The Marble Collection, Inc.

Financial Statements
(with Accountants' Compilation Report Thereon)

August 31, 2009

Allan Smith CPA

Accountants and Advisors

THE MARBLE COLLECTION, INC.

Financial Statements

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Financial statements:

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Accountants' Compilation Report

To the Board of Directors
The Marble Collection, Inc.
Lakeville, Massachusetts

We have compiled the accompanying balance sheet of The Marble Collection, Inc. (a not-for-profit corporation) (hereinafter "Organization") as of August 31, 2009, and the related statements of activities 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.

A compilation is limited to presenting, in the form of financial statements, information that is the representation of management. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion, or any other form of assurance, on them.

Allan Smith CPA

Fall River, Massachusetts
October 3, 2009

THE MARBLE COLLECTION, INC.

Statement of Financial Position

August 31, 2009

Assets:		
Current assets:		
Cash and cash equivalents	$	28,579
Total current assets		**28,579**
Long-term assets:		
Property and equipment, net		1,682
Total long-term assets		**1,682**
Total assets	**$**	**30,261**
Liabilities and net assets:		
Current liabilities:		
Notes payable - related party		32,202
Total current liabilities		**32,202**
Long-term liabilities:		
Due to related party		8,473
Total long-term liabilities		**8,473**
Total liabilities		**40,675**
Net assets:		
Unrestricted		(10,414)
Total net assets		**(10,414)**
Total liabilities and net assets	**$**	**30,261**

THE MARBLE COLLECTION, INC.

Statement of Activities

Year Ended August 31, 2009

Revenue and support:		
In kind gifts and services	$	61,630
Contributions		180
Publication sales		146
Total revenue and support		**61,956**
Expenses:		
Program services:		
Publisher - in-kind		42,298
Rent - in-kind		7,200
Printing and publishing		4,908
Photography - in-kind		3,200
Postage and distribution		2,473
Internet web design services		967
Advertising - internet web hosting		798
Travel		309
Publishing		275
Total program services		**62,428**
Management and general:		
Administrative oversight - in-kind		3,311
Professional services - in-kind		3,000
Office supplies		908
Telephone - partial in-kind		665
Depreciation		337
Small equipment - in-kind		100
Fees		63
Total management and general		**8,384**
Fundraising:		
Fundraising - in-kind		**1,558**
Total expenses		**72,370**
Change in unrestricted net assets		**(10,414)**
Net unrestricted assets, beginning		-
Net unrestricted assets, ending	**$**	**(10,414)**

THE MARBLE COLLECTION, INC.

Statements of Cash Flows

Year Ended August 31, 2009

Cash flows from operating activities:		
Change in net assets	$	(10,414)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation		337
Net cash used in operating activities		**(10,077)**
Cash flows from investing activities:		
Property and equipment acquisitions		(2,019)
Net cash used in investing activities		**(2,019)**
Cash flows from financing activities:		
Advances from related party		8,473
Receipts from notes payable - related party		32,202
Net cash provided by financing activities		**40,675**
Net increase in cash and cash equivalents		**28,579**
Cash and cash equivalents, beginning of year		-
Cash and cash equivalents, end of year	**$**	**28,579**

THE MARBLE COLLECTION, INC.

Notes to Financial Statements
(Compiled)

1. <u>Organization and summary of significant accounting policies:</u>

Organization and nature of operations:

The Marble Collection, Inc. (hereinafter "Organization") is a Massachusetts not-for-profit corporation established in 2008. The Marble Collection, Inc. strives to improve the humanities sector for secondary students of Massachusetts by implementing a complimentary biannual print and digital magazine of the arts. All secondary students of Massachusetts are invited to participate and may submit original works of literature (poetry, fiction, non-fiction), art, music, and video for a chance at publication. In April 2009, the Organization obtained fiscal sponsorship through Documentary Educational Resources located in Watertown, Massachusetts. The Organization's fiscal year-end is August 31.

A long-term goal of the organization is to extend participation and circulation of the magazine throughout New England and produce quarterly publications.

A summary of significant accounting policies consistently applied in the preparation of the financial statements follows:

Use of estimates and assumptions:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the Organization's management to make estimates and assumptions. These affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates and assumptions.

Financial statement presentation:

The financial statements are presented on the basis of unrestricted, temporarily restricted and permanently restricted net assets, in accordance with Statement of Financial Accounting Standards No. 117, *Financial Statements of Not-For-Profit Organizations*. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

> *Unrestricted Net Assets* – Net assets comprised of public support and program revenues which are available and used for operations and programs. Contributions are considered available for unrestricted use unless specifically restricted by the donor.
>
> *Temporarily Restricted Net Assets* – Net assets subject to donor-imposed restrictions which permit the donee organization to expend the assets as specified and are satisfied either by the passage of time or by actions of the Organization. Resources of this nature originate from contributions, grants, bequests, contracts and investment income earned on restricted funds.
>
> *Permanently Restricted Net Assets* – Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on related investments for general or specific purposes.

Grants, which are limited to the use of various programs, are reflected as unrestricted revenue if the funds are received and spent during the same year and if they support the activities of the Organization within the limits of the Organization's articles of organization.

1. <u>Organization and summary of significant accounting policies – continued:</u>

Cash and cash equivalents:

For purposes of the Statement of Cash Flows, the Organization considers all highly liquid debt instruments with a maturity of three months or less to be cash equivalents.

Contributions and revenue recognition:

Contributions are recognized as revenue when they are received and unconditionally pledged. The Organization reports gifts, cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets. Contributions of assets other than cash are recorded at their estimated fair market value at the date received.

Property and equipment:

Property and equipment are stated at cost at the date of acquisition or fair value at the date of donation, in the case of gifts. Property and equipment are recorded as unrestricted net assets or temporarily restricted net assets, in the case of donations with time stipulations. Expenditures that significantly add to the productivity or extend the useful lives of property and equipment are capitalized. Other expenditures for maintenance and repairs are charged to operations in the year the costs are incurred.

Depreciation is computed using the straight-line method over the following estimated useful lives:

Equipment	5 - 7 years

Income tax status:

The Organization has applied for exemption from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. With federal exempt status approval, the Organization will also be exempt from state income tax under Massachusetts General Law Section 180. Therefore, no provision for income taxes has been made in the accompanying financial statements. Contributions to the Organization will qualify for the fifty percent (50%) charitable contribution deduction upon approval of tax exempt status.

Pursuant to the FASB's Staff Position No. FIN 48-3, *Effective Date of FASB Interpretation No. 48 for Certain Nonpublic Enterprises*, the Organization has elected to defer the application of FIN 48 to its fiscal year commencing on September 1, 2009. The Organization's current policy is to recognize the effect of uncertain tax positions in the financial statements on an as-filed or to-be-filed basis. Any changes in uncertain tax positions are recorded in the period when the ultimate outcome becomes known. The Organization understands that their determination of revenue for consideration of unrelated business income is a tax position that management considers reasonable and appropriate.

Fair value of financial instruments:

The fair values of the Organization's financial instruments have been determined at a specific point in time, based on relevant market information and information about the financial instrument. Estimates of fair value are subjective in nature and involve uncertainties and matters of significant judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect estimates.

1. Organization and summary of significant accounting policies - continued:

Fair value of financial instruments - continued:

The Organization's financial instruments consist primarily of cash and cash equivalents, due to related party and notes payable. The carrying amounts reported on the Statement of Financial Position approximate their fair values because of their short-term nature.

In-kind contributions:

Contributions of goods and services are recognized when provided by individuals or organizations whose specialized skills would need to be purchased if not provided by donation or would create or enhance long-lived assets. Such skills include professional services. Contributed goods and services are reflected as contributions at their estimated fair market value at date of receipt if an objective basis exists for recording and assigning value to such donations.

Functional allocation of expenses:

The costs of providing the various programs and the administration of the Organization have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among the program services and supporting services benefited.

Advertising and fundraising expense:

The Organization expenses advertising and fundraising costs as incurred. Advertising expense for the year ended August 31, 2009 totaled $798. Fundraising expense for the year ended August 31, 2009 totaled $1,558.

Subsequent events:

The Organization has evaluated subsequent events through October 3, 2009, which is the date the financial statements were available to be issued.

2. Property and equipment:

Property and equipment consisted of the following at August 31, 2009:

Office equipment	$ 2,019
Less: accumulated depreciation	(337)
Total property and equipment, net	**$ 1,682**

Depreciation expense for the year ended August 31, 2009 totaled $337.

3. Related party activities:

The President has provided "seed" monies to the Organization under a non-interest bearing demand note payable with no specific repayment terms. The amount advanced and outstanding as of August 31, 2009 totaled $8,473.

3. Related party activities - continued:

A relative of the President has provided funds to the Organization under a non-interest bearing demand note payable with no specific repayment terms. The amount advanced and outstanding as of August 31, 2009 totaled $32,202.

The President contributed publication development, fundraising and administrative support services to the Organization estimated to be valued at $19,475 for the year ended August 31, 2009. A member of the Board of Directors contributed office space and utilities to the Organization estimated to be valued at $7,200 for the year ended August 31, 2009.

4. Contributed goods and services:

The Organization received a substantial amount of donated goods and services from members of the Board of Directors and others to support the program services and administration of the Organization. For the year ended August 31, 2009, the Organization received $61,630, which meets the criteria for recording in the financial statements and, accordingly, is included in revenue and expense in the statement of activities.

5. Recent accounting pronouncements:

In July, 2006, the FASB issued Interpretation No. 48, *Accounting for Uncertainty in Income Taxes - an interpretation of FASB Statement No. 109 (FIN 48)*. FIN 48 clarifies the accounting for uncertainty in income tax positions recognized in an entity's financial statements in accordance with SFAS No. 109, *Accounting for Income Taxes*. FIN 48 prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of an uncertain tax position taken or expected to be taken in a tax return. FIN 48 also provides guidance on de-recognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition. FIN 48 is effective for fiscal years beginning after December 15, 2006. In February, 2008, the FASB issued Staff Position No. FIN 48-2, *Effective Date of FASB Interpretation No. 48 for Certain Nonpublic Enterprises* (FSP FIN 48-2), which amended FIN 48 to delay its effective date for certain nonpublic enterprises, including not-for-profit organizations, to fiscal years beginning after December 15, 2007. On December 30, 2008, the FASB issued Staff Position No. FIN 48-3, *Effective Date of FASB Interpretation No. 48 for Certain Nonpublic Enterprises*, which amended FIN 48 to provide an additional deferral of its effective date to give the FASB time to develop guidance on the application of FIN 48 by not-for-profit organizations and pass-through entities such as S-corporations and partnerships. FSP FIN 48-3 delays the effective date of FIN 48 for certain nonpublic enterprises to fiscal years beginning after December 15, 2008. FSP FIN 48-3 requires a nonpublic enterprise that elects to defer the application of FIN 48 to disclose that fact and its accounting policy for evaluating uncertain tax positions for each set of financial statements where the deferral applies (see Note 1 - Income Tax Status). The Organization does not believe that its adoption of FIN 48 in fiscal 2010 will have a material impact on the Organization's financial statements.

5. Recent accounting pronouncements - continued:

In September 2006, the FASB issued SFAS No. 157, *Fair Value Measurements*. SFAS No. 157 defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles, and expands disclosures about fair value measurements. SFAS No. 157 does not require any new fair value measurements, but provides guidance on how to measure fair value by providing a fair value hierarchy used to classify the source of the information. In February 2008, the FASB issued Staff Position No. 157-2, *Effective Date of FASB Statement No. 157 (FSP SFAS 157-2)*. FSP SFAS 157-2 amends SFAS 157 to delay the effective date of the standard to fiscal years beginning after November 15, 2008 as it relates to nonfinancial assets and nonfinancial liabilities. The Organization has adopted SFAS No. 157 for financial assets and financial liabilities, as required, effective as of September 1, 2008. The adoption of SFAS No. 157 did not have a material impact on the Organization's financial statements. The Organization does not believe that its adoption of SFAS No. 157 for nonfinancial assets and nonfinancial liabilities in 2009 will have a material impact on the Organization's financial statements. At August 31, 2009, property and equipment are subject to SFAS No. 157 and are not assessed for fair value measurement in accordance with FSP 157-2 until fiscal 2010.

In May 2009, the Financial Accounting Standards Board issued FASB Statement No. 165 (SFAS No. 165), *Subsequent Events*, to enhance accounting and disclosure requirements for subsequent events. SFAS No. 165 provides guidance on management's assessment of subsequent events and requires additional disclosure about the timing of management's assessment of subsequent events. SFAS No. 165 does not significantly change the accounting requirements for the reporting of subsequent events. SFAS No. 165 is effective for interim or annual financial periods ending after June 15, 2009. The Organization adopted SFAS No. 165 as of August 31, 2009 and accordingly assessed subsequent events. The adoption of this standard did not materially impact the Organization's financial position, results of operations, changes in net assets or disclosures in the financial statements. The provisions of FASB Statement No. 165 are effective for fiscal years ending after June 15, 2009 and must be applied prospectively.

In June 2009, the Financial Accounting Standards Board issued FASB Statement No. 168 (SFAS No.168), *The FASB Accounting Standards Codification and Hierarchy of Generally Accepted Accounting Principles.* When SFAS No. 168 is effective, the Codification will supersede all then-existing non-SEC literature and all reporting standards. It is not expected that SFAS No. 168 will change existing accounting standards, but rather changes the way that Organizations will refer to accounting standards. SFAS No. 168 is effective for interim and annual periods ending after September 15, 2009. As a result, the Organization will adopt SFAS No. 168 for its financial statements covering the fiscal year ending August 31, 2010. The Organization does not expect that the adoption of this standard will have a material impact on the Organization's financial statements.