

CALIFORNIA FOUNDATION FOR STRONGER COMMUNITIES

FINANCIAL STATEMENTS

JUNE 30, 2010

(AUDITED)



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

CALIFORNIA FOUNDATION FOR STRONGER COMMUNITIES
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June 30, 2010 and 2009

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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, 2010 and 2009, 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 audits 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, 2010 and 2009, 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
September 10, 2010

CALIFORNIA FOUNDATION FOR STRONGER COMMUNITIES
STATEMENTS OF FINANCIAL POSITION
June 30, 2010 and 2009

ASSETS

| | 2010 | 2009 |
|------------------------------------|-----------------|------------------|
| CURRENT ASSETS | | |
| Cash and Cash Equivalents (Note A) | \$ 5,379 | \$ 24,005 |
| TOTAL ASSETS | \$ 5,379 | \$ 24,005 |

LIABILITIES AND NET ASSETS

| | 2010 | 2009 |
|---|-----------------|------------------|
| CURRENT LIABILITIES | | |
| Accrued Expenses (Note E) | \$ - | \$ 23,889 |
| NET ASSETS | | |
| Unrestricted (Note C) | 5,379 | 116 |
| TOTAL LIABILITIES AND NET ASSETS | \$ 5,379 | \$ 24,005 |

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



CALIFORNIA FOUNDATION FOR STRONGER COMMUNITIES
STATEMENTS OF ACTIVITIES
Years Ended June 30, 2010 and 2009

| | 2010 | 2009 |
|--|------------|------------|
| UNRESTRICTED NET ASSETS | | |
| SUPPORT AND REVENUE | | |
| Contributions | \$ 457,750 | \$ 540,500 |
| Interest Income | 25 | 42 |
| | 457,775 | 540,542 |
| Net Assets Released from Restrictions | 869 | 64,921 |
| | 458,644 | 605,463 |
| EXPENSES | | |
| Program Services | | |
| Charitable Donations | 445,869 | 602,921 |
| Supporting Services | | |
| General & Administrative | 7,512 | 2,482 |
| | 453,381 | 605,403 |
| CHANGE IN UNRESTRICTED NET ASSETS | 5,263 | 60 |
| TEMPORARILY RESTRICTED NET ASSETS | | |
| SUPPORT AND REVENUE | | |
| Contributions | 869 | 64,921 |
| Net Assets Released from Restrictions | (869) | (64,921) |
| | - | - |
| CHANGE IN TEMPORARILY RESTRICTED NET ASSETS | - | - |
| CHANGE IN NET ASSETS | 5,263 | 60 |
| NET ASSETS, BEGINNING OF YEAR | 116 | 56 |
| NET ASSETS, END OF YEAR | \$ 5,379 | \$ 116 |

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



CALIFORNIA FOUNDATION FOR STRONGER COMMUNITIES
STATEMENTS OF CASH FLOWS
Years Ended June 30, 2010 and 2009

| | 2010 | 2009 |
|--|----------|-----------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Increase in unrestricted net assets | \$ 5,263 | \$ 60 |
| Adjustments to Reconcile Net Income to Net Cash Provided(Used) by Operating Activities: | | |
| Cash Provided(Used) by Changes in Operating Assets and Liabilities: | | |
| Receivables | - | 5,313 |
| Accounts Payable and Accrued Expenses | (23,889) | (19,052) |
| CASH USED FOR OPERATING ACTIVITIES | (18,626) | (13,679) |
| Cash and Cash Equivalents at Beginning of Year | 24,005 | 37,684 |
| CASH AND CASH EQUIVALENTS AT END OF YEAR | \$ 5,379 | \$ 24,005 |

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



CALIFORNIA FOUNDATION FOR STRONGER COMMUNITIES
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2010

NOTE A-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

1. California Foundation for Stronger Communities (the "Organization") 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 organization 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. All short-term debt securities with a maturity of three months or less are considered cash equivalents.
3. Use of 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.
4. Contributions 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, 2010.
5. Concentration of Cash and Credit Risk-The Organization maintains cash balances 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, based on current FDIC deposit insurance coverage, the Organization has no uninsured cash balances.
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.

NOTE B-INCOME TAXES:

The Organization is exempt from income taxes under section 501(c) 3 of the Internal Revenue Code.



CALIFORNIA FOUNDATION FOR STRONGER COMMUNITIES
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2010

NOTE C-FINANCIAL STATEMENTS PRESENTATION:

The classification of the organization's net assets and its support, revenue and expenses is based on the existence or absence of donor-imposed restrictions. It requires that the amounts for each of three classes of net assets—permanently restricted, temporarily restricted, and unrestricted 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.

NOTE D-CONTRIBUTIONS RECEIVABLE:

Contributions Receivable consists of donor-restricted charitable donations pledged and allocated to the organization as of June 30, 2010. There was no Contributions Receivable as of June 30, 2010.

NOTE E-ACCRUED EXPENSES:

Accrued Expenses consist of charitable donations pledged to a non-profit organization as disbursements of the temporarily restricted contributions described in Note C.

NOTE F-PROGRAM SERVICES:

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



CALIFORNIA FOUNDATION FOR STRONGER COMMUNITIES
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2010

NOTE G-ECONOMIC DEPENDENCE:

The Organization receives the majority of its revenue from contributions from California Municipal Finance Authority, which is presided over by the same board of directors of the organization.

NOTE H-RETIREMENT PLAN:

The Organization currently does not sponsor a retirement plan for its employee.

NOTE I-FAIR VALUES OF FINANCIAL INSTRUMENTS:

Disclosure of fair value information about certain financial instruments, whether or not recognized in the balance sheet, for which it is practicable to estimate that value is required by SFAS 107 and SFAS 115. The following methods were used in estimating fair values:

Cash and Cash Equivalents-The carrying amount on the balance sheet approximates its fair value.

The carrying amounts and fair values of the Company's financial instruments as of June 30, 2010 are as follows:

| | <u>CARRYING AMOUNTS</u> | <u>FAIR VALUE</u> |
|---------------------------|-----------------------------|-----------------------|
| Cash and Cash Equivalents | \$ 5,379 | \$ 5,379 |

NOTE J-NEW ACCOUNTING PRONOUNCEMENTS:

In September 2006, the FASB issued SFAS No. 157, "*Fair Value Measurements*" ("SFAS 157"). This standard defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles and expands disclosures about fair value measurements. SFAS 157 was effective for financial statements issued for fiscal year beginning after November 15, 2007 and interim periods within those fiscal years. However, the FASB agreed to defer the effective date of SFAS 157 for one year for all non financial assets and liabilities, except those that are recognized or disclosed at fair value in the financial statements on a recurring basis. The Company adopted SFAS No. 157 effective January 1, 2008. The adoption of the new pronouncements does not have a material impact on the Company's results of operations, cash flows and financial position.



CALIFORNIA FOUNDATION FOR STRONGER COMMUNITIES
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2010

NOTE J-NEW ACCOUNTING PRONOUNCEMENTS-CON'T:

In February 2007, the FASB issued SFAS No. 159, "*The Fair Value Option for Financial Assets and Financial Liabilities*" ("SFAS 159"). SFAS 159 permits entities to choose to measure at fair value many financial instruments and certain other items that are not currently required to be measured at fair value. Subsequent changes in fair value for designated items will be required to be reported in earnings in the current period. SFA 159 also establishes presentation and disclosure requirements for similar types of assets and liabilities measured at fair value. SFAS 159 is effective for financial statements issued for fiscal years beginning after November 15, 2007. The Company has not elected to implement the fair value option for any of its financial instruments, other than those required.

