

**MARIETTA
COMMUNITY
FOUNDATION**

**FINANCIAL
STATEMENTS
DECEMBER 31, 2008**

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Board of Directors
Marietta Community Foundation
Marietta, Ohio

Independent Auditors' Report

We have audited the accompanying combined statement of financial position of the Marietta Community Foundation (a not-for-profit organization) as of December 31, 2008 and the related combined statements of activities, functional expenses, and cash flows for the year then ended. These combined 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 combined financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall combined financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the combined financial position of the Marietta Community Foundation as of December 31, 2008, and the changes in its net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Tenney Bailey & Associates, LLC
Marietta, Ohio
September 1, 2009

MARIETTA COMMUNITY FOUNDATION
 COMBINED STATEMENT OF FINANCIAL POSITION
 December 31, 2008

	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	TOTAL
ASSETS				
Cash	\$ 2,854	\$ -	\$ -	\$ 2,854
Investments				
Cash and Equivalents	241,166	1,162,299	107,739	1,511,204
Equities	1,729,079	2,521,623	39,956	4,290,658
Fixed Income	1,234,775	1,571,299	242,283	3,048,357
Promissory Notes Receivable		27,319		27,319
Fixed Assets - Net	<u>11,399</u>	<u>-</u>	<u>-</u>	<u>11,399</u>
TOTAL ASSETS	<u>\$ 3,219,273</u>	<u>\$ 5,282,540</u>	<u>\$ 389,978</u>	<u>\$ 8,891,791</u>
 LIABILITIES AND NET ASSETS				
Accounts Payable	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
TOTAL LIABILITIES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net Assets	<u>\$ 3,219,273</u>	<u>\$ 5,282,540</u>	<u>\$ 389,978</u>	<u>\$ 8,891,791</u>
TOTAL NET ASSETS	<u>\$ 3,219,273</u>	<u>\$ 5,282,540</u>	<u>\$ 389,978</u>	<u>\$ 8,891,791</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 3,219,273</u>	<u>\$ 5,282,540</u>	<u>\$ 389,978</u>	<u>\$ 8,891,791</u>

MARIETTA COMMUNITY FOUNDATION
 COMBINED STATEMENT OF ACTIVITIES
 For the Year Ended December 31, 2008

	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	TOTAL
REVENUES, GAINS, AND OTHER SUPPORT				
Contributions	\$ 46,102	\$ 1,103,809	\$ 4,275	\$ 1,154,186
Dividends	71,493	120,594	9,889	201,976
Interest	47,717	42,768	4,699	95,184
Miscellaneous & Royalties	1,580	-	-	1,580
Realized & Unrealized Gains (Losses)	(1,040,431)	(1,406,406)	(27,777)	(2,474,614)
Net Assets Released from Restrictions	727,886	(714,370)	(13,516)	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL REVENUES, GAINS, AND OTHER SUPPORT	<u>\$ (145,653)</u>	<u>\$ (853,605)</u>	<u>\$ (22,430)</u>	<u>\$ (1,021,688)</u>
 EXPENSES				
Program Services				
Grants, Distributions, and Scholarships	\$ 803,013	\$ -	\$ -	\$ 803,013
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Program Services	<u>\$ 803,013</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 803,013</u>
Support Services				
Management and General	\$ 138,716			\$ 138,716
Promotional	19,427			19,427
Trust Fees	33,687			33,687
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Support Services	<u>\$ 191,830</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 191,830</u>
TOTAL EXPENSES	<u>\$ 994,843</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 994,843</u>
CHANGE IN NET ASSETS	\$ (1,140,496)	\$ (853,605)	\$ (22,430)	\$ (2,016,531)
NET ASSETS AT BEGINNING OF YEAR	<u>4,359,769</u>	<u>6,136,145</u>	<u>412,408</u>	<u>10,908,322</u>
 NET ASSETS AT END OF YEAR	<u>\$ 3,219,273</u>	<u>\$ 5,282,540</u>	<u>\$ 389,978</u>	<u>\$ 8,891,791</u>

SEE ACCOMPANYING NOTES AND INDEPENDENT AUDITORS' REPORT

MARIETTA COMMUNITY FOUNDATION
COMBINED STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2008

	SUPPORT SERVICES				TOTAL EXPENSES
	PROGRAM SERVICES	Management and General	Promotional	Trust Fees	
EXPENSES					
Grants	\$ 747,469				\$ 747,469
Scholarships	55,544				55,544
Trust Fees			33,687		33,687
Communications			19,427		19,427
Personnel Expenses		103,539			103,539
Professional Services		11,880			11,880
Occupancy and Utilities		7,591			7,591
Postage and Printing		3,951			3,951
Associations and Memberships		2,175			2,175
Other		9,580			9,580
TOTAL EXPENSES	\$ 803,013	\$ 138,716	\$ 19,427	\$ 33,687	\$ 994,843

MARIETTA COMMUNITY FOUNDATION
COMBINED STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2008

CASH FLOWS FROM OPERATING ACTIVITIES:

CHANGE IN NET ASSETS	\$ (2,016,531)
ADJUSTMENTS TO RECONCILE CHANGE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Realized & Unrealized Capital (Gains) Losses	2,474,614
Depreciation Expense	1,329
(Increase) decrease in assets:	
Contribution of promissory notes receivable	(27,319)
Increase (decrease) in liabilities:	
Accounts payable	<u> </u>
TOTAL ADJUSTMENTS	<u>2,448,624</u>
NET CASH FLOWS PROVIDED BY OPERATING ACTIVITIES:	<u>432,093</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Net investment activity	(72,387)
Purchase of property plant & equipment	(12,222)
Transfers	<u> </u>
NET CASH FLOWS PROVIDED (USED) IN INVESTING ACTIVITIES	<u>(84,609)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	347,484
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>1,166,574</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 1,514,058</u>

**MARIETTA COMMUNITY FOUNDATION
NOTES TO COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2008**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION AND NATURE OF ACTIVITIES

The Marietta Community Foundation (the Foundation) is a not-for-profit corporation organized under the laws of the State of Ohio in 1974 as a charitable trust organization. The Foundation awards grants and scholarships to organizations and individuals in the Marietta and surrounding areas. The Foundation also receives contributions and makes disbursements for program expenses and community projects for established funds of the Foundation. The Foundation consists of the Marietta Community Foundation, a community trust, and the Marietta Community Foundation, Inc. a not-for-profit corporation. These entities consist principally of invested funds governed by trust instruments originated by donors and benefactors.

BASIS OF ACCOUNTING

The Foundation's combined financial statements have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables and payable.

FINANCIAL STATEMENT PRESENTATION

The Foundation's combined financial statement presentation follows the recommendation 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 combined financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. A description of the three net asset categories follows:

Unrestricted - Net assets that are neither temporarily nor permanently restricted by donor imposed stipulations. These assets are maintained and distributed at the discretion of the Foundation's Board of Governors. Unrestricted net assets also include designated net assets. These assets are designated for a general purpose and are also maintained and distributed at the discretion of the Foundation's Board of Governors.

Temporarily Restricted - Net Assets whose use by the Foundation has been limited by donor-imposed restrictions. These restrictions can be fulfilled by actions of the Foundation and/or expire by the passage of time.

MARIETTA COMMUNITY FOUNDATION
NOTES TO COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Permanently Restricted - Net Assets that have been restricted by donors to be maintained by the Foundation in perpetuity. Contributions and gains necessary to maintain the corpus under the Uniform Investment Act are reflected as additions to permanently restricted net assets. Investment income is an addition to temporarily restricted net assets, which may be used for donor-designated purposes.

TRUST DESIGNATIONS

To facilitate the observance of the general intent of contribution and bequests, the Foundation maintains separate trust accounts. The trust records of the Foundation are maintained by the trust departments of Peoples Bank, WesBanco, Hazlett, Burt and Watson, Janney Montgomery Scott, The Hartford, Smith Barney, Fleming Watson Financial Services, and Edward Jones.

Each trust represents assets that are primarily subject to intentions of gift instruments requiring, in perpetuity, that the assets be used for a designated purpose. In the combined financial statements, individual trusts have been classified in accordance with SFAS No. 117 as unrestricted, temporarily restricted, or permanently restricted net assets.

FUNCTIONAL EXPENSES

The expenses of the Foundation have been summarized on the functional basis in the Combined Statement of Activities. Accordingly, expenses classified as program services are awards for grants, distributions, and scholarships. Expenses classified as support services are management and general, promotion, and trust fees incurred in the course of administering and managing the Foundation's activities.

FEDERAL INCOME TAX

The Marietta Community Foundation is classified as an exempt organization under Section 501(c)(3) of the Internal Revenue Code by letter of determination from the District Director dated April 17, 1974. Contributions made to the Foundation are therefore deductible for Federal income tax purposes by the donors. The Foundation was classified as "not a private foundation" by a letter of determination from the Internal Revenue Service dated April 17, 1974.

**MARIETTA COMMUNITY FOUNDATION
NOTES TO COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2008**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

CASH AND CASH EQUIVALENTS

For purposes of the Combined Statement of Cash Flows, the Foundation considers all highly-liquid investments purchased with a maturity of three months or less to be cash equivalents.

USE OF ESTIMATES

The preparation of combined financial statements in conformity with accounting principals generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures. According, actual results could differ from those estimates.

INVESTMENTS

The Foundation carries investments with readily determinable market values at their fair values in the Combined Statements of Financial Position. Unrealized gains and losses are included in the change in net assets in the accompanying Combined Statement of Activities.

FIXED ASSETS

All purchases of equipment with estimated useful life exceeding one year are capitalized at cost. Depreciation is computed using the straight-line method over the estimated useful lives.

REVENUES AND EXPENSES

Revenues received are recorded as increases in unrestricted, temporarily restricted, or permanently restricted net assets depending on the existence and/or nature of any donor restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Combined Statement of Activities as net assets released from restrictions. Revenues, gains, other support, and expenses are accounted for in the trust account that owned the assets. The Board of Governors may, at its discretion, cause transfers from individual trust accounts to the Foundation's checking account to cover pro-rata costs of administrative and other general expenses.

ADVERTISING, PROMOTIONAL, AND FUNDRAISING COSTS

The Foundation's advertising, promotional, and fundraising policy is to expense costs as incurred.

**MARIETTA COMMUNITY FOUNDATION
NOTES TO COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2008**

NOTE 2 - BROKERED DEPOSITS

The foundation has brokered certificates of deposit with local banks and brokerage firms totaling \$6,254 for the year ending December 31, 2008. The certificates of deposit have various maturities and interest rates.

NOTE 3 - FIXED ASSETS

Fixed assets consist of the following:

Computer Equipment	\$	2,842
Software		10,891
Office Equipment		690
Office Furniture		<u>57</u>
 Total Fixed Assets	 \$	 14,480
Less: Accumulated Depreciation		<u>(3,081)</u>
 Net Fixed Assets	 \$	 <u>11,399</u>

Depreciation expense was \$1,329 for the year ending December 31, 2008.

NOTE 4 - ANNUITY INVESTMENTS

The Foundation held annuity investments with one Life Insurance companies as of December 31, 2008. The account value is as follows:

Aviva Life Insurance Company	\$	114,663
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NOTE 5 - CHARITABLE REMAINDER UNITRUST

The Foundation has been named the trustee and beneficiary of a charitable remainder unitrust. The proceeds are to be determined upon the death of the income beneficiaries or their waiver of the right to the income of the trust.

NOTE 6 - NET ASSETS

Temporarily restricted net assets are available for the following purposes:

Grants, Scholarships, and Donor-Designated Charitable Purposes	\$	<u>5,282,540</u>
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**MARIETTA COMMUNITY FOUNDATION
NOTES TO COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2008**

NOTE 6 - NET ASSETS (CONTINUED)

Permanently restricted net assets are available for the following purposes:

Investments to be held in perpetuity, the earnings from which are expendable for specified purposes	<u>\$ 389,978</u>
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NOTE 7 - CONCENTRATION OF RISK

Contributions and bequests are received primarily from businesses and individuals in the Marietta and surrounding Mid-Ohio Valley area. The Foundation has a diversified contribution base but a substantial portion of its contributors' ability to donate depends upon the area's economy.

The Foundation maintains cash and liquidity account balances in local area banks that, at times, exceed the Federal Deposit Insurance Corporation limits.

NOTE 8 - INVESTMENTS

The following summarizes the relationship between the asset costs and market values of investment assets as of December 31, 2008:

Market Values	\$ 7,366,334
Assets Costs	<u>(8,838,941)</u>
Excess of Costs over Market Values	\$ (1,472,607)
Less: Net Unrealized Gains Reported in Prior Years	<u>(835,331)</u>
Net Unrealized Gain (Loss) for the Year	<u>\$ (2,307,938)</u>

Investments are stated at estimated market value in the combined financial statements. The following is an analysis of the Foundation's investments at market and cost values as of December 31, 2008:

	<u>Market Value</u>	<u>Cost</u>
Unrestricted		
Equities	\$ 1,729,079	\$ 2,298,946
Fixed Income	<u>1,234,775</u>	<u>1,210,153</u>
Total Unrestricted	<u>\$ 2,963,854</u>	<u>\$ 3,509,099</u>

**MARIETTA COMMUNITY FOUNDATION
NOTES TO COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2008**

NOTE 8 - INVESTMENTS (CONTINUED)

	<u>Market Value</u>	<u>Cost</u>
Temporarily Restricted		
Equities	\$ 2,521,623	\$ 3,437,782
Fixed Income	1,571,299	1,570,198
Promissory Notes Receivable	<u>27,319</u>	<u>27,319</u>
Total Temporarily Restricted	<u>\$ 4,120,241</u>	<u>\$ 5,035,299</u>
Permanently Restricted		
Equities	\$ 39,956	\$ 52,909
Fixed Income	<u>242,283</u>	<u>241,634</u>
Total Permanently Restricted	<u>\$ 282,239</u>	<u>\$ 294,543</u>
TOTALS	<u>\$ 7,366,334</u>	<u>\$ 8,838,941</u>

COMBINING INFORMATION



TENNEY BAILEY & ASSOCIATES, LLC
Certified Public Accountants and Business Advisors

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Board of Directors
Marietta Community Foundation
Marietta, Ohio

Independent Auditors' Report on Combining Information

Our report on the audits of the combined statements of financial position of the Marietta Community Foundation and Marietta Community Foundation, Inc. as of December 31, 2008, and the related combined statements of activities, functional expenses, and cash flows for the year ended December 31, 2008 appears on Page one. This audit was made for the purpose of forming an opinion on the combined financial statements taken as a whole. The combining information on Pages 13-15 is presented for the purposes of additional analysis for the 2008 combined financial statements rather than to present the financial position, results of operations, and cash flows of the individual companies. Such information has been subjected to the auditing procedures applied in the audit of the combined financial statements and, in our opinion, is fairly stated in all material respects in relation to the combined financial statements taken as a whole.

Tenney Bailey & Associates, LLC
Marietta, Ohio
September 1, 2009

MARIETTA COMMUNITY FOUNDATION
COMBINING STATEMENT OF FINANCIAL POSITION
For the Year Ended December 31, 2008

	MARIETTA COMMUNITY FOUNDATION	MARIETTA COMMUNITY FOUNDATION, INC.	TOTAL
ASSETS			
Cash	\$ -	\$ 2,854	\$ 2,854
Investments			
Cash and Equivalents	512,997	998,207	1,511,204
Equities	3,106,575	1,184,083	4,290,658
Fixed Income	2,307,343	741,014	3,048,357
Promissory Notes Receivable	-	27,319	27,319
Fixed Assets - Net	-	11,399	11,399
TOTAL ASSETS	\$ 5,926,915	\$ 2,964,876	\$ 8,891,791
 LIABILITIES AND NET ASSETS			
NET ASSETS	\$ 5,926,915	\$ 2,964,876	\$ 8,891,791
TOTAL LIABILITIES AND NET ASSETS	\$ 5,926,915	\$ 2,964,876	\$ 8,891,791

SEE ACCOMPANYING NOTES AND INDEPENDENT AUDITORS' REPORT

MARIETTA COMMUNITY FOUNDATION
COMBINING STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2008

	MARIETTA COMMUNITY FOUNDATION	MARIETTA COMMUNITY FOUNDATION, INC.	TOTAL
REVENUES, GAINS, AND OTHER SUPPORT			
Contributions	\$ 73,179	\$ 1,081,007	\$ 1,154,186
Dividends	153,777	48,199	201,976
Interest	60,717	34,467	95,184
Miscellaneous & Royalties	-	1,580	1,580
Realized & Unrealized Gains (Losses)	<u>(1,823,401)</u>	<u>(651,213)</u>	<u>(2,474,614)</u>
TOTAL REVENUES, GAINS, AND OTHER SUPPORT	<u>\$ (1,535,728)</u>	<u>\$ 514,040</u>	<u>\$ (1,021,688)</u>
EXPENSES			
Program Services			
Grants, Distributions, and Scholarships	\$ 146,655	\$ 656,358	\$ 803,013
Total Program Services	<u>\$ 146,655</u>	<u>\$ 656,358</u>	<u>\$ 803,013</u>
Support Services			
Management and General	\$ -	\$ 138,716	\$ 138,716
Promotional	-	19,427	19,427
Trust Fees	<u>23,350</u>	<u>10,337</u>	<u>33,687</u>
Total Support Services	<u>\$ 23,350</u>	<u>\$ 168,480</u>	<u>\$ 191,830</u>
TOTAL EXPENSES	<u>\$ 170,005</u>	<u>\$ 824,838</u>	<u>\$ 994,843</u>
CHANGE IN NET ASSETS	\$ (1,705,733)	\$ (310,798)	\$ (2,016,531)
TRANSFERS	(221,002)	221,002	-
NET ASSETS AT BEGINNING OF YEAR	<u>7,853,650</u>	<u>3,054,672</u>	<u>10,908,322</u>
NET ASSETS AT END OF YEAR	<u>\$ 5,926,915</u>	<u>\$ 2,964,876</u>	<u>\$ 8,891,791</u>

SEE ACCOMPANYING NOTES AND INDEPENDENT AUDITORS' REPORT

MARIETTA COMMUNITY FOUNDATION
COMBINING STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2008

	<u>MARIETTA COMMUNITY FOUNDATION</u>	<u>MARIETTA COMMUNITY FOUNDATION, INC.</u>	<u>TOTAL</u>
CASH FLOWS FROM OPERATING ACTIVITIES:			
CHANGE IN NET ASSETS	\$ (1,705,733)	\$ (310,798)	\$ (2,016,531)
ADJUSTMENTS TO RECONCILE CHANGE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:			
Realized & Unrealized Capital (Gains) Losses	1,823,401	651,213	2,474,614
Depreciation Expense		1,329	1,329
(Increase) decrease in assets:			
Contribution of promissory notes receivable		(27,319)	(27,319)
Increase (decrease) in liabilities:			
Accounts payable			
TOTAL ADJUSTMENTS	<u>1,823,401</u>	<u>625,223</u>	<u>2,448,624</u>
NET CASH FLOWS PROVIDED BY OPERATING ACTIVITIES:	<u>117,668</u>	<u>314,425</u>	<u>432,093</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Net investment activity	(27,010)	(45,377)	(72,387)
Purchase of property plant & equipment		(12,222)	(12,222)
Transfers	<u>(221,002)</u>	<u>221,002</u>	<u>-</u>
NET CASH FLOWS PROVIDED (USED) IN INVESTING ACTIVITIES	<u>(248,012)</u>	<u>163,403</u>	<u>(84,609)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(130,344)	477,828	347,484
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>643,341</u>	<u>523,233</u>	<u>1,166,574</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 512,997</u>	<u>\$ 1,001,061</u>	<u>\$ 1,514,058</u>

SEE ACCOMPANYING NOTES AND INDEPENDENT AUDITORS' REPORT