	188,819
Hugh T. and Anita M. Smith Fund	82,453	76,542
Girl Scouts of Eastern Washington and North Idaho Endowment	1,159	1,110
Inland Northwest Land Trust Fund	244	148
Johnson Charitable Fund	-	2,662
Junior Achievement of the Inland Northwest	4,163	2,284
Junior League of Spokane Endowment Fund	9,548	9,399
Kittitas County Genealogical Society Fund	171,229	164,242
K.M. and G.A. Buder, Jr. Memorial Fund	237,678	227,979
Krista Endowment Fund	300,641	230,612
LC Tiger Fund	10,450	8,812
Leona Conner Fund	26,830	25,738
Lilac Blind Foundation Endowment Fund	103,570	99,342
Louis S. and Margery L. Livingston Fund	326,751	308,312
Louis Johnston Fund	10,313	9,893
Lutheran Social Services of Washington Fund	3,127	3,008
Mary Elizabeth Ralston Fund	22,487	21,571
Mid-City Concerns Fund	11,861	11,523
Musicfest Northwest Endowment Fund	546	494
Nell Louise Clingerman Designated Fund	44,375	41,210
Balance forward	\$ 3,433,119	\$ 3,129,963

INLAND NORTHWEST COMMUNITY FOUNDATION
Spokane, Washington

SCHEDULES OF DESIGNATED FUNDS
June 30, 2010 and 2009

	2010	2009
Balance forward	\$ 3,433,119	\$ 3,129,963
Norman L. Krey / St. Joseph Care Center Fund	40,904	39,237
Northwest Museum of Arts and Culture	99,238	95,193
Planned Parenthood of Greater Washington and North Idaho	3,284	3,193
Pride Cup Fund	1,000	-
Pullman Foundation Funds:		
Community Congregational United Church of Christ Fund	37,113	35,601
Richard Lord Domey and Diane Marie Filby Gillespie Fund	34,695	32,362
Green Technology Project Fund	1,715	1,572
Fred & Martha Keller Fund	81,189	77,796
Nona Rae Lynch Memorial Fund	8,968	8,274
Pullman Child Welfare Association Endowment Fund	1,892	1,826
Robert and Anna Neill Scholarship Fund	76,339	73,193
Simpson United Methodist Church	19,978	19,162
Robert and Anna Neill Library Fund	95,794	91,831
Friends of the Neill Public Library Fund	97,026	87,531
Thomas C. and Winefred Neill Endowment Fund	66,212	63,519
Shirrod Family Memorial Fund	768,941	732,376
Whitman County Genealogical Society Endowment	10,076	-
Riverview Foundation Elderly Fund	206	197
Royal Fireworks Concert Endowment Fund	99,233	95,188
Hoyt and Edith Schuyler of Hope, Idaho Scholarship Fund	459,115	432,839
Second Harvest Food Bank of Spokane	99,967	95,893
Spokane Mental Health Coordinating Assoc. Endowment Fund	8	8
Spokane Guilds' School Foundation Fund	209	200
Spokane Humane Society Fund	43	41
Spokane Public Library Fund	125,709	120,586
Spokane String Quartet Endowment Fund	51,571	49,468
Spokane Symphony Endowment Fund	198,436	190,348
SpokAnimal C.A.R.E. Endowment Fund	292	-
Stanley and Bernice Fahlgren Fund	337,590	323,708
St. Anthony's Catholic Parish Fund	22,315	20,320
Tincan Fund	1,028	1,028
Tom Oswald Memorial Fund	13,592	12,891
United Way of Spokane County Endowment Fund	286,961	275,504
Vanessa Behan Crisis Nursery Fund	333	-
VNA Home Health Care Services Fund	443	71
Washington Health Care Association Fund	11,445	10,983
Whitney-Grobe Fund	9,759	9,361
Women Helping Women Endowment Fund	22,760	21,640
YMCA of Spokane Endowment Fund	10,687	2,988
Total designated fund	<u>\$ 6,629,185</u>	<u>\$ 6,155,891</u>

INLAND NORTHWEST COMMUNITY FOUNDATION
Spokane, Washington

SCHEDULES OF SCHOLARSHIP FUNDS
June 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Annie Maria Hitchings Memorial Scholarship Fund	\$ 45,858	\$ 44,576
Bess Mikalson Scholarship Fund	244,240	234,606
Clarence Hines Fund	93,008	90,542
David L. and Frances G. Ray Scholarship Fund	38,980	37,678
Doris L. Kenney Memorial Scholarship Fund	412,665	402,109
East Spokane Kiwanis Scholarship Fund	61,532	59,934
Eileen Hutchinson Scholarship Fund	89,990	85,708
Francis and Sabina Schrieber Fund	54,866	53,395
F. Neale Bock Scholarship Fund	12,879	11,886
Gary L. Carrow Memorial Scholarship Fund	15,552	14,718
G.A. "Bill" Garske Scholarship Fund	97,296	93,412
Joe and June Fulton - Liberty High School Scholarship Fund	43,822	40,210
John R. Rogers Ziegler Family Scholarship Fund	50,720	48,191
Joy Hughes Fund	28,286	27,443
KACHE Scholarship Fund	17,418	16,945
Kuehnle Family Fund	98,199	94,978
Lenhart Scholarship Fund	35,329	34,444
Lillian M. Bailey Scholarship Fund	15,318	14,955
Lucille I. Hudon Scholarship Fund	663,653	627,388
Matthew Girvin Scholarship Fund	125,863	99,311
Mattawa Area Scholarship Fund	10,455	10,119
Melvin A. & Josephine L. Ripley Fund	54,866	53,395
Dale Wilson/Mondovi Grange Scholarship Fund	655,587	606,717
Ren H. Rice Scholarship Fund	736,606	721,749
Tsutakawa Scholaship Fund	18,916	17,889
William and Flossie Sanborn Scholarship Fund	100,560	98,418
Total scholarship fund	<u>\$ 3,822,464</u>	<u>\$ 3,640,716</u>

INLAND NORTHWEST COMMUNITY FOUNDATION
Spokane, Washington

SCHEDULES OF AGENCY FUNDS DESIGNATED FOR SPECIFIC ORGANIZATIONS
June 30, 2010 and 2009

	2010	2009
A.A.U.W. Community Projects Fund	\$ 13,003	\$ 12,470
Carl and Gladys Carbon Fund	30,554	20,815
Center Pointe Endowment	2,520	-
Coeur d'Alene Summer Theatre Endowment Fund	18,422	6,799
Colville Dollars for Scholars Foundation Fund	131,162	101,347
Cutter Theatre Endowment Fund	33,143	30,852
Fairfield Cemetery Fund	7,650	7,333
Firth Chew/Spokane Civic Theatre Fund	9,765	9,323
Friends of KSPS Fund	159,743	144,440
Greater Spokane League Scholar/Athlete Fund	2,098	2,012
Holy Names Music Center Endowment Fund	31,536	30,243
Girl Scouts of Eastern Washington and Northern Idaho Endowment	81,869	78,450
Inland Northwest Land Trust Fund	8,135	7,389
Junior Achievement of the Inland Northwest	5,463	6,521
Junior League of Spokane Endowment Fund	32,030	28,690
Krista Endowment Fund	33,469	78,629
Lilac Blind Foundation Endowment Fund	31,404	30,121
Lutheran Social Services of Washington Fund	5,116	4,535
Mary Elizabeth Ralston Fund	5,187	4,976
Merry Glen Home and School Endowment Fund	58,690	53,696
Mid-City Concerns Fund	73,544	66,737
Musicfest Northwest Endowment Fund	16,369	15,711
Norman L. Krey / St. Joseph Care Center Fund	20,279	19,452
Panhandle Alliance for Education Fund	193,646	-
Planned Parenthood of Greater Washington and North Idaho	27,907	25,343
Pullman Foundation Funds:		
Pullman Child Welfare Associaton Endowment Fund	29,001	26,482
Simpson United Methodist Church	14,450	13,860
Pullman United Way Endowment Fund	13,039	12,507
Riverview Foundation Elderly Fund	8,053	7,724
Second Harvest Food Bank of Spokane	4,111	3,943
Greater Spokane Inc. Fund	4,728	2,047
Spokane Mental Health Coordinating Assoc. Endowment Fund	15,442	14,122
ARC of Spokane Endowment Fund	10,796	10,350
Spokane Guilds' School Foundation Fund	26,107	25,036
Spokane Humane Society Fund	759,677	728,717
Spokane Lilac Festival Fund	13,551	10,652
Spokane Public Library Fund	24,167	23,182
SpokAnimal C.A.R.E. Endowment Fund	64,339	25,275
St. John - Endicott Schools' Foundation Fund	638,878	564,549
Transitions Endowment	22,215	11,129
United Way of Spokane County Endowment Fund	367,526	347,595
Vanessa Behan Crisis Nursery Fund	9,856	9,092
VNA Home Health Care Services Fund	12,809	12,401
Wilbur Cemetery Association Fund	111,593	107,039
Women Helping Women Endowment Fund	947,721	866,033
YMCA of Spokane Endowment Fund	-	7,264
Total agency funds	<u>\$ 4,130,763</u>	<u>\$ 3,614,883</u>