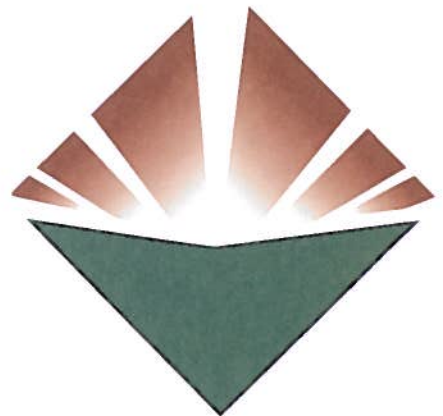


**MUSKINGUM WATERSHED  
CONSERVANCY FOUNDATION, INC.**

*Financial Statements*

*December 31, 2010 and 2009*



**Rea & Associates, Inc.**

ACCOUNTANTS AND BUSINESS CONSULTANTS

*Focused on Your Future.*

MUSKINGUM WATERSHED CONSERVANCY FOUNDATION, INC.

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# Rea & Associates, Inc.

ACCOUNTANTS AND BUSINESS CONSULTANTS

*Focused on Your Future.*

November 15, 2011

To the Board of Directors  
Muskingum Watershed Conservancy Foundation, Inc.  
1319 Third St. NW  
New Philadelphia, OH 44663

## **INDEPENDENT ACCOUNTANTS' REVIEW REPORT**

We have reviewed the accompanying statements of assets, liabilities and net assets-cash basis of Muskingum Watershed Conservancy Foundation, Inc. (a not-for-profit organization) as of December 31, 2010 and 2009, and the related statements of revenues, expenses, and other changes in net assets-cash basis, and the accompanying supplementary information-cash basis contained in schedules I through VI for the years then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the reviews in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

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

*Rea & Associates, Inc.*

MUSKINGUM WATERSHED CONSERVANCY FOUNDATION, INC.  
 STATEMENTS OF ASSETS, LIABILITIES AND NET ASSETS-CASH BASIS  
 DECEMBER 31, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
<u>ASSETS</u>		
CURRENT ASSETS:		
Cash and Cash Equivalents		
Checking	\$ 56,336	\$ 68,838
Money Market	46,233	46,210
Total Current Assets	102,569	115,048
INVESTMENTS	357,716	314,265
TOTAL ASSETS	\$ 460,285	\$ 429,313
<u>NET ASSETS</u>		
NET ASSETS:		
Unrestricted	\$ 8,291	\$ 15,336
Temporarily Restricted	264,170	248,001
Permanently Restricted	187,824	165,976
TOTAL NET ASSETS	\$ 460,285	\$ 429,313

See accompanying notes and independent accountants' review report.

MUSKINGUM WATERSHED CONSERVANCY FOUNDATION, INC.  
STATEMENT OF REVENUES, EXPENSES, AND OTHER CHANGES IN NET ASSETS-CASH BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2010

<u>REVENUES, GAINS AND OTHER SUPPORT:</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Contributions and Memberships	\$ 0	\$ 13,857	\$ 4,215	\$ 18,072
Fundraisers	0	8,718	270	8,988
Net Realized & Unrealized Gain on Investments		13,275	17,363	30,638
Investment Income	23	5,087		5,110
Net Assets Released from Restrictions	24,768			24,768
Total Revenues, Gains and Other Support	24,791	40,937	21,848	87,576
<u>EXPENSES:</u>				
Operating Expenses:				
Marketing and Public Relations	220			220
Insurance	1,260			1,260
Professional Fees	4,264			4,264
Office Expense	1,324			1,324
Charitable Contributions	0			0
Fundraiser Expenses	3,126			3,126
Grants	19,991			19,991
Investment Fees	1,651			1,651
Net Assets Released from Restrictions		24,768		24,768
Total Expenses	31,836	24,768	0	56,604
Change in Net Assets	(7,045)	16,169	21,848	30,972
Net Assets, Beginning of Year	15,336	248,001	165,976	429,313
Net Assets, End of Year	\$ 8,291	\$ 264,170	\$ 187,824	\$ 460,285

See accompanying notes and independent accountants' review report.

MUSKINGUM WATERSHED CONSERVANCY FOUNDATION, INC.  
STATEMENT OF REVENUES, EXPENSES, AND OTHER CHANGES IN NET ASSETS-CASH BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2009

REVENUES, GAINS AND OTHER SUPPORT:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Contributions and Memberships	\$ 672	\$ 76,871	\$ 2,875	\$ 80,418
Fundraisers	-	9,131	3,135	12,266
Net Realized & Unrealized Gain on Investments		17,017	22,915	39,932
Investment Income	28	5,604		5,632
Net Assets Released from Restrictions	21,196			21,196
Total Revenues, Gains and Other Support	21,896	108,623	28,925	159,444

EXPENSES:

Operating Expenses:				
Marketing and Public Relations	0			0
Insurance	1,220			1,220
Professional Fees	8,409			8,409
Office Expense	800			800
Charitable Contributions	200			200
Fundraiser Expenses	4,953			4,953
Grants	14,832			14,832
Investment Fees	1,411			1,411
Net Assets Released from Restrictions		21,196		21,196
Total Expenses	31,825	21,196	-	53,021

Change in Net Assets	(9,929)	87,427	28,925	106,423
Net Assets, Beginning of Year	25,265	160,574	137,051	322,890
Net Assets, End of Year	\$ 15,336	\$ 248,001	\$ 165,976	\$ 429,313

See accompanying notes and independent accountants' review report.

MUSKINGUM WATERSHED CONSERVANCY FOUNDATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2010 AND 2009

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The Muskingum Watershed Conservancy Foundation, Inc. (MWCF) supports the mission of the Muskingum Watershed Conservancy District (MWCD). The Muskingum Watershed Conservancy District's mission is to provide flood control and to conserve the area of Ohio drained by the Muskingum River and its tributaries. The Muskingum Watershed Conservancy District strives to enhance the quality of life in the Muskingum Lakes Region and beyond.

Basis of Presentation

The accompanying financial statements have been prepared on the cash basis of accounting which is a comprehensive basis of accounting other than generally accepted accounting principles. Under that basis, certain revenues and the related assets are recognized when received rather than when earned, and certain expenses are recognized when paid rather than when the obligations are incurred. Consequently, the Muskingum Watershed Conservancy Foundation, Inc. has not recognized accounts receivable, accounts payable, or their related effects on the change in net assets in the accompanying financial statements.

Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Muskingum Watershed Conservancy Foundation, Inc. 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 subject to donor-imposed stipulations that may or will be met, either by actions of the Muskingum Watershed Conservancy Foundation, Inc. and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of revenues, expenses, and other changes in net assets as net assets released from restrictions.

Permanently Restricted Net Assets – Net assets subject to indefinite donor imposed stipulations. Neither actions of the Muskingum Watershed Conservancy Foundation, Inc., nor the passage of time relieve the restrictions.

See independent accountants' review report.

MUSKINGUM WATERSHED CONSERVANCY FOUNDATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2010 AND 2009

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Income Tax Status

The Muskingum Watershed Conservancy District Foundation, Inc. is exempt from Federal Income Taxes under Section 501(c)(3) of the Internal Revenue Code and exempt from Ohio income taxes. Therefore, no provision has been made for Federal or Ohio income taxes in the accompanying financial statements.

Deposits with Financial Institutions

During the fiscal year the organization may have deposits with a financial institution in excess of federally insured limits. The organization considers all liquid debt instruments with a maturity of three months or less to be cash equivalents.

Investments

The organization carries investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair market values in the statement of assets, liabilities and net assets. Unrealized gains and losses are included in the change in net assets in the accompanying statement of revenues, expenses, and other changes in net assets.

Use of Estimates to Prepare Financial Statements

The preparation of financial statements in conformity with the cash basis of accounting requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of revenues, expenses, and other changes in net assets.

Transfers

The organization deposits contributed funds into the allocable account fund based on the donor's stipulations. Distributions and expenses are ordinarily paid from the operating checking account. Therefore, transfers must be made from the applicable account as necessary. These transfers have been recorded and presented accordingly in the supplemental schedules provided with these financial statements.

Subsequent Events

In evaluating events that may have a material impact on the financial statements, the organization has considered activities through November 15, 2011, the date the financial statements were available to be released.

See independent accountants' review report.



MUSKINGUM WATERSHED CONSERVANCY FOUNDATION, INC.  
 SCHEDULE I - CASH AND CASH EQUIVALENTS AND INVESTMENTS  
 DECEMBER 31, 2010

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Cash and Cash Equivalents:				
JPMorgan Chase Business Classic Checking and Business Money Market Savings	\$ 8,291		\$	8,291
Operating Fund				11,943
James R. Pitney Law Enforcement Fund		11,943		11,943
Regis Wissler Endowment Fund			1,500	1,500
Piedmont Lake Fund		904		904
Butch Heavilin Dog Park Fund		300		300
Amphitheatre Fund		861		861
Regis Wissler Seneca Park Fund		1,085		1,085
Messerly Activity Building Fund		50,610		50,610
Atwood Park Fall Festival Fund		21,907		21,907
Funds to be transferred to/(from):				
Thomas W. Hudson Charitable Endowment Fund			0	0
MWCD Charitable Endowment General Fund		5,168		5,168
Total cash and equivalents	8,291	92,778	1,500	102,569
Investments:				
Thomas W. Hudson				
Charitable Endowment Fund		17,509	186,324	203,833
Muskingum Watershed Conservancy				
District Charitable Endowment Fund		153,883		153,883
Total Investments	0	171,392	186,324	357,716
Total Cash and Cash Equivalents and Investments	\$ 8,291	\$ 264,170	\$ 187,824	\$ 460,285

See accompanying notes and independent accountants' review report.

MUSKINGUM WATERSHED CONSERVANCY FOUNDATION, INC.  
 SCHEDULE I - CASH AND CASH EQUIVALENTS AND INVESTMENTS  
 DECEMBER 31, 2009

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Cash and Cash Equivalents:				
JPMorgan Chase Business Classic Checking and Business Money Market Savings	\$ 15,336			\$ 15,336
Operating Fund				
James R. Pitney Law Enforcement Fund		13,408		13,408
Regis Wissler Endowment Fund			1,500	1,500
Piedmont Lake Fund		852		852
Butch Heavilin Dog Park Fund		6,035		6,035
Amphitheatre Fund		15		15
Regis Wissler Seneca Park Fund		745		745
Messery Activity Building Fund		51,690		51,690
Atwood Park Fall Festival Fund		27,467		27,467
Funds to be transferred to/(from):				
Thomas W. Hudson Charitable Endowment Fund			0	0
MWCD Charitable Endowment General Fund		(2,000)		(2,000)
Total cash and equivalents	15,336	98,212	1,500	115,048
Investments:				
Thomas W. Hudson				
Charitable Endowment Fund		15,542	164,476	180,018
Muskingum Watershed Conservancy				
District Charitable Endowment Fund		134,247		134,247
Total Investments	0	149,789	164,476	314,265
Total Cash and Cash Equivalents and Investments	\$ 15,336	\$ 248,001	\$ 165,976	\$ 429,313

See accompanying notes and independent accountants' review report.

MUSKINGUM WATERSHED CONSERVANCY FOUNDATION, INC.  
 SCHEDULE II - CASH AND CASH EQUIVALENTS AND INVESTMENTS  
 DECEMBER 31, 2010 AND 2009

	<u>Checking and Money</u>		<u>Totals</u>
	<u>Market Savings</u>	<u>Stark Community Foundation Investments</u>	
<u>2010</u>			
Operating Fund	\$ 8,291	\$ 0	\$ 8,291
James R. Pitney Law Enforcement Fund	11,943		11,943
Regis Wissler Endowment Fund	1,500		1,500
Atwood Park Fall Festival Fund	21,907		21,907
Piedmont Lake Fund	904		904
Butch Heavilin Dog Park Fund	300		300
Amphitheatre Fund	861		861
Regis Wissler Seneca Park Fund	1,085		1,085
Messlerly Activity Building Fund	50,610		50,610
Thomas W. Hudson Charitable Endowment Fund	0	203,833	203,833
Muskingum Watershed Conservancy District Charitable Endowment Fund	5,168	153,883	159,051
Total Cash and Cash Equivalents and Investments	<u>\$ 102,569</u>	<u>\$ 357,716</u>	<u>\$ 460,285</u>

	<u>Checking and Money</u>		<u>Totals</u>
	<u>Market Savings</u>	<u>Stark Community Foundation Investments</u>	
<u>2009</u>			
Operating Fund	\$ 15,336	\$ 0	\$ 15,336
James R. Pitney Law Enforcement Fund	13,408		13,408
Regis Wissler Endowment Fund	1,500		1,500
Atwood Park Fall Festival Fund	27,467		27,467
Piedmont Lake Fund	852		852
Butch Heavilin Dog Park Fund	6,035		6,035
Amphitheatre Fund	15		15
Regis Wissler Seneca Park Fund	745		745
Messlerly Activity Building Fund	51,690		51,690
Thomas W. Hudson Charitable Endowment Fund	0	180,018	180,018
Muskingum Watershed Conservancy District Charitable Endowment Fund	(2,000)	134,247	132,247
Total Cash and Cash Equivalents and Investments	<u>\$ 115,048</u>	<u>\$ 314,265</u>	<u>\$ 429,313</u>

See accompanying notes and independent accountants' review report.

MUSKINGUM WATERSHED CONSERVANCY FOUNDATION, INC.  
SCHEDULE III - JPMORGAN CHASE BASIC BUSINESS CHECKING ACCOUNT  
FOR THE YEAR ENDED DECEMBER 31, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
Beginning of Year Balance	\$ 68,838	\$ 16,802
<u>Income:</u>		
Contributions and Memberships	18,072	80,418
Miscellaneous Income	270	4,260
Golf Outing	8,718	8,006
	27,060	92,684
<u>Expenses/Disbursements:</u>		
Transfer of MWCF Endowment Funds to Stark Community Foundation	4,892	6,439
Transfer of Hudson Funds to Stark Community Foundation	4,485	3,795
Golf - Atwood Golf Prizes & Expenses	3,126	4,953
Marketing and Public Relations	220	0
Insurance	1,260	1,220
Professional Fees	4,264	8,409
Office Expense	1,324	800
Charitable contributions	0	200
Grants Paid	19,991	14,832
	(39,562)	(40,648)
End of Year Balance	\$ 56,336	\$ 68,838

See accompanying notes and independent accountant's review report.

MUSKINGUM WATERSHED CONSERVANCY FOUNDATION, INC.  
SCHEDULE IV - JPMORGAN CHASE BUSINESS MONEY MARKET ACCOUNT  
FOR THE YEAR ENDED DECEMBER 31, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
Beginning of Year Balance	\$ 46,210	\$ 46,182
Investment Income	<u>23</u>	<u>28</u>
End of Year Balance	<u>\$ 46,233</u>	<u>\$ 46,210</u>

See accompanying notes and independent accountant's review report.

MUSKINGUM WATERSHED CONSERVANCY FOUNDATION, INC.  
 SCHEDULE V - STARK COMMUNITY FOUNDATION INVESTMENTS  
 FOR THE YEAR ENDED DECEMBER 31, 2010 AND 2009

	2010		2009	
	<u>Principal</u>	<u>Income</u>	<u>Principal</u>	<u>Income</u>
	<u>Total</u>		<u>Total</u>	
<b>THOMAS W. HUDSON CHARITABLE</b>				
<b>ENDOWMENT FUND-</b>				
Beginning of Year Balance	\$ 164,476	\$ 15,542	\$ 180,018	\$ 13,136
Principal Contributions	4,485		4,485	3,795
Net Realized and Unrealized				
Gain on Securities	17,363		17,363	22,915
Investment Income		2,911	2,911	3,222
Grants Paid				
Fees Paid		(944)	(944)	(816)
End of Year Balance	<u>\$ 186,324</u>	<u>\$ 17,509</u>	<u>\$ 203,833</u>	<u>\$ 15,542</u>
			<u>\$ 164,476</u>	<u>\$ 180,018</u>

MUSKINGUM WATERSHED CONSERVANCY  
 DISTRICT ENDOWMENT FUND-

Beginning of Year Balance	\$ 123,010	\$ 11,237	\$ 134,247	\$ 6,708
Principal Contributions	4,892		4,892	6,439
Net Realized and Unrealized				
Gain on Securities	13,275		13,275	17,017
Investment Income		2,176	2,176	2,382
Grants Paid				
Fees Paid		(707)	(707)	(595)
End of Year Balance	<u>\$ 141,177</u>	<u>\$ 12,706</u>	<u>\$ 153,883</u>	<u>\$ 11,237</u>
			<u>\$ 123,010</u>	<u>\$ 134,247</u>
<b>TOTAL INVESTMENTS</b>	<u>\$ 327,501</u>	<u>\$ 30,215</u>	<u>\$ 357,716</u>	<u>\$ 26,779</u>
			<u>\$ 287,486</u>	<u>\$ 314,265</u>

See accompanying notes and independent accountant's review report.

MUSKINGUM WATERSHED CONSERVANCY FOUNDATION, INC  
 SCHEDULE VI - CHANGES IN CASH AND CASH EQUIVALENTS  
 FOR THE YEAR ENDED DECEMBER 31, 2010

	Unrestricted Funds		Temporarily Restricted Funds						Permanently Restricted Funds			Total Cash and Cash Equivalents	
	Funds in Checking and Money Market Index Accounts		James R. Pitney Law Enforcement Fund	Atwood Park Fall Festival Fund	Piedmont Lake Fund	Amphitheatre Fund	Regis Wissler Seneca Park Fund	Dog Park Fund	Messierly Fund	MWCD Endowment Fund	Hudson Endowment Fund		Regis Wissler Endowment Fund
December 31, 2009 Balance	\$ 15,336	\$	13,408	\$ 27,467	\$ 852	\$ 15	\$ 745	\$ 6,035	\$ 51,690	\$ (2,000)	\$ 0	\$ 1,500	\$ 115,048
Contributions and Memberships	0		711	440	52	846	340	2,800	1,400	7,268	4,215		18,072
Investment Income	23												23
Fundraisers													
Atwood Cup Regatta											270		270
Atwood Benefit Swim													0
Gonyer Benefit Dinner													0
Atwood Golf Outing													0
Income from Charles Mill Park										8,718			8,718
BBQ and Auction													0
Fall Festival Admission Fees													0
Increase in Cash and Cash Equivalents	23		711	440	52	846	340	2,800	1,400	15,986	4,485	0	27,083
Operating Expenses	(7,068)												(7,068)
Fundraiser Expenses										(3,126)			(3,126)
Transfer of Funds										(4,892)	(4,485)		(9,377)
Charitable Contributions Paid													0
Grants Paid			(2,176)	(6,000)				(8,535)	(2,480)	(800)			(19,991)
Decrease in Cash and Cash Equivalents	(7,068)		(2,176)	(6,000)	0	0	0	(8,535)	(2,480)	(8,818)	(4,485)	0	(39,562)
December 31, 2010 Balance	\$ 8,291	\$	11,943	\$ 21,907	\$ 904	\$ 861	\$ 1,085	\$ 300	\$ 50,610	\$ 5,168	\$ 0	\$ 1,500	\$ 102,569
December 31, 2008 Balance	\$ 23,050	\$	14,278	\$ 21,691	\$ 752	\$ 0	\$ 1,245	\$ 4,017	\$ 0	\$ (3,549)	\$ 0	\$ 1,500	\$ 62,984
Contributions and Memberships	672		605	5,776	100	15	250	893	61,000	8,232	2,875		80,418
Investment Income	28												28
Fundraisers													
Atwood Cup Regatta											3,135		3,135
Atwood Benefit Swim													1,125
Gonyer Benefit Dinner								1,125					0
Atwood Golf Outing													0
Income from Charles Mill Park										8,006			8,006
BBQ and Auction													0
Fall Festival Admission Fees													0
Increase in Cash and Cash Equivalents	700		605	5,776	100	15	250	2,018	61,000	16,238	6,010	0	92,712
Operating Expenses	(10,429)												(10,429)
Fundraiser Expenses										(4,953)			(4,953)
Transfer of Funds	2,215									(6,439)	(6,010)		(10,234)
Charitable Contributions Paid	(200)												(200)
Grants Paid	0		(1,475)	0	0	0	(750)		(9,310)	(3,297)			(14,832)
Decrease in Cash and Cash Equivalents	(8,414)		(1,475)	0	0	0	(750)	0	(9,310)	(14,689)	(6,010)	0	(40,648)
December 31, 2009 Balance	\$ 15,336	\$	13,408	\$ 27,467	\$ 852	\$ 15	\$ 745	\$ 6,035	\$ 51,690	\$ (2,000)	\$ 0	\$ 1,500	\$ 115,048

See accompanying notes and independent accountants' review report.