

**WASHINGTON COUNTY
COMMUNITY FOUNDATION, INC.**

FINANCIAL STATEMENTS

DECEMBER 31, 2010 AND 2009

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of
Washington County Community Foundation, Inc.
Washington, Pennsylvania

We have audited the accompanying statements of financial position of the *Washington County Community Foundation, Inc.* (a nonprofit corporation) as of December 31, 2010 and 2009, and the related statements of activities 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 the *Washington County Community Foundation, Inc.* as of December 31, 2010 and 2009, 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.

Houston & Associates, LLC
June 7, 2011

WASHINGTON COUNTY COMMUNITY FOUNDATION, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2010 AND 2009

ASSETS

	2010	2009
CURRENT ASSETS		
Cash and cash equivalents	\$ 520,089	\$ 511,877
Investments - administrative reserve	127,556	144,620
Certificate of deposits	643,178	-
Grants receivable	9,690	76,217
Inventory	795	599
TOTAL CURRENT ASSETS	1,301,308	733,313
 ENDOWMENT INVESTMENTS		
Cash and cash equivalents	455,396	190,305
Certificate of deposits	1,005,828	-
Other investments	6,373,041	4,767,930
Pledges receivable	20,500	15,500
Cash surrender value of life insurance	67,708	68,014
TOTAL ENDOWMENT INVESTMENTS	7,922,473	5,041,749
 EQUIPMENT AND SOFTWARE, net of accumulated depreciation and amortization	 11,257	 17,425
 TOTAL ASSETS	 \$ 9,235,038	 \$ 5,792,487

See accompanying notes to the financial statements

WASHINGTON COUNTY COMMUNITY FOUNDATION, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2010 AND 2009

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable and accrued payroll taxes	\$ 17,049	\$ 8,099
Annuity payable	14,899	11,956
Accrued compensated absences	9,582	-
Unemployment compensation contingency	9,600	9,600
Grants payable	8,500	23,500
	<u>59,630</u>	<u>53,155</u>
TOTAL CURRENT LIABILITIES		

LONG-TERM LIABILITIES

Fund liabilities	151,975	147,984
Annuity payable, net of current portion	83,489	73,655
	<u>235,464</u>	<u>221,639</u>
TOTAL LONG-TERM LIABILITIES		
	<u>295,094</u>	<u>274,794</u>
TOTAL LIABILITIES		

NET ASSETS

UNRESTRICTED		
Unrestricted	155,901	101,275
Board designated	117,956	110,619
	<u>273,857</u>	<u>211,894</u>
TEMPORARILY RESTRICTED	895,589	413,034
PERMANENTLY RESTRICTED	7,770,498	4,892,765
	<u>8,939,944</u>	<u>5,517,693</u>
TOTAL NET ASSETS		

TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 9,235,038</u></u>	<u><u>\$ 5,792,487</u></u>
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See accompanying notes to the financial statements

WASHINGTON COUNTY COMMUNITY FOUNDATION, INC.
 STATEMENTS OF ACTIVITIES
 FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

	2010			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
SUPPORT AND REVENUE:				
SUPPORT				
Contributions/Grants	\$ 100,953	\$ 625,211	\$ 2,443,802	\$ 3,169,966
In-kind contributions	57,389	-	-	57,389
Program revenues	150,040	-	-	150,040
Transfers	(47,029)	-	47,029	-
Net assets released from restriction	273,425	(171,971)	(101,454)	-
	<u>534,778</u>	<u>453,240</u>	<u>2,389,377</u>	<u>3,377,395</u>
REVENUE				
Interest and dividend income	4,339	-	118,654	122,993
Administrative fee	145,116	-	-	145,116
Miscellaneous income	2,412	-	-	2,412
Net realized and unrealized gain (loss) on investments	4,018	29,315	476,126	509,459
	<u>155,885</u>	<u>29,315</u>	<u>594,780</u>	<u>779,980</u>
	<u>690,663</u>	<u>482,555</u>	<u>2,984,157</u>	<u>4,157,375</u>
EXPENSES:				
PROGRAM EXPENSES				
Grants and scholarships	284,389	-	-	284,389
Direct program expense	46,008	-	-	46,008
	<u>330,397</u>	<u>-</u>	<u>-</u>	<u>330,397</u>
GENERAL AND ADMINISTRATIVE				
Salaries	93,629			93,629
Advertising	69,215			69,215
Administrative fee	37,494		106,424	143,918
Employee benefits	16,746			16,746
Printing expense	14,047			14,047
Life insurance expense	10,863			10,863
Professional services	8,850			8,850
Postage & shipping	8,686			8,686
Depreciation	7,564			7,564
Payroll tax expense	7,306			7,306
Supplies	6,052			6,052
Occupancy	6,000			6,000
Meetings and conferences	3,374			3,374
Telephone	2,938			2,938
Insurance expense	2,113			2,113
Other expense	1,818			1,818
Dues	1,608			1,608
Unemployment compensation	-			-
	<u>298,303</u>	<u>-</u>	<u>106,424</u>	<u>404,727</u>
	<u>628,700</u>	<u>-</u>	<u>106,424</u>	<u>735,124</u>
CHANGE IN NET ASSETS	61,963	482,555	2,877,733	3,422,251
NET ASSETS - BEGINNING OF YEAR	211,894	413,034	4,892,765	5,517,693
NET ASSETS - END OF YEAR	<u>\$ 273,857</u>	<u>\$ 895,589</u>	<u>\$ 7,770,498</u>	<u>\$ 8,939,944</u>

See accompanying notes to the financial statements

WASHINGTON COUNTY COMMUNITY FOUNDATION, INC.
 STATEMENTS OF ACTIVITIES
 FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

	2009			
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
SUPPORT AND REVENUE:				
SUPPORT				
Contributions/Grants	\$ 98,380	\$ 339,748	\$ 259,732	\$ 697,860
In-kind contributions	59,121	-	-	59,121
Program revenues	83,833	-	-	83,833
Transfers	(17,544)	1,705	15,839	-
Net assets released from restriction	127,100	(127,100)	-	-
	<u>350,890</u>	<u>214,353</u>	<u>275,571</u>	<u>840,814</u>
REVENUE				
Interest and dividend income	6,010	-	1,557	7,567
Administrative fee	104,244	-	-	104,244
Miscellaneous income	4,305	-	-	4,305
Net realized and unrealized gain (loss) on investments	4,064	18,363	780,314	802,741
	<u>118,623</u>	<u>18,363</u>	<u>781,871</u>	<u>918,857</u>
	<u>469,513</u>	<u>232,716</u>	<u>1,057,442</u>	<u>1,759,671</u>
EXPENSES:				
PROGRAM EXPENSES				
Grants and scholarships	126,800	-	104,999	231,799
Direct program expense	29,227	-	-	29,227
	<u>156,027</u>	<u>-</u>	<u>104,999</u>	<u>261,026</u>
GENERAL AND ADMINISTRATIVE				
Salaries	83,830	-	-	83,830
Advertising	69,175	-	-	69,175
Administrative fee	37,033	-	66,023	103,056
Employee benefits	4,785	-	-	4,785
Printing expense	14,719	-	-	14,719
Life insurance expense	10,865	-	-	10,865
Professional services	9,284	-	-	9,284
Postage & shipping	15,923	-	-	15,923
Depreciation	7,285	-	-	7,285
Payroll tax expense	6,508	-	-	6,508
Supplies	6,043	-	-	6,043
Occupancy	6,000	-	-	6,000
Meetings and conferences	2,915	-	-	2,915
Telephone	2,897	-	-	2,897
Insurance expense	2,194	-	-	2,194
Other expense	1,750	-	-	1,750
Dues	1,524	-	-	1,524
Unemployment compensation	9,600	-	-	9,600
	<u>292,330</u>	<u>-</u>	<u>66,023</u>	<u>358,353</u>
	<u>448,357</u>	<u>-</u>	<u>171,022</u>	<u>619,379</u>
CHANGE IN NET ASSETS	21,156	232,716	886,420	1,140,292
NET ASSETS - BEGINNING OF YEAR	190,738	180,318	4,006,345	4,377,401
NET ASSETS - END OF YEAR	\$ 211,894	\$ 413,034	\$ 4,892,765	\$ 5,517,693

WASHINGTON COUNTY COMMUNITY FOUNDATION, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 3,422,251	\$ 1,140,292
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	7,564	7,285
Increase in market value of investments	(509,459)	(802,741)
Changes in assets and liabilities:		
(Increase) decrease in grants receivable	66,527	(61,217)
(Increase) decrease in inventory	(196)	(405)
Increase (decrease) in accounts payable and accruals	18,532	14,815
Increase (decrease) in grants payable	(15,000)	(29,700)
Increase (decrease) in annuity payable	12,777	57,362
Increase (decrease) in fund liabilities	3,991	8,818
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>3,006,987</u>	<u>334,509</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Net purchases of investments	(3,111,033)	(187,035)
Increase in pledges receivable	(5,000)	37,000
Purchase of equipment	(1,396)	-
NET CASH USED BY INVESTING ACTIVITIES	<u>(3,117,429)</u>	<u>(150,035)</u>
CASH PROVIDED BY FINANCING ACTIVITIES		
Interest and dividends restricted for reinvestment	<u>118,654</u>	<u>1,557</u>
NET INCREASE IN CASH AND EQUIVALENTS	8,212	186,031
CASH AND EQUIVALENTS - BEGINNING OF YEAR	<u>511,877</u>	<u>325,846</u>
CASH AND EQUIVALENTS - END OF YEAR	<u>\$ 520,089</u>	<u>\$ 511,877</u>

See accompanying notes to the financial statements

WASHINGTON COUNTY COMMUNITY FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NATURE OF ACTIVITIES - The *Washington County Community Foundation, Inc.* (Foundation) is a not-for-profit voluntary agency established to improve the quality of life primarily in Washington County by providing a vehicle for philanthropic giving across a broad spectrum of giving levels to support diverse community needs and to provide prudent stewardship of those charitable funds.

BASIS OF PRESENTATION - The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Net assets, revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Foundation and changes therein are classified and reported as follows:

Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets - Net assets that are available for use, but expendable only for those purposes specified by the grantor.

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Foundation.

FUND LIABILITIES - The Foundation adopted FASB 958-605-25 (previously SFAS No. 136, "Transfers of Assets to a Not-for-Profit Organization or Charitable Trust That Raises or Holds Contributions for Others."). An organization that accepts assets from a donor and agrees to use those assets on behalf of the donor or transfer the assets, return on investment of the assets or both to a specified beneficiary shall recognize a liability to the specified beneficiary.

EQUIPMENT AND SOFTWARE - The Foundation capitalizes purchases greater than \$500 at cost. Equipment is being depreciated over its estimated useful life of five (5) years. Accumulated depreciation at December 31, 2010 and 2009 was \$40,269 and \$32,705, respectively. Depreciation expense for the years ended December 31, 2010 and 2009 was \$7,564 and \$7,285, respectively. Software was amortized over five years and was fully amortized as of December 31, 2006.

CASH EQUIVALENTS - For purposes of the statement of cash flows, the Foundation considers all unrestricted cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents.

INVENTORY - Inventory consists of materials for resale and is stated at the lower of cost (first-in, first-out) or market value.

INCOME TAXES - The Foundation is exempt under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3). The Foundation is *not* considered to be a private foundation as determined by the Internal Revenue Service and is not subject to income taxes. However, the Foundation may be subject to *unrelated business taxable income* from revenues derived from certain activities. It is management's opinion that they had no unrelated business taxable income activity during the years ended December 31, 2010 and 2009.

WASHINGTON COUNTY COMMUNITY FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

FAIR VALUE OF FINANCIAL INSTRUMENTS - Investments in common stock, government and corporate bonds, and mutual and other publicly traded funds are stated at fair value based on quoted market values. Investments in cash management funds are stated at cost, which approximates fair value. Net realized and unrealized gains and losses on investments are reflected in the statement of activities. Funds held for other organizations and funds held as agency endowments are recorded at the fair values of the corresponding assets. Gift annuity liabilities are carried at the present value of the total future payments to annuitants and therefore, approximate fair value.

FAIR VALUE MEASUREMENTS - FASB 820 establishes a framework for measuring fair value and applies to all assets and liabilities that are measured, reported and/or disclosed on a fair value basis. Accordingly, the Foundation classifies its investments according to the following fair value hierarchy:

- ◆ **Level 1** - Securities traded in an active market. This level includes mutual funds.
- ◆ **Level 2** - Securities not traded in an active market *but* for which observable market inputs are readily available *or* Level 1 securities where there is a contractual restriction. This level includes common/collective funds and certificates of deposit.
- ◆ **Level 3** - Securities not traded in an active market and for which no significant observable market inputs are available.

At December 31, 2010 and 2009, the Foundation's investments were classified as follows based on the fair value hierarchy:

	2010			
	Level 1	Level 2	Level 3	Total
Money Market	\$ -	\$ 287,576	\$ -	\$ 287,576
Certificate of Deposits	-	1,649,006	-	1,649,006
Mutual Funds				
Money Market Funds	400,740	-	-	400,740
Bond/Income Funds	1,721,248	-	-	1,721,248
Equity Funds	3,092,103	-	-	3,092,103
Stock				
Consumer Discretionary	122,448	-	-	122,448
Consumer Staple	103,323	-	-	103,323
Energy	271,048	-	-	271,048
Financials	274,635	-	-	274,635
Healthcare	118,660	-	-	118,660
Industrials	391,647	-	-	391,647
Information Technology	426,202	-	-	426,202
Materials	105,344	-	-	105,344
Other	98,162	-	-	98,162
	<u>\$ 7,125,560</u>	<u>\$ 1,936,582</u>	<u>\$ -</u>	<u>\$ 9,062,142</u>

WASHINGTON COUNTY COMMUNITY FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

FAIR VALUE MEASUREMENTS (continued)

	2009			
	Level 1	Level 2	Level 3	Total
Money Market	\$ -	\$ 484,629	\$ -	\$ 484,629
Certificate of Deposits	-	153,049	-	153,049
Mutual Funds				
Money Market Funds	11,492	-	-	11,492
Bond/Income Funds	2,208,901	-	-	2,208,901
Balance Funds	146,437	-	-	146,437
Growth	460,520	-	-	460,520
Equity Funds	1,121,520	-	-	1,121,520
Stock				
Consumer Discretionary	60,318	-	-	60,318
Consumer Staple	48,410	-	-	48,410
Energy	151,442	-	-	151,442
Financials	147,756	-	-	147,756
Healthcare	32,205	-	-	32,205
Industrials	232,769	-	-	232,769
Information Technology	233,460	-	-	233,460
Materials	-	-	-	-
Other	62,820	-	-	62,820
	<u>\$ 4,918,050</u>	<u>\$ 637,678</u>	<u>\$ -</u>	<u>\$ 5,555,728</u>

TOTAL RETURN INVESTMENT AND DISTRIBUTION POLICY - In compliance with 20 Pa. Cons. Stat. Sec. 8113, the Foundation has adopted a *total return investment and distribution policy*. Accordingly, the value of permanently restricted net assets is shown at fair market value, including all net realized and unrealized gains and losses. The amount available for distribution is determined annually by the Board of Trustees by applying a percentage ranging between two percent and seven percent of the fair market value of the assets averaged over a three preceding years. The percentage for each of the years ended December 31, 2010 and 2009 were two percent (2%). Distributions for grant-making from permanently restricted net assets are recorded as a release from permanent restriction.

SPLIT-INTEREST AGREEMENT - GIFT ANNUITY PROGRAM - The Foundation has entered into various charitable gift annuities with its donors. The Foundation is obligated to make payments to the annuitants for the remainder of their lives. The contributed funds for the gift annuities immediately become part of the general assets and liabilities of the Foundation. The Foundation's policy directs 100% of the value of the annuities to be invested in a separate pool.

Assets received are recorded at fair value on the date the agreement is recognized, and a liability is recorded equal to the present value of future obligation based on mortality rates derived from ordinary life tables.

WASHINGTON COUNTY COMMUNITY FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

CONTRIBUTIONS - Contributions, including unconditional promises to give, are recorded as made. All contributions are available for unrestricted use unless specifically restricted by the donor. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

IN-KIND CONTRIBUTIONS AND EXPENSES - The Foundation receives in-kind donations which are recorded at the estimated fair value. Included as in-kind donations are courtesy discounts received from vendors. Total in-kind donations for the years ending December 31, 2010 and 2009, are as follows:

	<u>2010</u>	<u>2009</u>
Professional fees	\$ -	\$ 1,732
Advertising	<u>57,389</u>	<u>57,389</u>
	<u>\$ 57,389</u>	<u>\$ 59,121</u>

In addition, Trustees provide professional services to the Foundation without compensation and whose value has not been reported, as no reliable basis exists for determining an approximate value.

ADVERTISING COSTS - Advertising costs are charged to expense as incurred. Advertising expenses for the years ended December 31, 2010 and 2009 were \$69,215 and \$69,175, respectively. As noted above, advertising costs include in-kind contributions of \$57,389 and \$57,389 for the years ended December 31, 2010 and 2009, respectively.

FUNCTIONAL ALLOCATION OF EXPENSES - The costs of providing the Foundation's various programs and supporting services have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

ESTIMATES - The preparation of financial statements in conformity with 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.

RISKS AND UNCERTAINTIES - The Foundation invests or holds a variety of investment vehicles, including common stock, corporate and governmental obligations, and mutual funds. These investments are exposed to interest rate, market, credit and other risks depending upon the nature of the investment. Accordingly, it is reasonably possible that these factors will result in changes in the value of the Foundation's investments, which could materially affect amounts reported in the financial statements.

DATE OF MANAGEMENT'S REVIEW OF SUBSEQUENT EVENTS - Management has evaluated events from December 31, 2010 through the date of these financial statements and concluded that no additional disclosures are required.

WASHINGTON COUNTY COMMUNITY FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009

NOTE 2 - GRANT REVENUES

Significant grant revenues consist of the following:

	<u>2010</u>	<u>2009</u>
Marguerite Lohman Trust I & II	\$ 57,148	\$ -
Verizon Foundation	5,000	-
Comcast Foundation	-	1,120
Audrey & Walter Christman Foundation	-	6,000
Salvitti Family Foundation	-	45,000
	<u>\$ 62,148</u>	<u>\$ 52,120</u>

NOTE 3 - NET ASSETS

PERMANENTLY RESTRICTED - Permanently restricted net assets are endowment funds consisting of cash equivalents and investments which are restricted in perpetuity to continue the tradition of the Foundation. Income generated by the assets is to be used in accordance with donor contracts.

BOARD DESIGNATED - Board designated net assets consist of unrestricted funds received from donors that are to be used for future use in operations in accordance with a board approved plan of action.

TEMPORARILY RESTRICTED - Temporarily restricted net assets are funds which are restricted for use by the donor. The assets are reclassified when the specified use of the funds is fulfilled. Temporarily restricted net assets at December 31, 2010 and 2009, consist of the following:

	<u>2010</u>	<u>2009</u>
EITC Funds	\$ 140,476	\$ 148,500
Washington Firefighters Fund	32,714	124,536
Gift Annuity Pool	172,802	118,151
Donor Advised Passthroughs	300,000	-
Church of the Covenant Capital Campaign	200,000	-
Main Street Farmers Market Pavilion	25,000	-
Acorn to Oak Project	6,820	6,820
Angel Project	6,725	6,725
Women of Philanthropy	6,452	3,152
Washington County Treatment Court	3,100	3,100
Howard Jack Outstanding Educator Award	1,075	1,725
Louis Waller Humanitarian Award	425	325
	<u>\$ 895,589</u>	<u>\$ 413,034</u>

WASHINGTON COUNTY COMMUNITY FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009

NOTE 4 - FUND LIABILITIES

Fund liabilities at December 31, 2010 and 2009, consist of the following:

	<u>2010</u>	<u>2009</u>
Charles C. Keller - Life Insurance Policy	\$ 50,455	\$ 52,948
California United Methodist Church	30,644	30,538
Community Action Southwest	13,113	12,727
Washington County Health Partners, Inc.	5,455	5,354
Cornerstone Care Health Services Fund	5,670	5,559
Charleroi Area Historical Society	5,716	5,491
Washington County Humane Society	4,860	4,785
Dorthea Hood/Citizens Library Fund	5,557	2,307
Robert Jaeger Fund	10,464	10,173
Transitional Employment Consultants Fund	5,203	5,010
Washington County 4-H Preservation Fund	14,838	13,092
	<u>\$151,975</u>	<u>\$147,984</u>

NOTE 5 - PLEDGES RECEIVABLE - ENDOWMENT

Pledges receivable consist of unconditional promises to give from individuals and private foundations. These contributions are restricted for grant making purposes and are due according to the following schedule:

	<u>2010</u>	<u>2009</u>
Receivable in less than one year	\$ 10,000	\$ 3,000
Receivable in one to five years	10,500	12,500
	<u>\$ 20,500</u>	<u>\$ 15,500</u>

Management believes that all amounts will be received when due, therefore no discounts or allowance for uncollectible pledges has been provided.

NOTE 6 - PENSION PLAN

Effective January 1, 2005, the Foundation adopted a Savings Incentive Match Plan for Employees (SIMPLE), for all employees who earned at least \$5,000 in the each of the past two years. Employees may contribute up to \$11,500 to the plan. The Foundation must match dollar for dollar up to 3% of the participants' wages. Matching contributions to the plan for the years ended December 31, 2010 and 2009, were \$1,914 and \$1,785, respectively.

WASHINGTON COUNTY COMMUNITY FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009

NOTE 7 – ACCRUED COMPENSATED ABSENCES

The Foundation provides regular full-time employees an entitlement of paid vacation days commensurate with years of service. Under certain circumstances, and within defined limitations, employees may accumulate unused compensated absences. The value of unused compensated absence time in any year shall be accounted for on the Foundation's financial statements. In 2010, the Foundation recorded an expense of \$9,582 for unused compensated absences, which was the total value of accumulated unused compensated absence time as of December 31, 2010.

NOTE 8 - INVESTMENTS

The investments are presented in the financial statements at fair value. At December 31, 2010 and 2009, investments consisted of the following:

	<u>2010</u>	<u>2009</u>
Money Market	\$ 287,579	\$ 484,629
Certificate of deposits	1,649,006	153,049
 Mutual Funds		
Money Market Funds	400,740	11,492
Bond/Income Funds	1,721,248	2,208,901
Balanced Funds	-	146,437
Growth Funds	-	460,520
Equity Funds	3,092,103	1,121,520
	<u>5,214,091</u>	<u>3,948,870</u>
 Stock		
Consumer Discretionary	122,448	60,318
Consumer Staple	103,323	48,410
Energy	271,048	151,442
Financials	274,635	147,756
Healthcare	118,660	32,205
Industrials	391,647	232,769
Information Technology	426,202	233,460
Materials	105,344	-
Other	98,163	62,820
	<u>\$ 629,709</u>	<u>\$ 296,280</u>
 Interest and dividends	\$ 122,993	\$ 7,567
Realized and unrealized gains (losses)	627,058	811,233
	<u>\$ 750,051</u>	<u>\$ 818,800</u>

WASHINGTON COUNTY COMMUNITY FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009

NOTE 8 – INVESTMENTS (continued)

CUSTODIAL AND INVESTMENT FEES FOR PERMANENT ASSETS - The Foundation contracts with several banks for custody and investment of its permanent assets. Investment returns on the Statement of Activities (page 5) are reported net of the fees charged by the various banks. These fees are as follows:

INVESTMENT FEES - EQUITY INVESTMENTS:

- ◆ WesBanco Trust & Investment Services - 30 basis points (with further reductions for investments in proprietary mutual funds)
- ◆ Community Foundation Program of the American Funds - 25 basis points to WesBanco. Referring brokers receive 25 basis points from the internal fee of the mutual fund.

CUSTODIAL FEE FOR EQUITY AND FIXED INCOME INVESTMENTS:

- ◆ WesBanco Trust & Investment Services - 15 basis points (excluding investments managed by WesBanco)

INVESTMENT FEES - FIXED INCOME:

- ◆ WesBanco Trust & Investment Services - 30 basis points (with further reductions for investments in proprietary mutual funds)
- ◆ Certificates of Deposit - Charleroi Federal, First Federal Savings Bank, Northwest Savings Bank and Washington Financial - rates are net of fees.

NOTE 9 - LIFE INSURANCE POLICIES

The Foundation is the sole owner and beneficiary of three separate whole life insurance policies and one term policy as follows:

- ◆ Insures the life of Charles C. Keller for \$175,000, of which \$145,000 at death will be distributed to several 501(c)(3) charities pre-identified by Mr. Keller.
- ◆ Insures the life of an anonymous individual for \$100,000, of which \$50,000 at death will be deposited into the Foundation's Acorn Fund for grant-making purposes and \$50,000 will be deposited into the Charles and Carol Keller Fund for administrative purposes.
- ◆ Insures the life of an anonymous individual for \$100,000. The charitable purpose of the \$100,000 will be announced at a later date.
- ◆ The Foundation is also the sole owner and beneficiary of a \$1,000,000 term life insurance policy which insures the life of B.R Trew, the Foundation's President/CEO. Proceeds are to be used at the Foundation's discretion.

WASHINGTON COUNTY COMMUNITY FOUNDATION, INC.
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NOTE 10 - UNRESTRICTED PROGRAM REVENUES AND EXPENSES

Unrestricted program revenues and expenses consist of the following:

	2010			2009		
	Revenues	Expenses	Net	Revenues	Expenses	Net
Philanthropy Banquet	\$ 122,500	\$ 29,808	\$ 92,692	\$ 45,875	\$ 13,376	\$ 32,499
Penguins Ticket Raffle	2,855	100	2,755	4,050	100	3,950
Acorn Fund Raffle	3,700	529	3,171	4,061	529	3,532
Women of Philanthropy	6,090	1,700	4,390	2,915	416	2,499
Acorn to Oak	-	-	-	1,120	300	820
Legacy Celebration	14,895	-	14,895	23,495	9,657	13,838
Education Seminars	-	-	-	2,317	2,456	(139)
Scholarship Ceremony	-	2,419	(2,419)	-	2,393	(2,393)
	<u>\$ 150,040</u>	<u>\$ 34,556</u>	<u>\$ 115,484</u>	<u>\$ 83,833</u>	<u>\$ 29,227</u>	<u>\$ 54,606</u>

NOTE 11 - UNEMPLOYMENT COMPENSATION

As a qualified 501(c)(3) corporation, the Foundation has annually elected to pay its Pennsylvania Unemployment Compensation utilizing the reimbursable method. Under this method the Foundation is required to reimburse the PA Unemployment Compensation Fund for all regular benefits paid which are attributable to service with the Foundation, and for one-half of the extended benefits paid. Annually, the Foundation pays a Solvency Fee to the Fund, to enable it to request relief from charges for any claim filed against it by a current or former employee. The Solvency Fee is calculated by applying the Solvency Fee Rate, provided by the Fund, to the organization's estimated gross wages for the year. In 2010, the Foundation paid a Solvency Fee of \$99.

To record the potential liability should the Foundation be required to pay any unemployment claims for any current or former employee, the Foundation initiated an Unemployment Compensation Contingency Account. Annually, the Foundation shall estimate its potential unemployment liability at year's end for all employees except the President/CEO, and record a corresponding expense on the statement of financial activity. The potential liability as determined by management is \$9,600 at December 31, 2010.

NOTE 12 - FINANCIAL STATEMENT RECLASSIFICATION

Certain accounts have been reclassified for ease of comparison on the financial statements. This resulted in no change to net assets.