

GREATER MORGANTOWN COMMUNITY TRUST, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2006 - 2005

Badger and Sal
Financial Consultants
Morgantown, WV

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Badger and Sal

Charles L. Badger, CPA

FINANCIAL CONSULTANTS

Thomas H. Sal, Consultant

430 Spruce Street ✕ Morgantown, WV 26505 ✕ 304-581-6500 phone ✕ 304-581-6501 fax ✕ www.badgersal.com

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Greater Morgantown Community Trust, Inc.
Morgantown, West Virginia

We have audited the accompanying statements of financial position of Greater Morgantown Community Trust, Inc. as of December 31, 2006 and 2005, and the related statements of activities, cash flows, and functional expenses for the years then ended. These financial statements are the responsibility of Greater Morgantown Community Trust, Inc.'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 audits 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 provides 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 Greater Morgantown Community Trust, Inc. as of December 31, 2006 and 2005, 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.

February 9, 2007
Morgantown, West Virginia



Badger and Sal
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GREATER MORGANTOWN COMMUNITY TRUST, INC.
 STATEMENTS OF FINANCIAL POSITION
 DECEMBER 31,

	<u>2006</u>	<u>2005</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 15,217	\$ 52,066
Investments	2,170,387	2,031,738
Other assets	5,192	5,160
Total current assets	<u>2,190,796</u>	<u>2,088,964</u>
Property and Equipment		
Land	98,000	-
Building	887,883	489,697
Office equipment	3,782	3,782
	<u>989,665</u>	<u>493,479</u>
Less accumulated depreciation	18,935	4,861
	<u>970,730</u>	<u>488,618</u>
Agency asset	-	1,372,776
Total assets	<u>\$ 3,161,526</u>	<u>\$ 3,950,358</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 3,245	\$ 9,578
Accrued expenses	3,026	2,329
Total current liabilities	<u>6,271</u>	<u>11,907</u>
Agency obligation	-	1,372,776
Net Assets		
Unrestricted	19,526	31,170
Temporarily restricted	1,051,829	1,045,826
Permanently restricted	2,083,900	1,488,679
Total net assets	<u>3,155,255</u>	<u>2,565,675</u>
Total liabilities and net assets	<u>\$ 3,161,526</u>	<u>\$ 3,950,358</u>

The notes are an integral part of these statements

GREATER MORGANTOWN COMMUNITY TRUST, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31,

	<u>2006</u>	<u>2005</u>
CHANGES IN UNRESTRICTED NET ASSETS:		
REVENUES AND GAINS (LOSSES)		
Contributions and grants	\$ 33,101	\$ 45,471
Investment income	958	533
Donated use of facilities	2,160	2,160
Administrative fees	19,432	19,397
Total unrestricted revenues and gains	<u>55,651</u>	<u>67,561</u>
Net assets released from restrictions	583,626	319,506
Total revenues and gains	<u>639,277</u>	<u>387,067</u>
Expenses		
Program service	606,072	399,146
General and administrative	27,345	24,059
Fundraising	17,504	35,685
Total expenses	<u>650,921</u>	<u>458,890</u>
Increase (decrease) in unrestricted assets	(11,644)	(71,823)
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS:		
Contributions	473,159	561,159
Special events and activities, net	17,591	-
Sales of miscellaneous items, net	1,774	-
Net unrealized gains on investments	41,622	6,335
Investment income	36,043	13,944
Net assets released from restrictions	<u>(564,186)</u>	<u>(801,279)</u>
Increase (decrease) in temporarily restricted net assets	6,003	(219,841)
CHANGES IN PERMANENTLY RESTRICTED NET ASSETS:		
Contributions	535,315	630,700
Net unrealized gains on investments	49,796	26,683
Investment income	27,473	10,493
Net rental income	2,077	735
Net assets released from restrictions	<u>(19,440)</u>	<u>481,773</u>
Increase in permanently restricted net assets	<u>595,221</u>	<u>1,150,384</u>
INCREASE IN NET ASSETS	589,580	858,720
Net assets, beginning of year	<u>2,565,675</u>	<u>1,706,955</u>
NET ASSETS, END OF YEAR	<u>\$ 3,155,255</u>	<u>\$ 2,565,675</u>

The notes are an integral part of these statements

GREATER MORGANTOWN COMMUNITY TRUST, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31,

	<u>2006</u>	<u>2005</u>
CASH FLOW FROM OPERATING ACTIVITIES		
Increase in net assets	\$ 589,580	\$ 858,720
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	14,074	2,315
Building donation	(489,697)	(489,697)
(Increase) decrease in current assets:		
Other assets	(32)	(5,142)
Increase (decrease) in current liabilities:		
Accounts payable	(6,333)	8,500
Accrued expenses	697	65
Cash provided by operating activities	108,289	374,761
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(138,649)	(349,941)
Purchase of equipment	(6,489)	-
Cash used in investing activities	(145,138)	(349,941)
NET INCREASE (DECREASE) IN CASH	(36,849)	24,820
CASH, BEGINNING OF YEAR	52,066	27,246
CASH, END OF YEAR	\$ 15,217	\$ 52,066
SUPPLEMENTAL INFORMATION:		
Interest paid	\$ 191	\$ 35
Income taxes paid	\$ -	\$ -

The notes are an integral part of these statements

GREATER MORGANTOWN COMMUNITY TRUST, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2006

	Program Services	General and Administrative	Fundraising	Total
Administrative expenses	\$ 778	\$ 259	\$ -	\$ 1,037
Board meeting expenses	-	367	-	367
Credit card processing fees	-	-	1,430	1,430
Depreciation	-	275	-	275
Employee benefits	490	196	294	980
Employee health insurance	1,000	400	600	2,000
Events - reception	351	-	-	351
Finance charge	-	192	-	192
Grant expense	546,168	-	-	546,168
Insurance	-	1,449	-	1,449
Investment fees and expenses	28,086	-	-	28,086
Licenses and permits	-	115	-	115
Miscellaneous	31	10	-	41
Office supplies and expense	517	1,551	-	2,068
Organization dues	-	688	-	688
Payroll taxes	1,961	784	1,176	3,921
Postage and delivery	759	253	-	1,012
Printing and reproduction	2,591	-	-	2,591
Professional fees	-	6,054	-	6,054
Rent	-	2,160	-	2,160
Small equipment, etc.	-	1,285	-	1,285
Staff development	-	475	-	475
Telephone	-	1,419	-	1,419
Travel	-	77	-	77
Wages	23,340	9,336	14,004	46,680
	<u>\$ 606,072</u>	<u>\$ 27,345</u>	<u>\$ 17,504</u>	<u>\$ 650,921</u>

The notes are an integral part of these statements

GREATER MORGANTOWN COMMUNITY TRUST, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2005

	Program Services	General and Administrative	Fundraising	Total
3% Neighborhood investment program	\$ -	\$ -	\$ 1,005	\$ 1,005
Administrative expenses	1,359	453	-	1,812
Contributions	50	-	-	50
Credit card processing fees	-	179	-	179
Depreciation	206	69	-	275
Employee benefits	435	174	261	870
Employee health insurance	1,000	400	600	2,000
Events - reception	-	-	222	222
Finance charge	26	9	-	35
Grant expense	344,063	-	-	344,063
Insurance	874	596	-	1,470
Investment fees and expenses	25,680	-	-	25,680
Licenses and permits	67	22	-	89
Miscellaneous	1,135	378	-	1,513
Office supplies and expense	974	325	-	1,299
Organization dues	-	650	-	650
Payroll taxes	1,236	876	741	2,853
Postage and delivery	595	198	-	793
Printing and reproduction	3,187	1,062	-	4,249
Professional fees	-	4,843	-	4,843
Program expense	2,525	-	-	2,525
Rent	-	2,160	-	2,160
Small equipment, etc.	398	133	-	531
Staff development	-	670	-	670
Supplies	-	-	24,156	24,156
Telephone	836	279	-	1,115
Travel	-	303	-	303
Wages	14,500	10,280	8,700	33,480
	<u>\$ 399,146</u>	<u>\$ 24,059</u>	<u>\$ 35,685</u>	<u>\$ 458,890</u>

The notes are an integral part of these statements

GREATER MORGANTOWN COMMUNITY TRUST, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2006

DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Organization

Greater Morgantown Community Trust, Inc. (the Trust) was incorporated under the laws of the State of West Virginia as a nonprofit corporation on September 1, 2000, and began operations on January 1, 2001. The Trust is situated in Morgantown, West Virginia. The Trust is organized and operated exclusively for charitable or educational purposes, providing a means by which the public may establish or make gifts of various amounts to trusts or funds and provide for distribution of income and, in certain cases, principal for the educational and charitable needs of the greater Morgantown, West Virginia community. The established trusts and funds are subject to varying degrees of control by the Trust.

Significant Accounting Policies

Basis of Financial Reporting

The accompanying financial statements have been prepared on the accrual basis of accounting whereby revenues are recognized when earned and expenses are recognized when incurred.

Basis of Presentation

The Trust has adopted Statement of Financial Accounting Standard (SFAS) No. 116, "Accounting for Contributions Received and Contributions Made". The Trust has also adopted SFAS No. 117, "Financial Statements of Not-for-Profit Organizations". Under SFAS No. 117, the Trust 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.

Accounting Estimates

The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Trust considers all short-term debt instruments with an original maturity of 90 days or less to be cash equivalents.

Investments/Endowments

The Trust invests contributions in publicly traded mutual funds and corporate stocks. Investments are stated at fair market value. The Trust records donated securities at their fair market value at the date of donation. Realized and unrealized investment gains and losses are determined by comparison of specific costs at acquisition to proceeds at the time of disposal or market value at the statement of financial position date.

GREATER MORGANTOWN COMMUNITY TRUST, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2006

Investments/Endowments (Continued)

In accordance with the bylaws of the Trust and if permitted within the contribution agreement, endowment accounts created and not fully funded to \$10,000 within a three year period, are moved to the Trust's general fund and distributed for similar charitable purposes, and the endowment ceases to exist.

Property and Office Equipment

The Trust follows a policy of capitalizing assets with useful lives of more than one year. Property and equipment is recorded at cost, except when donated by unrelated parties. Donated property, material and equipment are recorded at fair market value at the date of donation. Depreciation is computed on the straight-line method based on the estimated useful lives. Building is depreciated over forty years and office equipment is depreciated over five years. Depreciation expense is \$14,074 (2006) and \$2,315 (2005).

Donated Services

Donated services are recognized as contributions in accordance with SFAS No.116, if the services (a) create or enhance nonfinancial assets of (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Trust.

Agency Transactions

Agency transactions are transfers of assets to the Trust in which the Trust has no discretion over the use of the assets received. The donor has transferred these assets to the Trust for the ultimate benefit of a third-party beneficiary. The Trust records Agency Transactions in accordance with Statements of Financial Accounting Standards No.136, *Transfers of Assets to a Not-for-Profit Organization or Charitable Trust That Raises or Holds Contributions for Others*. If a nonprofit organization receives financial assets in an agent capacity, the organization is required to record an asset and a liability.

Investments Held in Trust as Custodian

The Trust has entered into trust and investment management agreements whereby the Trust acts as trustee. Under the terms of the trust agreements, organizations and individuals are designated as beneficiaries of either the trust income or principal. The Trust carries out the directives and exercises the powers contained in the agreements, for which it receives a fee for services rendered.

Interest Cost

All interest costs have been expensed.

Advertising Cost

All advertising costs have been expensed.

INCOME TAXES

The Trust is exempt for federal taxation. The Internal Revenue Services has issued a ruling stating that the Trust qualifies as a public charity under Section 509(a)(1) of the Internal Revenue Code and, as such is exempt from federal income taxation under Section 501(c)(3).

GREATER MORGANTOWN COMMUNITY TRUST, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2006

CONCENTRATIONS OF CREDIT RISK

The Trust invests in publicly traded mutual funds and corporate stocks, which are affected by market conditions. The Trust believes it is not exposed to any significant credit risk on its cash and investment balances. The Trust maintains its cash in bank deposit accounts, which at times may exceed federally insured limits. The Trust has not experienced any losses in such accounts.

INVESTMENTS

All investments consist of equity securities and all have a readily determinable fair market value. Fair market values as of December 31, 2006 and 2005, are as follows:

	<u>Cost</u>	<u>Fair Value</u>	<u>Carrying Value</u>
2006	\$ <u>2,059,032</u>	\$ <u>2,170,387</u>	\$ <u>2,170,387</u>
2005	\$ <u>1,967,963</u>	\$ <u>2,031,738</u>	\$ <u>2,031,738</u>

Investments gains (losses) consist of realized and unrealized portions. For the years ended December 31, 2006 and 2005, the realized amounts were \$(0) and \$(0) respectively, and the unrealized amounts were \$91,418 and \$33,018 respectively.

CONTRIBUTED SERVICES

For the years ended December 31, 2006 and 2005, \$2,160 of office rent expense was donated to the Trust.

TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at December 31, 2006 are available for the following purposes:

Scholarships	\$ 33,867
Education	13,988
Arts and Culture	30,385
Community Development	98,714
Sports and Recreation	268,456
Health and Social Services	572,441
Unrestricted	17,173
Other	<u>16,805</u>
	<u>\$ 1,051,829</u>

GREATER MORGANTOWN COMMUNITY TRUST, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2006

PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets at December 31, 2006 are restricted to investment in perpetuity, the income of which is available for the following purposes:

Scholarships	\$ 273,536
Education	1,428
Arts and Culture	237,814
Community Development	390,314
Sports and Recreation	11,133
Health and Social Services	54,227
Unrestricted	145,405
Other	970,043
	<u>\$ 2,083,900</u>

AGENCY TRANSACTION

On June 20, 2002, the Trust entered into an agreement to act as a financial conduit to purchase 67 acres of real estate. The City of Morgantown, West Virginia (the City) and the Board of Park and Recreation Commissioners (BOPARC) of the City have total operational control and responsibility for this property. The Trust will realize no expenses related to this arrangement; if expenses arise they will be reimbursed by BOPARC. During 2006, ownership of the property passed to the City of Morgantown as the debt related to the property was extinguished, and the Trust removed the asset and the corresponding obligation related to this transaction.