

**COMMUNITY FOUNDATION
OF UNION COUNTY, INC.**
FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007

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INDEPENDENT ACCOUNTANTS' REPORT

To the Board of Directors
Community Foundation of Union County, Inc.
Marysville, Ohio

We have reviewed the accompanying statement of financial position of the Community Foundation of Union County, Inc. (a nonprofit organization) as of December 31, 2008, and the related statements of activities and changes in net assets and cash flows for the year then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. All information included in these financial statements is the representation of the management of the Community Foundation of Union County, Inc.

A review consists principally of inquiries of Organization's personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with general accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying 2008 financial statements in order for them to be in conformity with generally accepted accounting principles.

The financial statements for the year ended December 31, 2007 were audited by us, and we expressed an unqualified opinion on them in our report dated June 9, 2008, but we have not performed any auditing procedures since that date.

A handwritten signature in black ink that reads 'Holbrook & Manter'.

Certified Public Accountants

April 8, 2009

MEMBERS
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
OHIO SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS

COMMUNITY FOUNDATION OF UNION COUNTY, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2008 (UNAUDITED) AND 2007 (AUDITED)

	(Unaudited)	(Audited)
	2008	2007
ASSETS:-		
Cash and cash equivalents	\$ 103,856	\$ 274,650
Certificates of deposit	1,886,885	1,926,957
Investments	1,893,352	2,642,632
Pledges receivable	65,336	58,127
Note receivable	33,515	32,692
Cash surrender value of life insurance after policy loans of \$50,176 and \$46,432 for 2008 and 2007	207,336	102,619
Prepays	2,721	3,330
Total current assets	<u>4,193,001</u>	<u>5,041,007</u>
PROPERTY AND EQUIPMENT:-		
Property held for investment	62,400	50,000
OTHER ASSETS:-		
Deposits	800	800
Total assets	<u>\$ 4,256,201</u>	<u>\$ 5,091,807</u>
LIABILITIES:-		
Accounts payable	\$ 5,067	\$ 14,151
Charitable remainder unitrust liability	81,944	218,177
Charitable gift annuity liability	120,037	72,607
Total liabilities	207,048	304,935
NET ASSETS:-		
Unrestricted	1,229,359	1,484,546
Temporarily restricted	1,263,098	1,590,365
Permanently restricted	1,556,696	1,711,961
Total net assets	<u>4,049,153</u>	<u>4,786,872</u>
Total liabilities and net assets	<u>\$ 4,256,201</u>	<u>\$ 5,091,807</u>

See Accountant's Report and notes to financial statements

COMMUNITY FOUNDATION OF UNION COUNTY, INC.
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2008 (UNAUDITED)

	<u>Unrestricted</u>	<u>Temporarily Restricted By Donor</u>	<u>Permanently Restricted</u>	<u>Total</u>
REVENUES AND OTHER SUPPORT:-				
Contributions	\$ 327,729	\$ 246,743	\$ 10,000	\$ 584,472
Net assets released from restrictions	197,087	(197,087)	0	0
Interest income	40,776	45,797	0	86,573
Dividend income	21,742	24,420	0	46,162
Realized/Unrealized gain (loss) on investments	(324,524)	(431,903)	(165,265)	(921,692)
Other income	33,623	0	0	33,623
	<u>296,433</u>	<u>(312,030)</u>	<u>(155,265)</u>	<u>(170,862)</u>
Total revenues and other support				
EXPENSES:-				
Program Services - Grants	393,652	0	0	393,652
Management and General:-				
Change in value of split interest agreements	0	15,237	0	15,237
Fundraising	4,006	0	0	4,006
Administrative fee	34,217	0	0	34,217
Commission	31	0	0	31
Employee payroll	62,609	0	0	62,609
Payroll taxes	4,829	0	0	4,829
Rent	10,740	0	0	10,740
Office supplies	717	0	0	717
Insurance	8,451	0	0	8,451
Interest expense	3,743	0	0	3,743
Meals and entertainment	105	0	0	105
Investment fees	115	0	0	115
Postage	595	0	0	595
Accounting fees	9,761	0	0	9,761
Dues and subscriptions	836	0	0	836
Bureau of workers compensation	243	0	0	243
Meetings	292	0	0	292
Repairs and maintenance	261	0	0	261
Software	3,330	0	0	3,330
FIMS Hostnet fee	6,470	0	0	6,470
Training	90	0	0	90
Telephone and internet	2,157	0	0	2,157
Utilities	2,465	0	0	2,465
Real estate taxes	1,331	0	0	1,331
Miscellaneous	574	0	0	574
	<u>551,620</u>	<u>15,237</u>	<u>0</u>	<u>566,857</u>
Total expenses				
Change in net assets	(255,187)	(327,267)	(155,265)	(737,719)
NET ASSETS AT BEGINNING OF YEAR	<u>1,484,546</u>	<u>1,590,365</u>	<u>1,711,961</u>	<u>4,786,872</u>
NET ASSETS AT END OF YEAR	<u>\$ 1,229,359</u>	<u>\$ 1,263,098</u>	<u>\$ 1,556,696</u>	<u>\$ 4,049,153</u>

See Accountant's report and notes to financial statements

COMMUNITY FOUNDATION OF UNION COUNTY, INC.
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2007 (AUDITED)

	<u>Unrestricted</u>	Temporarily Restricted <u>By Donor</u>	Permanently <u>Restricted</u>	<u>Total</u>
REVENUES AND OTHER SUPPORT:-				
Contributions	\$ 478,863	\$ 382,824	\$ 107,501	\$ 969,188
Net assets released from restrictions	188,269	(188,269)	0	0
Interest income	54,202	58,064	0	112,266
Dividend income	18,521	19,841	0	38,362
Realized/Unrealized gain on investments	35,157	91,300	0	126,457
Other income	38,135	0	0	38,135
	<u>813,147</u>	<u>363,760</u>	<u>107,501</u>	<u>1,284,408</u>
EXPENSES:-				
Program Services - Grants	1,000,076	0	0	1,000,076
Management and General:-				
Change in value of split interest agreements	0	2,177	0	2,177
Advertising and development	2,592	0	0	2,592
Administrative fee	37,700	0	0	37,700
Commission	1,876	0	0	1,876
Employee payroll	60,675	0	0	60,675
Payroll taxes	4,479	0	0	4,479
Rent	10,480	0	0	10,480
Office supplies	1,151	0	0	1,151
Insurance	9,586	0	0	9,586
Legal fees	685	0	0	685
Meals and entertainment	159	0	0	159
Postage	1,116	0	0	1,116
Accounting fees	8,420	0	0	8,420
Dues and subscriptions	836	0	0	836
Bureau of workers compensation	219	0	0	219
Meetings	264	0	0	264
Repairs and maintenance	728	0	0	728
Software	5,811	0	0	5,811
Training	5,376	0	0	5,376
Telephone and internet	2,072	0	0	2,072
Utilities	2,213	0	0	2,213
Real estate taxes	978	0	0	978
Miscellaneous	986	0	0	986
	<u>1,158,478</u>	<u>2,177</u>	<u>0</u>	<u>1,160,655</u>
Change in net assets	(345,331)	361,583	107,501	123,753
NET ASSETS AT BEGINNING OF YEAR	<u>1,829,877</u>	<u>1,228,782</u>	<u>1,604,460</u>	<u>4,663,119</u>
NET ASSETS AT END OF YEAR	<u>\$ 1,484,546</u>	<u>\$ 1,590,365</u>	<u>\$ 1,711,961</u>	<u>\$ 4,786,872</u>

See Accountant's report and notes to financial statements

COMMUNITY FOUNDATION OF UNION COUNTY, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2008 (UNAUDITED) AND 2007 (AUDITED)

	(Unaudited)	(Audited)
	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES:-		
Increase (decrease) in net assets	\$ (737,719)	\$ 123,753
Adjustments to reconcile increase in net assets to net cash provided by operating activities:-		
Net realized and unrealized gain on investments	936,929	(124,280)
(Increase) decrease in pledges receivables	(7,209)	(27,420)
(Increase) decrease in note receivable	(823)	2,179
(Increase) decrease in other assets	(104,108)	(7,238)
Increase (decrease) in accounts payable	(9,084)	11,151
Increase (decrease) in charitable remainder unitrust liability	(136,233)	86,380
Increase (decrease) in other liabilities	47,430	50,563
Net cash provided (used) by operating activities	(10,817)	115,088
 CASH FLOWS FROM INVESTING ACTIVITIES:-		
Proceeds from investments	200,295	389,500
Purchases of investments	(400,344)	(643,745)
Net purchase (proceeds) from certificates of deposit	40,072	(306,369)
Net cash used by investing activities	(159,977)	(560,614)
Net increase (decrease) in cash and cash equivalents	(170,794)	(445,526)
 CASH AND CASH EQUIVALENTS, beginning of year	<u>274,650</u>	<u>720,176</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 103,856</u>	<u>\$ 274,650</u>
 SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:-		
Interest expense	<u>\$ 0</u>	<u>\$ 0</u>

See accompanying notes to financial statements

COMMUNITY FOUNDATION OF UNION COUNTY, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007

NOTE 1 - PURPOSE OF FOUNDATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:-

Organization - Community Foundation of Union County, Inc. (the Foundation) is a nonprofit corporation classified by the Internal Revenue Service as tax-exempt under Section 501(c) (3) and as a nonprivate foundation under Section 509(a)(1) of the Internal Revenue Code of 1986. The Foundation is responsible for charitable funds and the income generated by funds of many donors. The Foundation is committed to promoting the well being of mankind and to serving the general charitable, educational and scientific needs of the inhabitants of Union County, Ohio through charitable grants at the discretion of the Board of Trustees.

Basis of Presentation - The financial statements are presented on an accrual basis in accordance with Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-For-Profit Organizations". Under SFAS 117, the Foundation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition, the Foundation is required to present a statement of cash flows.

Cash and Cash Equivalents - Cash equivalents consist of highly liquid investments with an original maturity of three months or less. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial instruments.

Investments - The Foundation carries investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying statement of activities.

Property Held for Investment - Land is held for investment purposes and is recorded at estimated fair market value each year based upon the county treasurer's valuation for real estate taxes.

Contributions - The Organization recognizes contributions received and contributions made in accordance with SFAS No. 116, "Accounting for Contributions Received and Contributions Made". Under SFAS No. 116, a contribution received by the Organization is recognized when the donor makes an unconditional promise to give to the Organization. Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and nature of any donor imposed restrictions. The Foundation reports gifts of cash and other assets as temporarily restricted contributions when they are received with donor stipulations that limit the use of the donated assets. When the intent of the donor is that the assets are to remain in perpetuity and the Foundation does not have the right to invade the original principal, the assets are reported as permanently restricted. When a donor restriction expires (such as when a stipulated time restriction ends), temporarily restricted net assets are released to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Net assets are primarily released from donor restrictions when time restrictions are satisfied. Contributions received with donor imposed restrictions that are met in the same reporting period are reported as unrestricted contributions.

Operating Activities - Operating revenues of the Foundation include investment income, advisory fees, unrestricted grants and contributions.

Grants - Grants are recorded as expenses when they are approved by the Board of Trustees for payment and when grant conditions are satisfied.

COMMUNITY FOUNDATION OF UNION COUNTY, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007

NOTE 1 - PURPOSE OF FOUNDATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:-

(continued)

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

Fair Values of Financial Instruments - The fair value of financial instruments has been determined through quoted market values and discounted cash flow analysis to approximate the amounts recorded in the statement of financial position.

Federal Income Taxes - The Foundation has been determined, by the Internal Revenue Service, as exempt from Federal income taxes as a nonprofit organization under Section 501(c)(3) of the Internal Revenue Code and, as a result, a provision for taxes is not required.

NOTE 2 - CONCENTRATION OF CREDIT RISK:-

During 2008 and 2007, the Foundation maintained in a financial institution cash amounts in excess of the Federal Deposit Insurance Corporation (FDIC) maximum limits.

NOTE 3 - INVESTMENTS:-

Investments in marketable securities consist of the following at December 31, 2008 and 2007:

	2008	2007
	Fair Market Value	Fair Market Value
Investments	\$ 1,548,628	\$ 2,159,711
Investments- Charitable Remainder Trusts	344,724	482,921
	\$ 1,893,352	\$ 2,642,632
	2008	2007
	Fair Market Value	Fair Market Value
Equity - Mutual Funds	\$ 1,780,216	\$ 2,525,599
Equity - Stock	113,136	117,033
	\$ 1,893,352	\$ 2,642,632

COMMUNITY FOUNDATION OF UNION COUNTY, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007

NOTE 4 - INVESTMENTS – CHARITABLE REMAINDER UNITRUST:-

In 2005 and 2007, donors established charitable remainder trusts naming the Foundation as the trustee. Charitable remainder trusts provide for the payment of distributions to designated beneficiaries over the trusts' terms. At the end of the trusts' terms, the remaining assets are to be available for the Foundation's use, subject to donor-imposed restrictions. Assets held in charitable remainder trusts at December 31, 2008 and 2007 totaled \$344,724 and \$482,921, respectively, and are reported at fair value in the Foundation's statement of financial position. Changes in fair value of charitable remainder trusts are reflected as changes in temporarily restricted net assets in the Foundation's statement of activities. On an annual basis, the Foundation reviews the need to revalue the liabilities to make distributions to the designated beneficiaries based on actuarial assumptions. There are no significant changes in actuarial assumptions resulting in revaluations during 2008 and 2007. The present value of the estimated future payments (\$81,944 at December 31, 2008 and \$218,177 in 2007) is calculated using a discount rate of 5% to 6% and applicable mortality tables. During 2008 and 2007, total contributions to charitable remainder trusts amounted to \$0 and \$141,726, respectively.

NOTE 5 - CERTIFICATES OF DEPOSIT:-

Financial Institution	Interest Rate(s)	2008	2007
Huntington National Bank	3.30% - 5.12%	\$ 288,762	\$ 308,598
Richwood Banking Company	3.10% - 5.15%	195,165	246,949
Delaware County Bank*	4.75% - 5.0%	<u>1,402,958</u>	<u>1,371,410</u>
Total Certificates of Deposit		<u>\$ 1,886,885</u>	<u>\$ 1,926,957</u>

* CD's held at Delaware County Bank are invested in their Certificate of Deposit Account Registry Service (CDARS) program which insures 100% FDIC coverage.

NOTE 6 - PROPERTY HELD FOR INVESTMENT:-

Property held for investment included the following at December 31, 2008 and 2007:

	2008	2007
Land	<u>\$ 62,400</u>	<u>\$ 50,000</u>

The land was donated to the Foundation and is held for investment purposes.

COMMUNITY FOUNDATION OF UNION COUNTY, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007

NOTE 7 - OPERATING LEASES:-

The Foundation leases office space from an unrelated party. The term of the lease is for one year with an option to renew for an additional year at mutually agreed terms. Terms of the lease require monthly rent payments of \$880. Effective May 1, 2008, the lease agreement was extended for one year and requires monthly rent payments of \$900. At the expiration of that agreement, an additional lease agreement was signed reducing the monthly rent payments to \$600, with the term expiring on February 28, 2010. Rent expense for the years ended 2008 and 2007 totaled \$10,740 and \$10,480, respectively.

The annual minimum lease payments of the Organization's operating leases as of December 31, 2008 is as follows:

2009	\$	7,500
2010		1,200
Total	\$	<u>8,700</u>

NOTE 8 - PLEDGE RECEIVABLES:-

Pledge receivables consist of unconditional promises to give from trustees of the Foundation and other third party donors. As of December 31, 2008 and 2007, pledge receivables are comprised of the following:

	<u>2008</u>	<u>2007</u>
Current	\$ 8,672	\$ 23,463
2 year to 5 years	<u>56,664</u>	<u>34,664</u>
Total pledge receivables	<u>\$ 65,336</u>	<u>\$ 58,127</u>

NOTE 9 - NOTE RECEIVABLE:-

On March 19, 2002, a \$310,000 note was donated to the Foundation by Marysville Housing, Inc. Management has valued the note using a discounted cash flow method based on a 15.75% return over a 14 year period of time. The discounted value at December 31, 2008 and 2007 was \$33,515 and \$32,692, respectively, based on anticipated cash flow.

	<u>2008</u>	<u>2007</u>
Note receivable	\$ 310,000	\$ 310,000
Less reserve	<u>(276,485)</u>	<u>(277,308)</u>
Net note receivable	<u>\$ 33,515</u>	<u>\$ 32,692</u>

COMMUNITY FOUNDATION OF UNION COUNTY, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007

NOTE 10 - NET ASSETS:-

Included in unrestricted net assets is approximately \$545,124 of donor-advised funds as of December 31, 2008 and \$755,330 as of December 31, 2007. Although grant recommendations are accepted from the donors or other advisors of these funds, the Foundation has variance power; that is, the ultimate discretion of the use of these funds lies with the Board of Trustees. Thus, such funds represent unrestricted net assets to the Foundation.

Temporarily restricted net assets represent donor-restricted and time-restricted donations. The restrictions are for the donated assets to remain in the fund until the restrictions are met. Once the time or donor restrictions are met, the funds can be expended and released to unrestricted net assets. See summary of temporarily restricted net assets in Note 11.

Permanently restricted net assets represent donor-restricted donations. The restrictions are for the donated assets to remain in perpetuity, and the Foundation does not have the right to invade the original principal. Only the earnings from these donations may be expended for grant distributions. See summary of permanently restricted net assets in Note 12.

COMMUNITY FOUNDATION OF UNION COUNTY, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007

NOTE 11 - TEMPORARILY RESTRICTED NET ASSETS:-

At December 31, 2008 and 2007, temporarily restricted net assets consist of the following:

<u>Temporarily Restricted Net Assets</u>	<u>2008</u>	<u>2007</u>
Georgeann Vollrath Memorial Fund	\$ 28,353	\$ 39,077
Veteran's Memorial Capital Fund	6,905	6,776
Veteran's Memorial Program Fund	5,255	5,192
Memorial Hospital Development Fund	13,191	17,439
McElheny Foundation Fund	99,502	110,114
Marysville Housing Fund	238,351	263,379
Marysville Moose Family Center Scholarship Fund	25,408	30,516
LaVerne & Juanita Yoder Charitable Fund	0	44,209
Dan B Kyle Scholarship Fund	69,957	71,058
Sargent V. Chamberlain Kiwanis College Scholarship Fund	15,956	22,136
Dr. C.B. Mills Memorial Kiwanis College Scholarship Fund	15,960	22,136
MHS Alumni Scholarship Foundation Fund	55,677	75,055
Keckley Park Development Fund	5,014	6,731
Hildreth Endowment Fund	0	137,577
Charles W. Green Family Scholarship Fund	0	19,439
Sara Mae Burnside Scholarship Fund	6,752	33,205
The Pat Conlon Scholarship Fund	42,190	41,761
Walter & Doris Herd Gift Annuity	12,730	23,470
Dr. Malcom & Barbara MacIvor Scholarship Fund	0	58,465
Aaron Humble Memorial Scholarship Fund	975	1,125
American Legion Post #79 Legacy Fund	5,118	0
Andrew Daum Memorial Soccer Scholarship Fund	8,672	10,972
Artbox Fund	4,642	6,982
Jason K. Mathewson Memorial Scholarship Fund	21,781	28,422
Sarah K. Demchak Memorial Scholarship Fund	2,634	3,668
J. Carl & Jeanie Thiergartner Family Fund	40,163	40,205
Corey Hoehn Memorial Scholarship Fund	7,587	9,380
Mintier Veteran's Scholarship Fund	493	0
Perry Family Charitable Fund	3,732	0
Roy A Wallace BIF Memorial Fund	38,248	0
Weis Family Eagle Scout and Youth Leadership Fund	2,421	0
Stolte Excellence in Leadership Scholarship Fund	10,003	0
Tonya Stevens Memorial Fund	2,613	0
Union Rural Electric Cooperative Scholarship Fund	42,824	58,042
Gift Annuity - Perry	24,555	55,812
Gift Annuity - Perry 2	10,320	0
Charitable Remainder Unitrust- Herd	138,649	139,305
Charitable Remainder Unitrust- Youngkin	27,845	28,446
Charitable Remainder Unitrust- Bump	21,286	21,992
Cash surrender value of life insurance and trustee pledges	<u>207,336</u>	<u>158,279</u>
 Total Temporarily Restricted Net Assets	 <u>\$ 1,263,098</u>	 <u>\$ 1,590,365</u>

COMMUNITY FOUNDATION OF UNION COUNTY, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007

NOTE 12 - PERMANENTLY RESTRICTED NET ASSETS:-

At December 31, 2008 and 2007, permanently restricted net assets consist of the following:

<u>Permanently Restricted Net Assets</u>	<u>2008</u>	<u>2007</u>
Charles W. Green Family Scholarship Fund	\$ 72,713	\$ 80,465
Sara Mae Burnside Scholarship Fund	347,290	347,290
MacIvor Fund	200,167	217,955
Hildreth Endowment Fund	382,497	403,750
LaVerne & Juanita Yoder Fund	469,029	587,501
Mintier Veteran's Scholarship Fund	10,000	0
Charitable Remainder Unitrust	<u>75,000</u>	<u>75,000</u>
Total Permanently Restricted Net Assets	<u>\$ 1,556,696</u>	<u>\$ 1,711,961</u>