

CALIFORNIA FOUNDATION FOR STRONGER COMMUNITIES

FINANCIAL STATEMENTS

JUNE 30, 2011

(AUDITED)



CASHUK, WISEMAN, GOLDBERG, BIRNBAUM, & SALEM, LLP
Certified Public Accountants

CALIFORNIA FOUNDATION FOR STRONGER COMMUNITIES
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June 30, 2011 and 2010

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
California Foundation for Stronger Communities

We have audited the accompanying statements of financial position of California Foundation for Stronger Communities (a California non-profit corporation) as of June 30, 2011 and 2010, and the related statements of activities and statements of cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit 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 audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of California Foundation for Stronger Communities as of June 30, 2011 and 2010, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Cashuk, Wiseman, Goldberg, Birnbaum & Salem, LLP

CASHUK, WISEMAN, GOLDBERG, BIRNBAUM AND SALEM, LLP

San Diego, California
August 3, 2011

CALIFORNIA FOUNDATION FOR STRONGER COMMUNITIES
STATEMENTS OF FINANCIAL POSITION
June 30, 2011 and 2010

ASSETS

	<u>2011</u>	<u>2010</u>
CURRENT ASSETS		
Cash and Cash Equivalents (Note A)	\$ 4,919	\$ 5,379
TOTAL ASSETS	<u>\$ 4,919</u>	<u>\$ 5,379</u>

LIABILITIES AND NET ASSETS

	<u>2011</u>	<u>2010</u>
NET ASSETS		
Unrestricted (Note C)	4,919	5,379
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 4,919</u>	<u>\$ 5,379</u>

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



CALIFORNIA FOUNDATION FOR STRONGER COMMUNITIES
STATEMENTS OF ACTIVITIES
Years Ended June 30, 2011 and 2010

	2011	2010
UNRESTRICTED NET ASSETS		
SUPPORT AND REVENUE		
Contributions	\$ 854,535	\$ 457,750
Interest Income	-	25
	854,535	457,775
TOTAL UNRESTRICTED SUPPORT AND REVENUE	854,535	457,775
Net Assets Released from Restrictions	137,202	869
	137,202	869
TOTAL INCREASE IN UNRESTRICTED NET ASSETS	991,737	458,644
EXPENSES		
Program Services		
Charitable Donations	989,202	445,869
Supporting Services		
General & Administrative	2,995	7,512
	2,995	7,512
TOTAL EXPENSES	992,197	453,381
CHANGE IN UNRESTRICTED NET ASSETS	(460)	5,263
TEMPORARILY RESTRICTED NET ASSETS		
SUPPORT AND REVENUE		
Contributions	137,202	869
Net Assets Released from Restrictions	(137,202)	(869)
	(137,202)	(869)
CHANGE IN TEMPORARILY RESTRICTED NET ASSETS	-	-
CHANGE IN NET ASSETS	(460)	5,263
NET ASSETS, BEGINNING OF YEAR	5,379	116
NET ASSETS, END OF YEAR	\$ 4,919	\$ 5,379

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



CALIFORNIA FOUNDATION FOR STRONGER COMMUNITIES
STATEMENTS OF CASH FLOWS
Years Ended June 30, 2011 and 2010

	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in unrestricted net assets	\$ (460)	\$ 5,263
Adjustments to Reconcile Net Income to Net Cash Provided(Used) by Operating Activities:		
Cash Provided(Used) by Changes in Operating Assets and Liabilities:		
Accounts Payable and Accrued Expenses	-	(23,889)
CASH USED FOR OPERATING ACTIVITIES	(460)	(18,626)
Cash and Cash Equivalents at Beginning of Year	5,379	24,005
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 4,919	\$ 5,379

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



CALIFORNIA FOUNDATION FOR STRONGER COMMUNITIES
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011

NOTE A-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

1. The California Foundation for Stronger Communities (the "Foundation") was established on February 17, 2004 as a California non-profit public benefit corporation, organized under the Nonprofit Public Benefit Law for public and charitable purposes. The foundation was formed for the specific purpose of administering, assisting or advising in the administration of the California Municipal Finance Authority, a joint exercise of powers authority created pursuant to Title I, Division 7, Chapter 5 of the Government Code of the State of California and to provide financial grants or other financial support or benefits to nonprofit funds, foundations and corporations to strengthen and enhance charitable activities throughout the State of California.
2. Cash and Cash Equivalents-For purposes of reporting cash flows, cash and cash equivalents include cash in checking accounts with banks. The foundation considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. There were no cash equivalents as of June 30, 2011.
3. Basis of Accounting-The financial statements have been prepared on the accrual basis of accounting which recognizes income when earned and expenses when incurred.
4. Estimates-The preparation of financial statements in conformity with generally accepted accounting principles requires management to make 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. Actual results could differ from the estimates.
5. Contributions, which include unconditional promises to give, are recognized as revenues in the period received. They are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or received with donor stipulations that limit the use of the donated assets are reported temporarily restricted or permanently restricted support that increases the related net assets class. When a donor restriction expires, that is, when a stipulated 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. There were no temporarily restricted or permanently restricted net assets at June 30, 2011.
6. Reclassifications-Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.



CALIFORNIA FOUNDATION FOR STRONGER COMMUNITIES
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011

NOTE A-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-CON'T:

7. Concentration of Credit Risk and Major Donor-Financial instruments that potentially subject the Foundation to concentration of credit risk consist principally of cash and cash equivalents in financial institutions, which, at times, may exceed federally insured limits. The Organization believes it is not exposed to any significant risk on its cash balances. At year end, the Organization has no uninsured cash balances.

The Foundation receives majority of its contributions from an affiliate organization, California Municipal Finance Authority, which is presided over by the same board of directors of the Foundation. Discontinuance of such contributions, an event not deemed likely, would represent a significant reduction in total revenue.

NOTE B-INCOME TAXES:

The Foundation is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and relevant state tax regulations. Accordingly, income tax expense is limited to activities that are deemed by the Internal Revenue Service to be unrelated to their exempt purposes.

NOTE C-FINANCIAL STATEMENTS PRESENTATION:

The Foundation presents its net assets and its support, revenue and expenses based upon the existence of donor-imposed restrictions into these classes: unrestricted, temporarily restricted, and permanently restricted. It requires that the amounts for each of three classes of net assets to be displayed in a statement of financial position and that the amounts of change in each of those classes of net assets be displayed in a statement of activities.

These classes are defined as follows:

Permanently Restricted are net assets from contributions and other inflows of assets whose use by the Organization is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the foundation.

Temporarily Restricted are net assets from contributions and other inflows of assets whose use by the Organization is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Organization pursuant to those stipulations. When such stipulations end or are fulfilled, such temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities and changes in net assets.

Unrestricted is the part of net assets that is neither permanently nor temporarily restricted by donor-imposed stipulations.



CALIFORNIA FOUNDATION FOR STRONGER COMMUNITIES
 NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2011

NOTE D-PROGRAM SERVICES:

Program services pertain to financial supports granted to various local charities including those designated by the California Municipal Finance Authority.

NOTE E-FAIR VALUE MEASUREMENTS:

The Foundation utilizes fair value measurements to record certain assets and to determine fair value disclosures. In accordance with FASB ASC Topic 820, "Fair Value Measurements," fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is best determined based upon quoted market prices. In cases where quoted market prices are not available, fair values are based on estimates using present value or valuation techniques. Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. Accordingly, the fair value estimates may not be realized in an immediate settlement of instrument.

ASC Topic 820 establishes a three-tier fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value, as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Foundation has the ability to access.

Level 2 – Significant other observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities in active markets, quoted prices in markets that are not active and other inputs that are observable or can be corroborated by observable market data.

Level 3 – Significant unobservable inputs that reflect an entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

The categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. Following is a description of the valuation methodologies used to measure fair value. There have been no changes in the methodologies used at June 30, 2011 and 2010.

Cash and Cash Equivalents-The carrying amount is a reasonable estimate of fair value.

Fair values of assets measured on a recurring basis at June 30, 2011 are as follows:

	Level 1	Level 2	Level 3	Fair Value Total
Cash and Cash Equivalents	\$ 4,919	\$ -	\$ -	\$ 4,919



CALIFORNIA FOUNDATION FOR STRONGER COMMUNITIES
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011

NOTE F-SUBSEQUENT EVENTS:

Management has evaluated subsequent events through August 3, 2011, the date which the financial statements were available for issue. There were no subsequent events that require recognition or disclosure in the financial statements.

