

**THE COMMUNITY FOUNDATION OF
SANTA CRUZ COUNTY AND SUBSIDIARY
CONSOLIDATED FINANCIAL STATEMENTS**
For the years ended December 31, 2009 and 2008
with
Report of Independent Auditors

**THE COMMUNITY FOUNDATION OF
SANTA CRUZ COUNTY AND SUBSIDIARY**

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Report of Independent Auditors

To the Board of Directors of
The Community Foundation of Santa Cruz County and Subsidiary:

We have audited the accompanying consolidated statements of financial position of The Community Foundation of Santa Cruz and subsidiary (collectively, the "Foundation") as of December 31, 2009 and 2008, and the related consolidated statements of activities, functional expenses 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of The Community Foundation of Santa Cruz and subsidiary as of December 31, 2009 and 2008, and the changes in its net assets and cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The additional information of the Foundation shown on pages 23 to 26 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects when considered in relation to the financial statements taken as a whole.

Novogradac & Company LLP
San Francisco, California
April 22, 2010

**THE COMMUNITY FOUNDATION OF
SANTA CRUZ COUNTY AND SUBSIDIARY**
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
December 31, 2009

	Unrestricted	Temporarily Restricted	Permanently Restricted	2009 Total
ASSETS				
Cash and cash equivalents	\$ 1,520,990	\$ 139,755	\$ 1,169,398	\$ 2,830,143
Investments	3,652,825	16,069,929	19,041,231	38,763,985
Investments - charitable remainder trusts	-	496,164	87,108	583,272
Receivables:				
Accounts receivable	42,887	-	-	42,887
Pledges receivable	-	120,265	76,530	196,795
Grants receivable	-	765,270	-	765,270
Gifts receivable	2,830	5,445	6,000	14,275
Total receivables	<u>45,717</u>	<u>890,980</u>	<u>82,530</u>	<u>1,019,227</u>
Deposits and prepaid expenses	37,854	-	-	37,854
Fixed assets, net	3,480,861	-	-	3,480,861
Investment in trust	-	-	30,000	30,000
TOTAL ASSETS	<u><u>\$ 8,738,247</u></u>	<u><u>\$ 17,596,828</u></u>	<u><u>\$ 20,410,267</u></u>	<u><u>\$ 46,745,342</u></u>
LIABILITIES AND NET ASSETS				
Accounts payable and other liabilities	\$ 598,470	\$ 51,872	\$ -	\$ 650,342
Grants payable	1,286,126	547,150	-	1,833,276
Agency funds	-	2,904,567	-	2,904,567
Charitable gift annuity liability	-	420,270	-	420,270
Total liabilities	<u>1,884,596</u>	<u>3,923,859</u>	<u>-</u>	<u>5,808,455</u>
NET ASSETS	<u>6,853,651</u>	<u>13,672,969</u>	<u>20,410,267</u>	<u>40,936,887</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 8,738,247</u></u>	<u><u>\$ 17,596,828</u></u>	<u><u>\$ 20,410,267</u></u>	<u><u>\$ 46,745,342</u></u>

see accompanying notes

**THE COMMUNITY FOUNDATION OF
SANTA CRUZ COUNTY AND SUBSIDIARY**
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
December 31, 2008

	Unrestricted	Temporarily Restricted	Permanently Restricted	2008 Total
ASSETS				
Cash and cash equivalents	\$ 2,130,887	\$ 381,319	\$ 884,714	\$ 3,396,920
Investments	1,224,727	12,697,300	18,583,698	32,505,725
Investments - charitable remainder trusts	-	-	262,327	262,327
Receivables:				
Accounts receivable	61,107	415	-	61,522
Pledges receivable	-	360	90,094	90,454
Grants receivable	116,857	920,000	-	1,036,857
Gifts receivable	2,400	4,125	2,100	8,625
Total receivables	180,364	924,900	92,194	1,197,458
Deposits and prepaid expenses	36,539	175	-	36,714
Fixed assets, net	1,392,072	-	-	1,392,072
Investment in trust	-	-	30,000	30,000
TOTAL ASSETS	\$ 4,964,589	\$ 14,003,694	\$ 19,852,933	\$ 38,821,216
LIABILITIES AND NET ASSETS				
Accounts payable and other liabilities	\$ 163,976	\$ 50,209	\$ -	\$ 214,185
Grants payable	69,929	725,750	-	795,679
Agency funds	-	2,734,811	-	2,734,811
Charitable gift annuity liability	-	351,777	-	351,777
Total liabilities	233,905	3,862,547	-	4,096,452
NET ASSETS	4,730,684	10,141,147	19,852,933	34,724,764
TOTAL LIABILITIES AND NET ASSETS	\$ 4,964,589	\$ 14,003,694	\$ 19,852,933	\$ 38,821,216

see accompanying notes

**THE COMMUNITY FOUNDATION OF
SANTA CRUZ COUNTY AND SUBSIDIARY**
CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
For the year ended December 31, 2009

	Unrestricted	Temporarily Restricted	Permanently Restricted	2009 Total
PUBLIC SUPPORT AND REVENUE				
Contributions	\$ 4,305,853	\$ 1,231,787	\$ 726,553	\$ 6,264,193
Grants	406,000	1,299,715	6,000	1,711,715
Investment income	130,752	5,779,481	-	5,910,233
Change in split-interest agreements	-	16,514	(2,428)	14,086
Other income	24,154	8,121	-	32,275
Net assets released from restrictions				
Satisfaction of time and/or purpose restrictions	4,520,807	(4,520,807)	-	-
Management fees	455,780	(455,780)	-	-
Reclassification of investments - charitable remainder trusts	-	172,791	(172,791)	-
TOTAL PUBLIC SUPPORT AND REVENUE	9,843,346	3,531,822	557,334	13,932,502
EXPENSES				
Grants and disbursements:				
Arts, history, and culture	362,237	-	-	362,237
Community development	214,082	-	-	214,082
Education/youth development	567,796	-	-	567,796
Environment	633,026	-	-	633,026
Health	1,462,630	-	-	1,462,630
Human services	699,759	-	-	699,759
Regional water management	2,291,408	-	-	2,291,408
Other	4,003	-	-	4,003
Total grants and disbursements	6,234,941	-	-	6,234,941
Supporting services, Programs	724,207	-	-	724,207
	6,959,148	-	-	6,959,148
Supporting services, Operations				
Marketing and development	366,719	-	-	366,719
Management and general	394,512	-	-	394,512
Total supporting services	761,231	-	-	761,231
TOTAL EXPENSES	7,720,379	-	-	7,720,379
INCREASE IN NET ASSETS	2,122,967	3,531,822	557,334	6,212,123
NET ASSETS AT BEGINNING OF YEAR	4,730,684	10,141,147	19,852,933	34,724,764
NET ASSETS AT END OF YEAR	\$ 6,853,651	\$ 13,672,969	\$ 20,410,267	\$ 40,936,887

see accompanying notes

**THE COMMUNITY FOUNDATION OF
SANTA CRUZ COUNTY AND SUBSIDIARY**
CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
For the year ended December 31, 2008

	Unrestricted	Temporarily Restricted	Permanently Restricted	2008 Total
PUBLIC SUPPORT AND REVENUE				
Contributions	\$ 1,007,893	\$ 2,005,418	\$ 970,025	\$ 3,983,336
Grants	1,755,000	1,440,997	765,000	3,960,997
Investment income (loss)	90,283	(7,825,596)	-	(7,735,313)
Change in split-interest agreements	-	(50,681)	(135,599)	(186,280)
Other income	52,375	1,129	-	53,504
Net assets released from restrictions				
Satisfaction of time and/or purpose restrictions	6,300,456	(6,300,456)	-	-
Management fees	551,658	(551,658)	-	-
TOTAL PUBLIC SUPPORT AND REVENUE	9,757,665	(11,280,847)	1,599,426	76,244
EXPENSES				
Grants and disbursements:				
Arts, history, and culture	743,935	-	-	743,935
Community development	236,177	-	-	236,177
Education/youth development	583,736	-	-	583,736
Environment	1,340,272	-	-	1,340,272
Health	1,715,984	-	-	1,715,984
Human services	527,829	-	-	527,829
Regional water management	76,889	-	-	76,889
Other	22,250	-	-	22,250
Total grants and disbursements	5,247,072	-	-	5,247,072
Supporting services, Programs	709,225	-	-	709,225
	5,956,297	-	-	5,956,297
Supporting services, Operations				
Marketing and development	270,740	-	-	270,740
Management and general	541,484	-	-	541,484
Total supporting services	812,224	-	-	812,224
TOTAL EXPENSES	6,768,521	-	-	6,768,521
INCREASE (DECREASE) IN NET ASSETS	2,989,144	(11,280,847)	1,599,426	(6,692,277)
NET ASSETS AT BEGINNING OF YEAR	1,741,540	21,421,994	18,253,507	41,417,041
NET ASSETS AT END OF YEAR	\$ 4,730,684	\$ 10,141,147	\$ 19,852,933	\$ 34,724,764

see accompanying notes

**THE COMMUNITY FOUNDATION OF
SANTA CRUZ COUNTY AND SUBSIDIARY**
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES
For the year ended December 31, 2009

	<u>Program Services</u>	<u>Marketing/ Development</u>	<u>Management and General</u>	<u>2009 Total</u>
GRANTS AND DISBURSEMENTS	\$ 6,234,941	\$ -	\$ -	\$ 6,234,941
PERSONNEL EXPENSES				
Salaries	411,083	208,161	223,937	843,181
Payroll taxes and employee benefits	<u>102,324</u>	<u>51,814</u>	<u>55,741</u>	<u>209,879</u>
Total personnel expenses	513,407	259,975	279,678	1,053,060
OTHER EXPENSES				
General and administrative	43,653	22,105	23,780	89,538
Conferences and meetings	10,740	5,439	5,851	22,030
Advertising and marketing	5,015	2,539	2,732	10,286
Professional services	68,813	34,845	37,486	141,144
Repairs and maintenance	32,070	16,239	17,470	65,779
Rent	46,921	23,759	25,560	96,240
Insurance	<u>2,588</u>	<u>1,311</u>	<u>1,410</u>	<u>5,309</u>
Total other expenses	209,800	106,237	114,289	430,326
Depreciation	1,000	507	545	2,052
Total supporting services	<u>724,207</u>	<u>366,719</u>	<u>394,512</u>	<u>1,485,438</u>
Total expenses	<u>\$ 6,959,148</u>	<u>\$ 366,719</u>	<u>\$ 394,512</u>	<u>\$ 7,720,379</u>
Expenses as a percentage of total expenses	<u>90.14%</u>	<u>4.75%</u>	<u>5.11%</u>	<u>100.00%</u>

see accompanying notes

**THE COMMUNITY FOUNDATION OF
SANTA CRUZ COUNTY AND SUBSIDIARY**
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES
For the year ended December 31, 2008

	<u>Program Services</u>	<u>Marketing/ Development</u>	<u>Management and General</u>	<u>2008 Total</u>
GRANTS AND DISBURSEMENTS	\$ 5,247,072	\$ -	\$ -	\$ 5,247,072
PERSONNEL EXPENSES				
Salaries	366,838	140,037	280,075	786,950
Payroll taxes and employee benefits	<u>94,525</u>	<u>36,084</u>	<u>72,168</u>	<u>202,777</u>
Total personnel expenses	461,363	176,121	352,243	989,727
OTHER EXPENSES				
General and administrative	50,281	19,194	38,389	107,864
Conferences and meetings	14,956	5,710	11,419	32,085
Advertising and marketing	4,779	1,824	3,649	10,252
Professional services	98,630	37,651	75,303	211,584
Repairs and maintenance	30,201	11,529	23,058	64,788
Rent	44,760	17,087	34,174	96,021
Insurance	<u>2,383</u>	<u>910</u>	<u>1,820</u>	<u>5,113</u>
Total other expenses	245,990	93,905	187,812	527,707
Depreciation	1,872	714	1,429	4,015
Total supporting services	<u>709,225</u>	<u>270,740</u>	<u>541,484</u>	<u>1,521,449</u>
Total expenses	<u>\$ 5,956,297</u>	<u>\$ 270,740</u>	<u>\$ 541,484</u>	<u>\$ 6,768,521</u>
Expenses as a percentage of total expenses	<u>88.00%</u>	<u>4.00%</u>	<u>8.00%</u>	<u>100.00%</u>

see accompanying notes

**THE COMMUNITY FOUNDATION OF
SANTA CRUZ COUNTY AND SUBSIDIARY**
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the years ended December 31, 2009 and 2008

	<u>2009</u>	<u>2008</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets	\$ 6,212,123	\$ (6,692,277)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:		
Depreciation	2,052	4,015
Realized and unrealized (gains) losses	(4,776,341)	9,202,535
Change in split-interest agreements	(14,086)	186,280
(Increase) decrease in:		
Accounts receivable	134,729	(91,923)
Contributions receivable	(320,945)	135,599
Pledges receivable	(106,341)	23,230
Grants receivable	154,730	184,425
Gifts receivable	(5,650)	62,040
Deposits and prepaid expenses	(1,140)	(10,179)
Increase (decrease) in:		
Accounts payable and accrued liabilities	436,157	95,070
Grants payable	1,037,597	368,929
Agency funds	169,756	(726,798)
Charitable gift annuity liability	68,493	55,732
Net cash provided by operating activities	<u>2,991,134</u>	<u>2,796,678</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
(Purchase of) sale of securities, net	(1,467,070)	26,159
Purchase of fixed assets	<u>(2,090,841)</u>	<u>(302,514)</u>
Net cash used in investing activities	(3,557,911)	(276,355)
Net (decrease) increase in cash and cash equivalents	(566,777)	2,520,323
Cash and cash equivalents at beginning of year	<u>3,396,920</u>	<u>876,597</u>
Cash and cash equivalents at end of year	<u>\$ 2,830,143</u>	<u>\$ 3,396,920</u>
Supplemental disclosure of noncash investing and financing activities:		
Increase in accounts payable and other liabilities and fixed assets	<u>\$ 490,192</u>	<u>\$ -</u>

see accompanying notes

**THE COMMUNITY FOUNDATION OF
SANTA CRUZ COUNTY AND SUBSIDIARY**
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the years ended December 31, 2009 and 2008

1. General

The Community Foundation of Santa Cruz County (“CFSCC”) is a California nonprofit public benefit corporation classified by the Internal Revenue Service as tax-exempt under Section 501(c)(3) and as a non-private foundation under Section 509(a)(1) of the Internal Revenue Code of 1986. CFSCC was organized in 1982 to enhance the quality of life by seeking, accepting, managing and disbursing funds to address a variety of community needs throughout Santa Cruz County. Grants and technical assistance services provided are in accordance with the terms of CFSCC’s guidelines and are subject to approval of the Board of Directors of CFSCC. The Regional Water Management Foundation (“RWMF”), a subsidiary of CFSCC and a California nonprofit public benefit corporation, was organized on August 21, 2007 to support activities for the benefit of CFSCC. RWMF is a type I supporting organization under Section 509(a)(3) of the Internal Revenue Code. RWMF is the recipient of a \$12.5 million grant awarded by the California State Water Resource Control Board and funded by State Proposition 50 Integrated Regional Water Management Program. The grant funds the implementation of 15 high priority water projects in the region from 2008 through 2012 and RWMF provides management and administration for implementation of this grant.

2. Summary of significant accounting policies

Principles of consolidation

The accompanying consolidated financial statements include the assets, liabilities, net assets and financial activities of CFSCC and its subsidiary, RWMF (collectively, the “Foundation”). All significant intercompany transactions and balances have been eliminated in consolidation.

Basis of accounting

The Foundation prepares its financial statements on the accrual basis of accounting consistent with accounting principles generally accepted in the United States of America.

Basis of presentation

The Foundation 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.

Unrestricted Net Assets: Net assets that are not subject to donor-imposed stipulations. Unrestricted net assets consist primarily of board designated operating reserve fund, capital assets, and general operating support.

Temporarily Restricted Net Assets: Net assets are subject to donor-imposed stipulations which can be fulfilled either by actions of those stipulations and/or expire with the passage of time and subject to the variance power of the Board of Directors. Temporarily restricted net assets consist primarily of temporarily restricted contributions, charitable gift annuities, and accumulated earnings on endowed funds. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

**THE COMMUNITY FOUNDATION OF
SANTA CRUZ COUNTY AND SUBSIDIARY**
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the years ended December 31, 2009 and 2008

2. Summary of significant accounting policies (continued)

Basis of presentation (continued)

Permanently Restricted Net Assets: Net assets are subject to donor-imposed stipulations whereby the historic gift amount is to be preserved in perpetuity and are subject to the variance power of the Board of Directors. While the historic gift is to remain permanently maintained, the Foundation may expend the accumulated earnings, which are temporarily restricted, in accordance with donor specifications.

Cash and cash equivalents

For purposes of the Consolidated Statements of Cash Flows, the Foundation considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America includes the use of estimates and assumptions that 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 revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Function allocation of expense

The costs of providing the programs and other activities have been summarized on a functional basis in the statements of activity and changes in net assets. Expenses that can be identified with a specific program or supporting service are charged directly to the related program or supporting service. Expenses that are associated with more than one program or supporting service are allocated based on an evaluation by the Foundation's management.

Fair value measurements

The Foundation establishes a fair value hierarchy that distinguishes between (1) market participant assumptions developed based on market data obtained from independent sources (observable inputs) and (2) an entity's own assumptions about market participant assumptions based on the best information available in the circumstances (unobservable inputs). The fair value hierarchy consists of three broad levels, which gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are described below:

Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, including quoted prices for similar assets or liabilities. Valuations for assets and liabilities traded in less active dealer or broker markets are obtained from third party pricing services for identical or similar assets or liabilities.

**THE COMMUNITY FOUNDATION OF
SANTA CRUZ COUNTY AND SUBSIDIARY**
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the years ended December 31, 2009 and 2008

2. Summary of significant accounting policies (continued)

Fair value measurements (continued)

Level 3 – Inputs that are both significant to the fair value measurement and unobservable. Valuations for assets and liabilities are derived from other valuation methodologies, including option pricing models, discounted cash flow models and similar techniques, and not based on market exchange, dealer, or broker traded transactions. Level 3 valuations incorporate certain assumptions and projections in determining the fair value assigned to such assets or liabilities.

The following tables present the Foundation’s assets and liabilities that are measured and recognized at fair value on a recurring basis classified under the appropriate level of the fair value hierarchy as of December 31, 2009 and 2008:

	December 31, 2009			Fair Value Measurements
	Level 1	Level 2	Level 3	
Assets				
Investments	\$ 38,763,985	\$ -	\$ -	\$ 38,763,985
Investments – charitable remainder trusts	-	-	583,272	583,272
Total assets	\$ 38,763,985	\$ -	\$ 583,272	\$ 39,347,257

Liabilities				
Charitable gift annuity	\$ -	\$ -	\$ 420,270	\$ 420,270
Total liabilities	\$ -	\$ -	\$ 420,270	\$ 420,270

	December 31, 2008			Fair Value Measurements
	Level 1	Level 2	Level 3	
Assets				
Investments	\$ 32,505,725	\$ -	\$ -	\$ 32,505,725
Investments – charitable remainder trusts	-	-	262,327	262,327
Total assets	\$ 32,505,725	\$ -	\$ 262,327	\$ 32,768,052

Liabilities				
Charitable gift annuity	\$ -	\$ -	\$ 351,777	\$ 351,777
Total liabilities	\$ -	\$ -	\$ 351,777	\$ 351,777

**THE COMMUNITY FOUNDATION OF
SANTA CRUZ COUNTY AND SUBSIDIARY**
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the years ended December 31, 2009 and 2008

2. Summary of significant accounting policies (continued)

Fair value measurements (continued)

Assets and liabilities measured at fair value on a recurring basis using significant inputs based on Internal Revenue Service group annuity and mortality tables (Level 3):

Investments – charitable remainder trusts:

Balance, January 1, 2008	\$ 397,926
Change in value of split-interest agreement	<u>(135,599)</u>
Balance, December 31, 2008	262,327
Additions	274,549
Change in value of split-interest agreement	<u>46,396</u>
Balance, December 31, 2009	<u>\$ 583,272</u>

Charitable gift annuity liability:

Balance, January 1, 2008	\$ 296,045
Additions	122,565
Payments	(117,514)
Change in value of split-interest agreement	<u>50,681</u>
Balance, December 31, 2008	351,777
Additions	70,819
Payments	(34,636)
Change in value of split-interest agreement	<u>32,310</u>
Balance, December 31, 2009	<u>\$ 420,270</u>

Investments

Investment purchases and sales are accounted for on a trade-date basis. Realized gains and losses are calculated based upon the underlying cost of individual lots. Interest income is recorded when earned and dividends are recorded on the ex-dividend date.

Investments are made according to the finance policy adopted by the Foundation's Board of Directors. The guidelines provide for investment in equities, fixed income, and other securities with performance measured against appropriate indices. Outside advisors are utilized by the Foundation for the purpose of providing investment and consulting.

Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain long-term investments, it is reasonably possible that changes in the values of these investments will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position.

Concentration of credit risk

Financial instruments that potentially subject the Foundation to concentrations of credit risk consist principally of temporary cash investments. The Foundation places its temporary cash investments with high credit quality financial institutions and, by policy, limits the amount of credit exposed to any one financial institution. At times, the account balances may exceed the institution's federally insured limits. The Foundation has not experienced any losses in such accounts.

**THE COMMUNITY FOUNDATION OF
SANTA CRUZ COUNTY AND SUBSIDIARY**
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the years ended December 31, 2009 and 2008

2. Summary of significant accounting policies (continued)

Internal management fees

The Foundation charges a monthly maintenance fee internally for endowed and non-endowed funds under management. These fees help fund the general operations of the Foundation. These fees are recorded internally both as revenue and expense, and have been so reflected in the financial statement presentation, in that the fees do not come from sources external to the Foundation.

Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence or nature of any donor restrictions.

Unconditional pledges to give are recorded as contributions when received at the net present value of the amounts expected to be collected. Unconditional pledges to give that are expected to be received in future periods are discounted annually using the current interest rate the funds would earn. Amortization of the discount is recorded as contribution revenue.

Recognition of donor restrictions

Support that is restricted by the donor is reported as an increase in temporarily or permanently restricted assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions. When restrictions on contributions are satisfied in the same period as the receipt of the contribution, the Foundation reports both the contribution received and the related expense in unrestricted net assets.

Advertising

Advertising costs are expensed as incurred. Advertising expenses for the years ended December 31, 2009 and 2008 was \$10,286 and \$10,252, respectively, and included maintenance of the Foundation's website.

Fixed assets and depreciation

Purchase of property, equipment or improvements costing more than \$1,000 are recorded at cost. Major improvements are charged to the fixed asset account, while maintenance and repairs, which do not extend the life of the respective assets, are expensed. When fixed assets are retired or otherwise disposed, the cost of the fixed asset and the related accumulated depreciation are removed from the accounts and any resulting gains or losses are reflected in income.

Depreciation is computed on the straight-line method over the estimated useful lives of the assets. Depreciation expense during 2009 and 2008 was \$2,052 and \$4,015, respectively. The useful lives of the assets are estimated as follows:

Software and hardware	3 years
Office equipment	3 – 5 years
Leasehold improvements	Life of lease

**THE COMMUNITY FOUNDATION OF
SANTA CRUZ COUNTY AND SUBSIDIARY**
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the years ended December 31, 2009 and 2008

2. Summary of significant accounting policies (continued)

Designated agency funds

The Foundation receives and distributes assets under certain agency and intermediary arrangements. The Foundation accepts a contribution from a donor and agrees to transfer the return on investment of those assets to another entity that is specified by the donor. The Foundation holds such funds as designated agency funds. Distributions to the donor specified entity are from earnings and pursuant to the Foundation's spending policy.

Agency funds

When a not-for-profit organization establishes a fund at the Foundation with its own funds and specifies itself or its affiliate as the beneficiary of the fund, the Foundation must account for the transfer of such assets as a liability. The liability is the total fair value of the funds and is reflected as agency funds on the accompanying statements of financial position. In addition, related amounts received or distributed, investment income or loss, and expenses are not presented on the accompanying statements of activities.

Grants

Grants are made from available principal and income in accordance with the designations of donors. Grants are recorded at the date of approval by the Board of Directors. Donor advised grants below \$10,000 are recorded at the date of approval by the Executive Director. Grant awards are presented on the statements of financial position net of grant refunds.

Assets held in charitable trusts

The Foundation serves as the trustee for two charitable trusts. Under the terms of these trust agreements, the Foundation makes distributions to income beneficiaries for a given term or the life of the beneficiaries. At the end of the term, or upon the death of the income beneficiaries, assets remaining in the trusts will be dispersed in accordance with the terms of the trusts. The Foundation records the assets held in this trust at their fair value based on current quoted market values and records a liability for the respective agreements at the estimated discounted value of the amounts due to the income beneficiaries based on the Internal Revenue Service group annuity and mortality tables. The present value of payments to beneficiaries under this arrangement is calculated using discount rates representing risk-free rates in existence at the date of gift. Gains or losses resulting from changes in actuarial assumptions and accretions of the discount are recorded as increases or decreases in the value of split-interest agreement in the statement of activities and changes in net assets.

Income taxes

The Foundation has been granted tax exempt status by the Internal Revenue Service and the California Franchise Tax Board. In addition, the Foundation has received a ruling from the Internal Revenue Service that it is not a private foundation. The Foundation is also registered with the Registry of Charitable Trusts of the Office of the Attorney General of the State of California.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the Foundation to report information regarding its exposure to various tax positions taken by the Foundation. Management has determined whether any tax positions have met the recognition threshold and has measured the Foundation's exposure to those tax positions. Management believes that the Foundation has adequately addressed all relevant tax positions and that there are no unrecorded tax liabilities.

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2. Summary of significant accounting policies (continued)

Assets held in charitable gift annuities

The Foundation has established various charitable gift annuities. Under the terms of these agreements, donors contribute assets to the Foundation in exchange for a promise by the Foundation to pay a fixed distribution to the donors for the life of the donor. Upon the death of the donors, assets remaining in the charitable gift annuities will transfer to a fund held for the benefit of a cause or an organization designated by the donor. The Foundation records the assets held in the charitable gift annuities at their fair market values based on current quoted market prices and records a liability under the charitable gift annuities based on the estimated discounted value of the amounts due to the donors based on the Internal Revenue Service annuity and mortality tables. The Foundation recognizes contribution revenue for the difference between the fair value of the assets received and the annuity liability.

Annuity liabilities are recorded for the required life annuity payments at the present value of expected future cash payments discounted using current interest rates and actuarial assumptions. The annuity obligations are adjusted each year for changes in the life expectancy of the donors and are reduced as payments are made to the donors.

The Foundation is licensed by the State of California to enter into annuity agreements with donors. California statutes require entities with such a license to maintain a segregated reserve account, which is calculated based on the state's annuity 2000 mortality table with a discount rate of 4.5%. The Foundation has complied with this requirement.

Endowment funds

In August 2008, Financial Accounting Standards Board ("FASB") provided guidance on the net asset classification of donor-restricted endowment funds for a not-for-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 ("UPMIFA"). This guidance also improves disclosures about an organization's endowed funds (both donor restricted endowment funds and board designated endowment funds) whether or not the organization is subject to UPMIFA.

The Foundation is subject to the required disclosures in that it classifies its unrealized gains and losses on donor-restricted endowed funds as unrestricted net assets. During the year ended December 31, 2009, the Foundation reclassified investment losses of \$39,027 on donor-restricted endowed funds as unrestricted net assets. Any gains in subsequent years will first offset the losses in unrestricted net assets before recording unrealized gains and losses as temporary restricted net assets.

Subsequent events

Subsequent events have been evaluated through April 22, 2010, which is the date the financial statements were available to be issued, and there are no subsequent events requiring disclosure.

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3. Investments

Investments are comprised of the following as of December 31, 2009 and 2008:

	<u>2009</u>	<u>2008</u>
Cash and cash equivalents	\$ 7,389,654	\$ 2,918,985
Common and preferred stocks	20,210,486	15,793,397
U.S. government corporate bonds	<u>11,163,845</u>	<u>13,793,343</u>
Total investments	<u>\$ 38,763,985</u>	<u>\$ 32,505,725</u>

The following schedule summarizes the investment return and its classification in the Consolidated Statements of Activities for the years ended December 31, 2009 and 2008:

	<u>2009</u>	<u>2008</u>
Interest	\$ 260,464	\$ 404,977
Dividends	878,163	1,067,386
Realized losses	(514,366)	(1,014,459)
Unrealized gains (losses)	5,290,707	(8,188,076)
Investment expenses	<u>(4,735)</u>	<u>(5,141)</u>
Total investment income (loss)	<u>\$ 5,910,233</u>	<u>\$ (7,735,313)</u>

4. Pledges receivable

Pledges receivable at December 31, 2009 and 2008 are as follows:

	<u>2009</u>	<u>2008</u>
Due within one year	\$ 161,491	\$ 51,830
Due within two to seven years	<u>36,294</u>	<u>39,990</u>
Gross pledges receivable	197,785	91,820
Less discount to reflect pledges receivable at present value	<u>(990)</u>	<u>(1,366)</u>
Total pledges receivable	<u>\$ 196,795</u>	<u>\$ 90,454</u>

5. Investments - charitable remainder trusts

The Foundation is a beneficiary of five charitable trusts:

Charitable Lead Trust A

The Foundation is a beneficiary for the lifetime of the donor, and also acts as trustee, without compensation. The 1% annual unitrust distribution received by the Foundation totaled \$904 and \$1,343 in 2009 and 2008, respectively. As the amounts due to be received by the Foundation are immaterial, no receivable has been recorded for this Trust.

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5. Investments - charitable remainder trusts (continued)

Remainder Interest in Trust B

The Foundation is a 100% remainderman beneficiary under the terms of the trust. The assets of the trust are in no way subject to the control of the Foundation at this time. The present value of the remainder interest totaled approximately \$189,802 and \$149,522 at December 31, 2009 and 2008, respectively.

Remainder Interest in Trust C

The Foundation is a 100% remainderman beneficiary under the terms of the trust, and also acts as trustee, without compensation. The present value of the remainder interest totaled approximately \$87,108 and \$89,536 at December 31, 2009 and 2008, respectively.

Remainder Interest in Trust D

The Foundation is a 100% remainderman beneficiary under the terms of the trust. The assets of the trust are not currently subject to the control of the Foundation. The present value of the remainder interest totaled approximately \$31,812 and \$23,269 at December 31, 2009 and 2008, respectively.

Remainder Interest in Trust E

During 2009, the Foundation became the 100% remainderman beneficiary of a fifth trust. The assets of the trust are not currently subject to the control of the Foundation. The present value of the remainder interest totaled approximately \$274,549 at December 31, 2009.

6. Grants payable

The Foundation makes grants to various organizations. As of December 31, 2009 and 2008, grants payable consisted of \$1,833,276 and \$795,679, respectively. The following is a summary of grants authorized and payable at December 31, 2009 and 2008:

	<u>2009</u>	<u>2008</u>
Due within one year	\$ 1,658,376	\$ 513,779
Due within two to five years	174,900	281,900
Total grants payable	<u>\$ 1,833,276</u>	<u>\$ 795,679</u>

7. Fixed assets

As of December 31, 2009 and 2008, the Foundation's fixed assets consisted of the following:

	<u>2009</u>	<u>2008</u>
Land	\$ 900,000	\$ 900,000
Office equipment and software	221,963	220,294
Leasehold improvements	111,826	111,826
Fixed assets	1,233,789	1,232,120
Less accumulated depreciation	<u>(331,335)</u>	<u>(329,283)</u>
	902,454	902,837
Construction in progress	2,578,407	489,235
Fixed assets, net	<u>\$ 3,480,861</u>	<u>\$ 1,392,072</u>

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7. Fixed assets (continued)

In December 2005, the Foundation received a restricted contribution to be used in the acquisition of land to serve as the future location of a permanent home for the Foundation offices. In April 2006, the Foundation completed the purchase of a lot in Aptos, California, and commenced plans to construct a building to house its offices as well as serve as a center for philanthropy in Santa Cruz County. The estimated project cost is approximately \$9.3 million and a groundbreaking was celebrated in September, 2009. As of December 31, 2009, total costs incurred were \$2,578,407 with estimated additional costs of approximately \$6,721,593 to complete the project. The project is being funded through a capital campaign that has achieved total cash, pledges, promises and in-kind donations in excess of \$6,500,000 as of December 31, 2009. The Foundation has secured commitment letters for a construction loan and a commercial real estate loan to meet the cash flow needs to complete the project. The estimated completion date for the building is Fall, 2010.

8. Lease commitments

The Foundation leases office space under a non-cancelable lease expiring August 31, 2010. Rental expense totaled \$96,240 and \$96,021 for the years ended December 31, 2009 and 2008, respectively.

Future minimum lease payment under the operating lease is as follows:

Year ending December 31,

2010	\$ <u>71,826</u>
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9. Employee retirement plan

In January 1997, the Foundation established a 401(k) plan. Employees are eligible to participate in the plan starting on the first of the month following 90 days of employment. The Board of Trustees approved discretionary contributions of \$45,832 and \$36,648 to the plan in 2009 and 2008, respectively.

10. Net assets

Unrestricted net assets

Unrestricted net assets consist of board designated operating reserve fund, capital assets, general operating support, unrealized losses on donor-restricted endowment funds, and the RWMF supporting organization. At December 31, 2009 and 2008, unrestricted net assets consist of the following:

	<u>2009</u>	<u>2008</u>
Board designated	\$ 326,455	\$ 326,455
Undesignated	<u>6,527,196</u>	<u>4,404,229</u>
Total unrestricted net assets	<u>\$ 6,853,651</u>	<u>\$ 4,730,684</u>

**THE COMMUNITY FOUNDATION OF
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10. Net assets (continued)

Temporarily restricted net assets

Temporarily restricted net assets consist of non-endowed donor funds, foundation contributions for special projects, charitable gift annuities, and the remaining portion of donor-restricted endowment funds that are not classified as permanently restricted net assets. At December 31, 2009 and 2008, temporarily restricted net assets consist of the following:

	<u>2009</u>	<u>2008</u>
Non-endowed	\$ 7,089,367	\$ 6,045,920
Charitable gift annuities	164,825	126,067
Grants, special projects, and pass-through	2,932,233	4,444,659
Investment income (loss) on		
permanently restricted net assets	2,990,380	(475,499)
Investments – charitable remainder trusts	479,650	-
Net appreciation (depreciation) of		
split interest agreements	16,514	-
Total temporarily restricted net assets	<u>\$ 13,672,969</u>	<u>\$ 10,141,147</u>

Permanently restricted net assets

Permanently restricted net assets represent the fair value of the original gift as of the gift date and the original value of subsequent gifts to donor-restricted endowment funds.

The Foundation has adopted investment policies that preserve capital, regularly evaluate and control risk to ensure it is commensurate with the given investment style and objective of the portfolio and are invested with the care, skill, prudence, and diligence with the goal of producing returns equal to or exceeding prevailing standards among community foundations of similar asset size. The investment strategy for endowed funds utilizes a “total return,” that is, the aggregate return from capital appreciation and dividend and interest income. Donors (the person or organization that established the fund) or the fund representative authorized by the fund agreement may choose the investment option for their fund when their fund is established.

The Board of Directors, after conferring with counsel with respect to the provisions of both the Uniform Management of Institutional Funds Act (“UMIFA”) and UPMIFA, has adopted a spending plan that continues to follow UMIFA by enforcing no spending of the permanently restricted portion of donor funds, which consists of the historic gift, or corpus, of the fund. The objective of endowed funds is that the principal gift(s) of the fund will be held forever. Charitable distributions will be spent from a fund’s net earnings according to the Foundation’s spending policy. The spending policy is established to ensure the availability of grant making dollars to the community in perpetuity. The policy currently establishes a target total return of 8.0%. The funds available for grant making use determined each year (which was 4% for 2009 and 2008) are calculated based on a 12 quarter moving average. Both the finance committee and the Board of Directors of the Foundation must approve any changes to the spending percentage.

**THE COMMUNITY FOUNDATION OF
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the years ended December 31, 2009 and 2008

10. Net assets

At December 31, 2009 and 2008, permanently restricted net assets consist of the following:

	<u>2009</u>	<u>2008</u>
Permanently restricted net assets, beginning of year	\$ 19,852,933	\$ 18,253,507
Net appreciation (depreciation) of split interest agreements	(2,428)	(135,599)
Contributions and grants	732,553	1,735,025
Reclassification of investments – charitable remainder trusts	<u>(172,791)</u>	<u>-</u>
Permanently restricted net assets, end of year	<u>\$ 20,410,267</u>	<u>\$ 19,852,933</u>

11. Agency funds

When a not-for-profit organization establishes a fund at the Foundation with its own funds and specifies itself or its affiliate as the beneficiary of the fund, the Foundation must account for the transfer of such assets as a liability. The liability is the total fair value of the funds and is reflected as agency funds on the accompanying statements of financial position. In addition, related amounts received or distributed, investment income or loss, and expenses are not presented on the accompanying statements of activities.

The Foundation complies with generally accepted account principles as they relate to agency funds by booking their value as a liability as follows:

	<u>2009</u>	<u>2008</u>
Happy Valley School Foundation Fund	\$ 538,508	\$ 447,170
Temple Beth El Next Generation Fund	439,869	306,284
Agri-Culture Farmworker Housing Fund	308,428	244,876
Women's Crisis Support/Defense de Mujere Fund	243,598	193,625
Santa Cruz Museum Association Fund	242,122	298,821
Elkhorn Slough Foundation Fund	165,053	132,582
Nature and History Center Renovation Fund	147,777	133,446
O'Neill Sea Odyssey Fund	126,046	101,116
Native American Rescue Fund	95,654	77,865
SPCA/Blackie's Senior Friends Fund	80,158	65,245
Bonny Doon Education Fund	76,305	60,647
Vista Center Fund	-	181,315
Other agency funds **	<u>441,049</u>	<u>491,819</u>
Total agency funds	<u>\$ 2,904,567</u>	<u>\$ 2,734,811</u>

** Other agency funds consist of 14 funds, none of which exceeded \$50,000 as of December 31, 2009 and 2008.

**THE COMMUNITY FOUNDATION OF
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the years ended December 31, 2009 and 2008

12. Major contributions

For the year ended December 31, 2009, 100% of the RWMF's annual contribution and grant revenue was provided from the State Proposition 50 Integrated Regional Water Management Program and approximately 40% of the CFSCC's annual contribution and grant revenue was provided from two foundations, one company, and two individuals to their respective donor advised funds. A balance of \$400,000 due from one donor is included in grants receivable.

For the year ended December 31, 2008, 100% of the RWMF's annual contribution and grant revenue was provided from the State Proposition 50 Integrated Regional Water Management Program and approximately 50% of the CFSCC's annual contribution and grant revenue was provided from one foundation, one company and one individual to their respective donor advised funds.

SUPPLEMENTAL INFORMATION

**THE COMMUNITY FOUNDATION OF
SANTA CRUZ COUNTY AND SUBSIDIARY**
SUPPLEMENTAL INFORMATION
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
December 31, 2009

ASSETS	<u>CFSCC</u>	<u>RWMF</u>	<u>Eliminations</u>	<u>2009 Total</u>
Cash and cash equivalents	\$ 1,424,558	\$ 1,405,585	\$ -	\$ 2,830,143
Investments	38,763,985	-	-	38,763,985
Investments - charitable remainder trusts	583,272	-	-	583,272
Receivables:				
Accounts receivable	42,887	-	-	42,887
Pledges receivable	196,795	-	-	196,795
Grants receivable	840,189	-	(74,919)	765,270
Gifts receivable	14,275	-	-	14,275
Total receivables	<u>1,094,146</u>	<u>-</u>	<u>(74,919)</u>	<u>1,019,227</u>
Deposits and prepaid expenses	37,854	-	-	37,854
Fixed assets, net	3,480,861	-	-	3,480,861
Investment in trust	<u>30,000</u>	<u>-</u>	<u>-</u>	<u>30,000</u>
TOTAL ASSETS	<u><u>\$ 45,414,676</u></u>	<u><u>\$ 1,405,585</u></u>	<u><u>\$ (74,919)</u></u>	<u><u>\$ 46,745,342</u></u>
LIABILITIES AND NET ASSETS (DEFICIT)				
Accounts payable and other liabilities	\$ 570,343	\$ 79,999	\$ -	\$ 650,342
Grants payable	547,150	1,361,045	(74,919)	1,833,276
Agency funds	2,904,567	-	-	2,904,567
Charitable gift annuity liability	<u>420,270</u>	<u>-</u>	<u>-</u>	<u>420,270</u>
Total liabilities	<u>4,442,330</u>	<u>1,441,044</u>	<u>(74,919)</u>	<u>5,808,455</u>
NET ASSETS (DEFICIT)	<u>40,972,346</u>	<u>(35,459)</u>	<u>-</u>	<u>40,936,887</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 45,414,676</u></u>	<u><u>\$ 1,405,585</u></u>	<u><u>\$ (74,919)</u></u>	<u><u>\$ 46,745,342</u></u>

**THE COMMUNITY FOUNDATION OF
SANTA CRUZ COUNTY AND SUBSIDIARY**
SUPPLEMENTAL INFORMATION
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
December 31, 2008

	<u>CFSCC</u>	<u>RWMF</u>	<u>Eliminations</u>	<u>2008 Total</u>
ASSETS				
Cash and cash equivalents	\$ 3,184,542	\$ 212,378	\$ -	\$ 3,396,920
Investments	32,505,725	-	-	32,505,725
Investments - charitable remainder trusts	262,327	-	-	262,327
Receivables:				
Accounts receivable	61,522	-	-	61,522
Pledges receivable	90,454	-	-	90,454
Grants receivable	1,038,766	116,857	(118,766)	1,036,857
Gifts receivable	8,625	-	-	8,625
Total receivables	<u>1,199,367</u>	<u>116,857</u>	<u>(118,766)</u>	<u>1,197,458</u>
Deposits and prepaid expenses	36,714	-	-	36,714
Fixed assets, net	1,392,072	-	-	1,392,072
Investment in trust	<u>30,000</u>	<u>-</u>	<u>-</u>	<u>30,000</u>
TOTAL ASSETS	<u><u>\$ 38,610,747</u></u>	<u><u>\$ 329,235</u></u>	<u><u>\$ (118,766)</u></u>	<u><u>\$ 38,821,216</u></u>
LIABILITIES AND NET ASSETS				
Accounts payable and other liabilities	\$ 83,817	\$ 130,368	\$ -	\$ 214,185
Grants payable	725,750	188,695	(118,766)	795,679
Agency funds	2,734,811	-	-	2,734,811
Charitable gift annuity liability	<u>351,777</u>	<u>-</u>	<u>-</u>	<u>351,777</u>
Total liabilities	<u>3,896,155</u>	<u>319,063</u>	<u>(118,766)</u>	<u>4,096,452</u>
NET ASSETS	<u>34,714,592</u>	<u>10,172</u>	<u>-</u>	<u>34,724,764</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 38,610,747</u></u>	<u><u>\$ 329,235</u></u>	<u><u>\$ (118,766)</u></u>	<u><u>\$ 38,821,216</u></u>

**THE COMMUNITY FOUNDATION OF
SANTA CRUZ COUNTY AND SUBSIDIARY**
SUPPLEMENTAL INFORMATION
CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS (DEFICIT)
For the year ended December 31, 2009

	CFSCC	RWMF	Eliminations	2009 Total
PUBLIC SUPPORT AND REVENUE				
Contributions	\$ 3,963,429	\$ 2,448,405	\$ (147,641)	\$ 6,264,193
Grants	1,711,715	-	-	1,711,715
Investment income	5,910,233	-	-	5,910,233
Change in split-interest agreements	14,086	-	-	14,086
Other income	32,275	-	-	32,275
TOTAL PUBLIC SUPPORT AND REVENUE	11,631,738	2,448,405	(147,641)	13,932,502
EXPENSES				
Grants and disbursements	3,941,866	2,440,716	(147,641)	6,234,941
Salaries	843,181	-	-	843,181
Payroll taxes and employee benefits	209,879	-	-	209,879
General and administrative	89,284	254	-	89,538
Conferences and meetings	21,742	288	-	22,030
Advertising and marketing	10,286	-	-	10,286
Professional services	88,366	52,778	-	141,144
Repairs and maintenance	65,779	-	-	65,779
Rent	96,240	-	-	96,240
Insurance	5,309	-	-	5,309
Depreciation	2,052	-	-	2,052
TOTAL EXPENSES	5,373,984	2,494,036	(147,641)	7,720,379
INCREASE IN NET ASSETS (DEFICIT)	6,257,754	(45,631)	-	6,212,123
NET ASSETS AT BEGINNING OF YEAR	34,714,592	10,172	-	34,724,764
NET ASSETS (DEFICIT) AT END OF YEAR	\$ 40,972,346	\$ (35,459)	\$ -	\$ 40,936,887

**THE COMMUNITY FOUNDATION OF
SANTA CRUZ COUNTY AND SUBSIDIARY**
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CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS (DEFICIT)
For the year ended December 31, 2008

	CFSCC	RWMF	Eliminations	2008 Total
PUBLIC SUPPORT AND REVENUE				
Contributions	\$ 3,832,674	\$ 269,428	\$ (118,766)	\$ 3,983,336
Grants	3,960,997	-	-	3,960,997
Investment income (loss)	(7,735,313)	-	-	(7,735,313)
Change in split-interest agreements	(186,280)	-	-	(186,280)
Other income	53,504	-	-	53,504
TOTAL PUBLIC SUPPORT AND REVENUE	(74,418)	269,428	(118,766)	76,244
EXPENSES				
Grants and disbursements	5,170,183	195,655	(118,766)	5,247,072
Salaries	786,950	-	-	786,950
Payroll taxes and employee benefits	202,777	-	-	202,777
General and administrative	99,339	8,525	-	107,864
Conferences and meetings	31,420	665	-	32,085
Advertising and marketing	10,252	-	-	10,252
Professional services	157,173	54,411	-	211,584
Repairs and maintenance	64,788	-	-	64,788
Rent	96,021	-	-	96,021
Insurance	5,113	-	-	5,113
Depreciation	4,015	-	-	4,015
TOTAL EXPENSES	6,628,031	259,256	(118,766)	6,768,521
(DECREASE) INCREASE IN NET ASSETS	(6,702,449)	10,172	-	(6,692,277)
NET ASSETS AT BEGINNING OF YEAR	41,417,041	-	-	41,417,041
NET ASSETS AT END OF YEAR	\$ 34,714,592	\$ 10,172	\$ -	\$ 34,724,764