

Marine Toys For Tots Foundation

Financial Report
December 31, 2009

McGladrey & Pullen
Certified Public Accountants

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McGladrey & Pullen

Certified Public Accountants

Independent Auditor's Report

To the Board of Directors
Marine Toys for Tots Foundation
Triangle, Virginia

We have audited the accompanying balance sheets of Marine Toys for Tots Foundation (the Foundation) as of December 31, 2009 and 2008, and the related statements of activities, functional expenses, 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 audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the 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 audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Marine Toys for Tots Foundation as of December 31, 2009 and 2008, 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.

McGladrey & Pullen, LLP

Vienna, Virginia
March 26, 2010

Marine Toys For Tots Foundation

Balance Sheets

December 31, 2009 And 2008

Assets	2009	2008
Cash And Cash Equivalents, of which for 2009, \$19 million is designated for 2010 toy purchases	\$ 32,836,478	\$ 30,452,147
Investments	28,161,169	24,571,953
Promises To Give	5,721,629	4,951,966
Other	309,712	386,220
Inventory	17,567,835	22,031,396
Property And Equipment, net	5,755,524	5,914,082
	\$ 90,352,347	\$ 88,307,764
Liabilities And Net Assets		
Liabilities		
Accounts payable	\$ 7,525,696	\$ 8,775,324
Accrued vacation	134,431	86,462
Deferred revenue	5,000	21,500
Total liabilities	7,665,127	8,883,286
Commitment And Contingency (Notes 7 And 8)		
Net Assets		
Unrestricted		
Undesignated	17,958,216	16,821,129
Board designated		
Endowment	27,363,648	23,934,140
Building fund	797,521	637,813
2009 inventory for 2010 distribution	17,567,835	22,031,396
2010 toy purchase	19,000,000	16,000,000
	64,729,004	62,603,349
Total net assets	82,687,220	79,424,478
	\$ 90,352,347	\$ 88,307,764

See Notes To Financial Statements.

Marine Toys For Tots Foundation

Statements Of Activities

Years Ended December 31, 2009 And 2008

	2009	2008
Support and revenue:		
Contributions:		
Toys	\$ 192,153,172	\$ 180,312,246
Individual	16,545,011	31,384,604
Direct mail	17,903,385	15,639,059
Corporate	6,347,429	6,226,995
Donated services	7,464,943	1,490,898
Combined federal campaign	336,238	354,669
Events	194,562	252,895
Other	254,701	495,044
Interest and dividends	648,613	800,957
Unrealized and realized gain (loss) on investments, net	3,066,194	(3,948,323)
Total support and revenue	244,914,248	233,009,044
Expenses:		
Toy distribution program	229,931,091	203,735,456
Education program	2,942,357	2,151,265
Fundraising	8,111,574	5,974,103
Management and general	666,484	843,723
Total expenses	241,651,506	212,704,547
Change in net assets	3,262,742	20,304,497
Net assets:		
Beginning	79,424,478	59,119,981
Ending	\$ 82,687,220	\$ 79,424,478

See Notes To Financial Statements.

Marine Toys For Tots Foundation

Statement Of Functional Expenses
Year Ended December 31, 2009

Description	Program Services			Supporting Services			
	Toy Distribution	Education	Total	Fundraising	Management And General	Total	Total
Toys distributed	\$ 218,888,852	\$ -	\$ 218,888,852	\$ -	\$ -	\$ -	\$ 218,888,852
Printing and support materials	1,212,357	782,474	1,994,831	1,342,238	2,975	1,345,213	3,340,044
Public relations and development	6,264,483	-	6,264,483	2,090,437	-	2,090,437	8,354,920
Postage and shipping	691,316	1,251,766	1,943,082	2,126,270	119,370	2,245,640	4,188,722
Professional fees and services	235,532	908,117	1,143,649	2,185,698	333,132	2,518,830	3,662,479
Travel and conferences	1,104,154	-	1,104,154	22,665	104,117	126,782	1,230,936
Office expense	60,668	-	60,668	16,397	4,919	21,316	81,984
Repairs and maintenance	28,167	-	28,167	7,613	2,284	9,897	38,064
Telephone	59,360	-	59,360	16,043	4,813	20,856	80,216
Insurance	62,918	-	62,918	17,005	5,103	22,108	85,026
Occupancy	261,296	-	261,296	184	3,664	3,848	265,144
Salaries	861,439	-	861,439	232,821	69,846	302,667	1,164,106
Payroll related expense	49,397	-	49,397	13,351	4,005	17,356	66,753
Other	29,748	-	29,748	8,040	2,412	10,452	40,200
Subtotal	229,809,687	2,942,357	232,752,044	8,078,762	656,640	8,735,402	241,487,446
Depreciation	121,404	-	121,404	32,812	9,844	42,656	164,060
Total expenses	\$ 229,931,091	\$ 2,942,357	\$ 232,873,448	\$ 8,111,574	\$ 666,484	\$ 8,778,058	\$ 241,651,506

See Notes To Financial Statements.

Marine Toys For Tots Foundation

Statement Of Functional Expenses
Year Ended December 31, 2008

Description	Program Services			Supporting Services			
	Toy Distribution	Education	Total	Fundraising	Management And General	Total	Total
Toys distributed	\$ 196,817,988	\$ -	\$ 196,817,988	\$ -	\$ -	\$ -	\$ 196,817,988
Printing and support materials	966,194	762,792	1,728,986	1,291,801	-	1,291,801	3,020,787
Public relations and development	2,211,535	-	2,211,535	446,515	221,154	667,669	2,879,204
Postage and shipping	838,247	1,036,422	1,874,669	1,718,710	21,372	1,740,082	3,614,751
Professional fees and services	278,257	352,051	630,308	1,978,333	328,399	2,306,732	2,937,040
Travel and conferences	776,435	-	776,435	285,623	104,053	389,676	1,166,111
Office expense	60,771	-	60,771	9,116	6,077	15,193	75,964
Repairs and maintenance	42,501	-	42,501	6,376	4,250	10,626	53,127
Telephone	66,424	-	66,424	9,964	6,642	16,606	83,030
Insurance	57,206	-	57,206	8,581	5,721	14,302	71,508
Occupancy	239,329	-	239,329	11,998	7,999	19,997	259,326
Salaries	1,196,417	-	1,196,417	179,462	119,642	299,104	1,495,521
Payroll related expense	53,616	-	53,616	8,043	5,361	13,404	67,020
Other	5,751	-	5,751	863	574	1,437	7,188
Subtotal	203,610,671	2,151,265	205,761,936	5,955,385	831,244	6,786,629	212,548,565
Depreciation	124,785	-	124,785	18,718	12,479	31,197	155,982
Total expenses	\$ 203,735,456	\$ 2,151,265	\$ 205,886,721	\$ 5,974,103	\$ 843,723	\$ 6,817,826	\$ 212,704,547

See Notes To Financial Statements.

Marine Toys For Tots Foundation

Statements Of Cash Flows Years Ended December 31, 2009 And 2008

	2009	2008
Cash Flows From Operating Activities		
Change in net assets	\$ 3,262,742	\$ 20,304,497
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Unrealized and realized (gain) loss on investments, net	(3,066,194)	3,948,323
Depreciation	164,060	155,982
Gain on disposal of property and equipment	-	(209,532)
Change in assets and liabilities:		
(Increase) decrease in:		
Promises to give	(769,663)	1,683,372
Inventory	4,463,561	(4,759,056)
Other	76,508	4,017
Refundable deposit – office space	-	444,000
Increase (decrease) in:		
Accounts payable	(1,249,628)	(287,236)
Accrued vacation	47,969	(42,690)
Deferred revenue	(16,500)	(20,500)
Net cash provided by operating activities	2,912,855	21,221,177
Cash Flows From Investing Activities		
Purchase of property and equipment	(5,502)	(4,203,308)
Proceeds from sale of investments	7,000,114	6,880,753
Purchase of investments	(7,523,136)	(18,576,856)
Proceeds from sale of donated property	-	483,901
Net cash used in investing activities	(528,524)	(15,415,510)
Net increase in cash and cash equivalents	2,384,331	5,805,667
Cash And Cash Equivalents		
Beginning	30,452,147	24,646,480
Ending	\$ 32,836,478	\$ 30,452,147

See Notes To Financial Statements.

Marine Toys For Tots Foundation

Notes To Financial Statements

Note 1. Nature Of Activities And Significant Accounting Policies

Nature of activities: Marine Toys for Tots Foundation (the Foundation) is recognized by the U.S. Marine Corps as the authorized fundraising and support organization for the U.S. Marine Corps Reserve Toys for Tots Program. A Memorandum of Understanding between the Commander, Marine Forces Reserve and the President, Marine Toys for Tots Foundation, establishes and governs the relationship between the U.S. Marine Corps and the Foundation.

The mission of the Foundation is to support the U.S. Marine Corps Reserve Toys for Tots Program by raising funds to provide toys to supplement the collections of local Toys for Tots campaigns; providing promotion and support materials to help local Toys for Tots coordinators conduct more effective local campaigns; providing administrative, advisory, financial, logistic, and promotion support to local Toys for Tots campaigns; managing all funds raised and donations received based on the use of the Toys for Tots name and logo; providing other support that the Marine Corps, as a federal agency, cannot provide; and conducting public information and education programs about the benefits of Toys for Tots that call the general public to action in support of this patriotic community action program.

The Foundation's annual fundraising campaign includes: soliciting funds from individual Americans through a direct mail campaign; soliciting funds from corporations; soliciting bulk toy donations from toy manufacturers and retailers; soliciting online donations; participating in the Combined Federal Campaign; pursuing an array of special fundraising projects; and conducting special events, such as golf tournaments and luncheons. Toys are distributed to needy children through approximately 690 authorized local Toys for Tots Coordinators in all 50 states, the District of Columbia, Puerto Rico and the Virgin Islands.

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

Basis of presentation: The financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) Accounting Standards Codification. As required by the Non-Profit Entities topic of the FASB Accounting Standard Codification, *Financial Statements of Not-for-Profit Organizations*, 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. The Foundation had no temporarily and permanently restricted net assets at December 31, 2009 and 2008.

Cash and cash equivalents: For the purpose of reporting cash flows, the Foundation considers money market accounts to be cash equivalents.

The Foundation maintains cash and cash equivalent accounts for each local Toys for Tots campaign. This represents cash remitted to the Foundation from local Toys for Tots coordinators. Local coordinators are authorized to accept locally donated and raised funds on behalf of the Foundation. Such funds and donations are immediately forwarded to the Foundation, which manages all funds raised and donated based on the use of the Toys for Tots name and logo. The Foundation manages these funds so that the funds are expended in the geographical areas in which the funds originated. The balance of these funds at December 31, 2009 and 2008, of approximately \$12,589,000 and \$10,992,000, respectively, is included in cash and cash equivalents on the balance sheets.

Marine Toys For Tots Foundation

Notes To Financial Statements

Note 1. Nature Of Activities And Significant Accounting Policies (Continued)

Financial risk: The Foundation maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Foundation believes it is not exposed to any significant financial risk on cash. The Foundation invests in a professionally managed portfolio that contains mutual funds and alternative investments; however, the alternative investment consists of less than 3% of the investment portfolio. Such investments are exposed to various risks, such as market and credit. Due to the level of risk associated with such investments and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in risks in the near term could affect investment balances and the amounts reported in the financial statements.

Promises to give: Contributions are recognized when the donor makes a written promise to give to the Foundation that is, in substance, unconditional. All promises to give are generally receivable within two months of year-end. Management determines the allowance for doubtful promises by regularly evaluating individual promises to give and considering prior history of donor and proven collectibility of past donations. Promises to give are written off when deemed uncollectible. Recoveries of promises to give previously written off are recorded when received. Management believes promises to give were fully collectible and no provision for doubtful promises to give was necessary.

Inventory: Inventory consists of toys, either donated from individuals or corporations, that have not been distributed at December 31. Donated inventory is stated at fair market value and purchased inventory is stated at cost.

Property and equipment: The Foundation records property and equipment at cost or, if donated, at its fair market value when received. Depreciation expense is recorded using the straight-line method over the assets' estimated useful lives of 5 to 39 years.

Valuation of long-lived assets: The Foundation accounts for the valuation of long-lived assets in accordance with the Financial Accounting Standards Board Accounting Standards Codification, *Accounting for the Impairment or Disposal of Long-Lived Assets*. It is required that long-lived assets and certain identifiable intangible assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of the long-lived asset is measured by a comparison of the carrying amount of the asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the estimated fair value of the assets. Assets to be disposed of are reportable at the lower of the carrying amount or fair value, less costs to sell.

Investments: Investments with readily determinable fair values are reflected at fair market value. To adjust the carrying value of these investments, the change in fair market value is charged or credited to current operations. Cash held by the investment advisor is considered investments.

Board designated net assets: Board designated net assets consist of an endowment fund, a building fund and cash and inventory for the following year's campaign. The purpose of the endowment fund is to generate sufficient investment income to defray the Foundation's annual operating expenses. The building fund was established in January 2006 to defray the construction costs of the Foundation's office facility in Prince William County, Virginia. The building construction was completed in December 2007 and the Foundation took ownership in January 2008. The remaining balance of the building fund is being maintained to fund the future repairs and maintenance of the building.

Deferred revenue: Deferred revenue represents contributions received for special events to occur in the subsequent year.

Marine Toys For Tots Foundation

Notes To Financial Statements

Note 1. Nature Of Activities And Significant Accounting Policies (Continued)

Support and revenue: Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Contributions restricted by a donor are required to be reported as temporarily restricted support and are then reclassified to unrestricted net assets upon expiration of the restriction.

Donated toys are recorded as a contribution at its estimated fair market value, which is based on a statistical toy study and is recorded as revenue at the date of donation.

Donated services, including public service announcements and professional fees, are recorded at the fair market value at the time of donation.

Expenses: Direct costs associated with specific programs are recorded as program expenses. Indirect expenses are unallocated in the statements of functional expenses.

The Foundation attained a functional allocation expense ratio of approximately 9.6 to 0.4 and 9.7 to 0.3, for program services versus supporting services, respectively, for the years ended December 31, 2009 and 2008, respectively.

Income taxes: The Foundation is generally exempt from federal income tax under Internal Revenue Code Section 501(c)(3). In addition, the Foundation qualifies for charitable contributions deductions and has been classified as an organization that is not a private foundation. Income that is not related to its exempt purposes, less applicable deductions, is subject to federal and state corporate income taxes. The Foundation did not have any net unrelated business income for the years ended December 31, 2009 and 2008.

Uncertainty in income taxes: On January 1, 2009, the Foundation adopted the accounting standard on accounting for uncertainty in income taxes, which addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under this guidance, the Foundation may recognize the tax benefit from an uncertain tax position only if it is more-likely-than-not that the tax position will be sustained on examination by taxing authorities based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. The guidance on accounting for uncertainty in income taxes also addresses de-recognition, classification, interest and penalties on income taxes, and accounting in interim periods. The Foundation is not aware of any uncertain tax positions and therefore, no tax liabilities have been recorded as of December 31, 2009, or any related interest and penalties included in the balance sheets or statements of activities. With few exceptions, the Foundation is no longer subject to income tax examinations by the U.S. federal or Virginia tax authorities for years before 2006.

Recently issued accounting pronouncements: On May 28, 2009, the Financial Accounting Standards Board issued Financial Accounting Standards Codification on *Subsequent Events*, which is effective for interim and annual periods ending after June 15, 2009. This is intended to establish general standards of accounting for and disclosures of events that occur after the balance sheet date but before financial statements are issued or are available to be issued. It requires the disclosure of the date through which an organization has evaluated subsequent events and the basis for that date; that is, whether that date represents the date the financial statements were issued or were available to be issued. This disclosure should alert all users of financial statements that an organization has not evaluated subsequent events after that date in the set of financial statements being presented. The Organization has adopted the required disclosure below.

Subsequent events: The Foundation evaluated subsequent events for potential required disclosure through March 26, 2010, which is the date the financial statements were available to be issued.

Marine Toys For Tots Foundation

Notes To Financial Statements

Note 1. Nature Of Activities And Significant Accounting Policies (Continued)

Use of estimates: The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Note 2. Board Designated Endowment Funds

The Accounting Standards Codification provides guidance on the net asset classification of donor-restricted endowment funds for a not-for-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA). UPMIFA is a model act approved by the Uniform Law Commission (ULC, formerly known as the National Conference of Commissioners on Uniform State Laws) that serves as a guideline for states to use in enacting legislation. It also improves disclosures about an organization's endowment funds (both donor-restricted endowment funds and board designated endowment funds), whether or not the organization is subject to UPMIFA. The required disclosures are as follows:

Return Objective and Risk Parameters

The Foundation's objective is to earn a respectable, long-term, risk-adjusted total rate of return to support the designated programs. We recognize and accept that pursuing a respectable rate of return involves risk and potential volatility. The generation of current income will be a secondary consideration.

The Foundation targets a diversified asset allocation that places a greater emphasis on professionally-managed fund investments to achieve its long-term return objectives within prudent risk constraints. The Foundation has established a policy portfolio, or normal asset allocation. While the policy portfolio can be tactically adjusted from time to time, it is strategically designed to serve for long-time horizons based upon long-term expected returns. The Foundation has a preference for simple investment structures which will have lower cost, easier oversight, and less complexity for internal financial management and auditing.

Spending Policy

The Foundation does not currently appropriate spending for these funds for operations.

Note 3. Fair Value Of Financial Instruments

The Foundation adopted the Accounting Standards Codification, *Accounting for Fair Value of Financial Instruments*, at the beginning of the 2008 year, which applies to all assets and liabilities that are being measured and reported on a fair value basis and requires new disclosure that establishes a framework for measuring fair value in generally accepted accounting principles (GAAP) and expands disclosure about fair value measurements. It enables the reader of the financial statements to assess the inputs used to develop those measurements by establishing a hierarchy for ranking the quality and reliability of the information used to determine fair values and requires that assets and liabilities carried at fair value be classified and disclosed in one of the following three categories:

Level 1: Quoted market prices in active markets for identical assets or liabilities

Level 2: Observable market-based inputs or unobservable inputs that are corroborated by market data

Level 3: Unobservable inputs that are not corroborated by market data

In determining the appropriate levels, the Foundation performs a detailed analysis of the assets and liabilities that are subject to fair value measurements. At each reporting period, all assets and liabilities for which the fair value measurement is based on significant unobservable inputs are classified as Level 3.

Marine Toys For Tots Foundation

Notes To Financial Statements

Note 3. Fair Value Of Financial Instruments (Continued)

The table below presents the balances of assets and liabilities measured at fair value on a recurring basis by level within the hierarchy:

	Level 1	Level 2	Level 3	Total
Investments	\$ 27,456,740	\$ -	\$ 704,429	\$ 28,161,169
Inventory	\$ -	\$ 17,567,835	\$ -	\$ 17,567,835

The Foundation holds investments primarily in mutual and money market funds, with a small amount of alternative investments at December 31, 2009 (See Note 4).

The money market and mutual funds are classified as a trading security and are publicly traded on the New York Stock Exchange; therefore, investments are considered Level 1 items.

The alternative investments are considered Level 3 because they are not actively traded and do not have observable inputs that are corroborated by market data. A summary of the activity for the alternative investments is as follows:

Beginning Balance	Purchases	Sales	Total Gain	Ending Balance
\$ -	\$ 693,727	\$ -	\$ 10,702	\$ 704,429

There were no transfers between levels for the alternative investments, as they originated in 2009. The gain is included in unrealized and realized gain (loss) on investments, net on the statements of activities.

The Foundation's inventory consists of toys, either donated from individuals or corporations, that have not been distributed at December 31. For those donated by individuals, a mean value per toy is determined by applying a statistical analysis that includes obtaining actual, pre-Christmas retail prices for those toys included in the analysis. For those donated by corporations or purchased by the Foundation, a current market value as of the date of donation is included on the documentation provided by the company. Since there are observable retail prices, inventory is considered a Level 2 item.

Marine Toys For Tots Foundation

Notes To Financial Statements

Note 4. Investments

Investments consist of the following at December 31, 2009 and 2008:

	2009	2008
Endowment fund:		
Mutual funds	\$ 18,474,288	\$ 8,934,138
Certificates of deposit and money market funds	8,184,931	15,000,002
Alternative investments	704,429	-
	<u>27,363,648</u>	<u>23,934,140</u>
Building fund:		
Mutual funds	797,521	637,662
Cash	-	151
	<u>797,521</u>	<u>637,813</u>
	<u>\$ 28,161,169</u>	<u>\$ 24,571,953</u>

Note 5. Property And Equipment

Property and equipment and accumulated depreciation at December 31, 2009 and 2008, consist of the following:

	2009	2008
Building	\$ 4,931,122	\$ 4,931,122
Land	944,700	944,700
Furniture and equipment	283,360	277,858
	<u>6,159,182</u>	<u>6,153,680</u>
Less accumulated depreciation	403,658	239,598
	<u>\$ 5,755,524</u>	<u>\$ 5,914,082</u>

Assets purchased with a cost threshold over \$1,000 are capitalized and all others are expensed. Depreciation expense was \$164,060 and \$155,982 for the years ended December 31, 2009 and 2008, respectively.

Note 6. Joint Costs

The Foundation consults with a full service direct mail marketing agency to assist in conducting an annual direct mail campaign. During the years ended December 31, 2009 and 2008, the Foundation incurred joint costs of \$7,756,623 and \$6,573,154, respectively, for informational materials and activities that included fundraising appeals. Of those costs, \$2,869,950 and \$2,151,265 was allocated to program expenses and \$4,886,673 and \$4,421,889 was allocated to supporting services for the years ended December 31, 2009 and 2008, respectively. The Physical Units Method was used to allocate joint costs.

The joint costs allocated to program services are classified as education program expenses. The Foundation's mission includes educating the public on how it can take action in communities to help underprivileged children.

Marine Toys For Tots Foundation

Notes To Financial Statements

Note 7. Personal Injury Claim

An individual who allegedly sustained a personal injury in 2004 while sorting toys in a U.S. Army-owned warehouse, as a civilian volunteer for the U.S. Marine Corps Reserve Toys for Tots Campaign, sent a letter to the Army, the Marine Corps, and the Foundation, which attached forms claiming \$10 million of damages against the Army and the Marine Corps. The management of the Foundation believes that this claim is without merit and will not result in any loss to the Foundation. There has been no action on the part of the claimant since submitting the claim in August 2005.

Note 8. Commitment

The Foundation has entered into a contract for hotel rooms and a convention center relating to its September 2010 and 2011 coordinator conferences. In the event of cancellation, the Foundation is required to pay various costs as stipulated in the contract, the amounts of which are dependent upon the date of cancellation.

Note 9. Retirement Plan

The Foundation has a defined contribution retirement plan (the Plan) covering all full-time employees who have completed one year of service. Under the Plan, the Foundation makes a contribution to the plan equal to 10% of an employee's total annual compensation. Employees must remain with the Foundation for three years in order for their retirement benefit to fully vest. If an employee departs before completing three plan years, the unvested portion of his/her funds is forfeited to the Foundation. During the years ended December 31, 2009 and 2008, the Foundation contributed \$108,312 and \$107,535, respectively, to the Plan.