

THE WILLIAM BINGHAM FOUNDATION

**FINANCIAL REPORT
(REVIEW)**

DECEMBER 31, 2008 and 2007

THE WILLIAM BINGHAM FOUNDATION

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To the Board of Trustees of
The William Bingham Foundation

We have reviewed the accompanying **statements** of assets, liabilities, and net assets - modified cash basis of The William Bingham Foundation (an Ohio not-for-profit corporation) as of December 31, 2008 and 2007, and the related statements of revenues, expenses, and changes in net assets - modified cash basis for the years 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 Foundation.

A review consists principally of inquiries of Foundation personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally 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.

As described in Note 1, these financial statements have been prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles.

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 the modified cash basis of accounting as described in Note 1 to the financial statements.

Maloney + Novotny LLC

Cleveland, Ohio
June 28, 2009

THE WILLIAM BINGHAM FOUNDATION

STATEMENTS OF ASSETS, LIABILITIES, AND NET ASSETS - MODIFIED CASH BASIS

December 31, 2008 and 2007

	<u>2008</u>	<u>2007</u>
ASSETS		
Current assets:		
Cash	\$ 1,000	\$ 1,000
Accounts receivable - interest and securities sold not settled	61,000	3,000
Overpaid excise tax applied to next year's liability	7,000	3,000
Marketable securities at cost:		
Corporate equity securities	10,049,000	7,835,000
U.S. Government agencies	5,720,000	6,875,000
Temporary funds	<u>3,412,000</u>	<u>5,077,000</u>
Total marketable securities	<u>19,181,000</u>	<u>19,787,000</u>
Total current assets	19,250,000	19,794,000
Furniture and equipment	6,000	5,000
Less accumulated depreciation	<u>5,000</u>	<u>5,000</u>
	<u>1,000</u>	<u>-</u>
TOTAL ASSETS	<u>\$19,251,000</u>	<u>\$19,794,000</u>
LIABILITIES		
Accounts payable - securities purchased not settled	\$ 103,000	\$ 34,000
UNRESTRICTED NET ASSETS		
Grants approved for future payment	73,000	118,000
Uncommitted	<u>19,075,000</u>	<u>19,642,000</u>
TOTAL NET ASSETS	<u>19,148,000</u>	<u>19,760,000</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$19,251,000</u>	<u>\$19,794,000</u>

The accompanying notes are an integral part of these financial statements.

See Accountants' Review Report.

THE WILLIAM BINGHAM FOUNDATION

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS -
MODIFIED CASH BASIS

Years Ended December 31, 2008 and 2007

	<u>2008</u>	<u>2007</u>
REVENUES		
Interest	\$ 253,000	\$ 338,000
Dividends	265,000	265,000
Net gain on sale of securities	<u>23,000</u>	<u>1,232,000</u>
Total revenues	541,000	1,835,000
EXPENSES		
Grants:		
Arts and culture	51,000	100,000
Education	371,000	531,000
Environmental	280,000	108,000
Health and human services	<u>105,000</u>	<u>277,000</u>
Total grants	807,000	1,016,000
Investment expenses	186,000	195,000
Administrative expenses	153,000	139,000
Excise tax on investment income	<u>7,000</u>	<u>16,000</u>
Total expenses	<u>1,153,000</u>	<u>1,366,000</u>
(DECREASE) INCREASE IN UNRESTRICTED NET ASSETS	(612,000)	469,000
UNRESTRICTED NET ASSETS – BEGINNING OF YEAR	<u>19,760,000</u>	<u>19,291,000</u>
UNRESTRICTED NET ASSETS – END OF YEAR	<u>\$19,148,000</u>	<u>\$19,760,000</u>

The accompanying notes are an integral part of these financial statements.
See Accountants' Review Report.

THE WILLIAM BINGHAM FOUNDATION

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies

- A. Purpose – The William Bingham Foundation was established as a family foundation furthering the charitable purposes of its founder in the fields of education, health and human services, science and the arts.
- B. Basis of Accounting – The accounts of The William Bingham Foundation (the Foundation) are maintained principally on the modified basis of cash receipts and disbursements. Consequently, certain revenues are recognized when received rather than when earned and certain expenses are recognized when paid rather than when incurred. Dividends and interest receivable (approximately \$64,000 and \$66,000 at December 31, 2008 and 2007, respectively) and unconditional grants approved for future payment (\$72,500 and \$118,000 at December 31, 2008 and 2007, respectively) have not been accrued and will be recorded when received or disbursed.
- C. Investments – Marketable securities are recorded at cost. Purchases and sales of securities and the related gains or losses are recorded based on the transaction's trade date. Marketable securities had a market value of approximately \$17,468,000 and \$21,460,000 at December 31, 2008 and 2007, respectively. These values are obtained from year-end custodian investment statements and are based upon market values as of December 31, 2008 and 2007, respectively.
- D. Concentrations of Credit Risk – Financial instruments which potentially subject the Foundation to concentrations of credit risk consist principally of temporary cash investments and marketable securities. The Foundation places its investments with several financial institutions. These balances, as reflected in the Foundation's records, are insured by the Federal Deposit Insurance Corporation up to \$250,000.
- E. Administrative Expenses – Certain management and administrative services are provided to the Foundation by an affiliated organization for a fee.
- F. Financial Statement Presentation – The accompanying financial statements of the Foundation have been prepared, in all material respects, as recommended by the American Institute of Certified Public Accountants' (AICPA) Audit and Accounting Guide, Not-for-Profit Organizations. The audit guide includes the requirements of the 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, temporarily restricted and permanently restricted. At December 31, 2008 and 2007, there were no temporarily or permanently restricted net assets.

THE WILLIAM BINGHAM FOUNDATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Note 2. Federal Taxes

Under Internal Revenue Code Section 501(c)(3), the Foundation qualifies as a charitable organization and, accordingly, is exempt from federal income taxes.

The Foundation is subject to an excise tax on net investment income, as defined in the Internal Revenue Code. Accordingly, federal excise taxes have been provided in the amount of \$7,000 in 2008 and \$16,000 in 2007.

In addition, the Internal Revenue Code requires that certain minimum distributions be made in accordance with a specified formula. For the years ended December 31, 2008 and 2007, the Foundation was in compliance with the Code.

Note 3. Grant Commitments

Future grants aggregating \$72,500 have been approved by the Board of Trustees. All future grants at December 31, 2008 were unconditional. Future grants are expected to be paid as follows:

2009	<u>\$72,500</u>
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