STATE CENTER COMMUNITY COLLEGE FOUNDATION

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2010
WITH COMPARATIVE TOTALS FOR 2009

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Moore Grider & Company
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

Board of Directors
State Center Community College Foundation
Fresno, California

We have audited the accompanying statement of financial position of State Center Community College Foundation (the Foundation) as of June 30, 2010, and the related statements of activities and cash flows for the year 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 audit. The prior-year summarized comparative information was derived from the organization's 2009 financial statements; and in our report dated December 9, 2009, we expressed an unqualified opinion on those financial statements.

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 State Center Community College Foundation as of June 30, 2010, and the results of its operations and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Moore Grider & Company

October 29, 2010

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STATE CENTER COMMUNITY COLLEGE FOUNDATION

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2010

	2010
ASSETS	
CURRENT ASSETS	
Cash	$ 138,566
Receivables	17,991
Pledges receivable, net of allowance for uncollectible amounts	90,444
Short-term investments	739,706
TOTAL CURRENT ASSETS	986,707
PLEDGES RECEIVABLE, net of current portion (Note 2)	27,992
EQUIPMENT, NET OF ACCUMULATED DEPRECIATION	0
LONG-TERM INVESTMENTS	10,643,321
TOTAL ASSETS	**11,658,020**
LIABILITIES AND NET ASSETS	
CURRENT LIABILITIES	
Accounts payable and accrued liabilities	62,443
Annuity agreement liabilities	2,518
TOTAL CURRENT LIABILITIES	64,961
NET ASSETS	
Unrestricted	267,920
Temporarily restricted	6,105,224
Permanently restricted	5,219,915
TOTAL NET ASSETS	11,593,059
TOTAL LIABILITIES AND NET ASSETS	**$ 11,658,020**

STATE CENTER COMMUNITY COLLEGE FOUNDATION

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2010, WITH COMPARATIVE TOTALS FOR 2009

	Unrestricted	Temporarily Restricted	Permanently Restricted	TOTALS 2010	TOTALS 2009
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	$ (1,245,377)	$ 1,383,943	$ 0	$ 138,566	$ 813,668
Receivables	4,491	13,500	0	17,991	491
Pledges receivable, net of allowance for uncollectible amounts (Note 2)	0	90,764	0	90,764	358,971
Due from (to) other funds	727,357	(621,162)	(106,195)	0	0
Short-term investments (Note 3)	479,123	260,583	0	739,706	684,614
TOTAL CURRENT ASSETS	(34,406)	1,127,628	(106,195)	987,027	1,857,744
PLEDGES RECEIVABLE, net of current portion (Note 2)	0	27,672	0	27,672	93,103
EQUIPMENT, net of accumulated depreciation of $299,533 in 2010 and 2009	0	0	0	0	0
LONG-TERM INVESTMENTS (Note 3)	306,504	5,010,707	5,326,110	10,643,321	9,419,927
TOTAL ASSETS	**272,098**	**6,166,007**	**5,219,915**	**11,658,020**	**11,370,774**
LIABILITIES AND NET ASSETS					
CURRENT LIABILITIES					
Accounts payable and accrued liabilities	4,178	58,265	0	62,443	31,297
Annuity agreement liabilities (Note 6)	0	2,518	0	2,518	11,267
TOTAL CURRENT LIABILITIES	4,178	60,783	0	64,961	42,564
NET ASSETS					
Unrestricted	267,920	0	0	267,920	281,883
Temporarily restricted (Note 7)	0	6,105,224	0	6,105,224	6,401,316
Permanently restricted (Note 7)	0	0	5,219,915	5,219,915	4,645,011
TOTAL NET ASSETS	267,920	6,105,224	5,219,915	11,593,059	11,328,210
TOTAL LIABILITIES AND NET ASSETS	**$ 272,098**	**$ 6,166,007**	**$ 5,219,915**	**$ 11,658,020**	**$11,370,774**

See Accompanying Notes to Financial Statements

STATE CENTER COMMUNITY COLLEGE FOUNDATION

STATEMENTS OF ACTIVITIES

YEAR ENDED JUNE 30, 2010 WITH COMPARATIVE TOTALS FOR 2009

	Unrestricted	Temporarily Restricted	Permanently Restricted	TOTALS 2010	TOTALS 2009
PUBLIC SUPPORT AND REVENUES					
Contributions	$ 136,839	$1,841,586	$ 160,019	$ 2,138,444	$ 1,781,890
Interest and dividends (Note 3)	11,530	98,680	104,961	215,171	247,180
Realized gain (loss) on sale of investments (Note 3)	759	(42,958)	20,784	(21,415)	(454,290)
Unrealized gain (loss) on investments (Note 3)	24,443	465,464	395,334	885,241	(1,058,617)
Net assets released from restrictions:					
Satisfaction of program restrictions	2,765,058	(2,765,058)	0	0	0
Income reallocation (Note 7)	0	106,194	(106,194)	0	0
TOTAL PUBLIC SUPPORT AND REVENUES	2,938,629	(296,092)	574,904	3,217,441	516,163
EXPENSES (Note 8)					
Program services:					
Educational activities	2,447,800	0	0	2,447,800	882,121
Scholarships and awards	363,161	0	0	363,161	293,389
	2,810,961	0	0	2,810,961	1,175,510
Management and general	74,760	0	0	74,760	80,130
Fundraising	66,871	0	0	66,871	59,704
TOTAL EXPENSES	2,952,592	0	0	2,952,592	1,315,344
NET INCREASE (DECREASE) IN NET ASSETS	(13,963)	(296,092)	574,904	264,849	(799,181)
NET ASSETS, beginning of year	281,883	6,401,316	4,645,011	11,328,210	12,127,391
NET ASSETS, end of year	**$ 267,920**	**$6,105,224**	**$5,219,915**	**$11,593,059**	**$11,328,210**

See Accompanying Notes to Financial Statements

STATE CENTER COMMUNITY COLLEGE FOUNDATION

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2010 AND 2009

	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets	$ 264,849	$ (799,181)
Adjustments to reconcile increase (decrease) in net assets to net cash provided from (used by) operating activities:		
Depreciation	0	2,729
Contributions for long-term investment	(160,019)	(193,636)
Realized loss on sale of investments	21,415	454,290
Unrealized (gain) loss on investments	(885,241)	1,058,617
Changes in:		
Receivables	(17,500)	122,543
Pledges receivable	333,638	360,256
Accounts payable and accrued liabilities	31,146	(41,904)
NET CASH PROVIDED FROM (USED BY) OPERATING ACTIVITIES	(411,712)	963,714
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(8,880,320)	(45,413,346)
Proceeds from sale of investments	8,465,660	44,982,142
NET CASH USED BY INVESTING ACTIVITIES	(414,660)	(431,204)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on annuity obligations	(8,749)	(4,321)
Contributions restricted for long-term investment	160,019	193,636
NET CASH PROVIDED FROM FINANCING ACTIVITIES	151,270	189,315
NET INCREASE (DECREASE) IN CASH	(675,102)	721,825
CASH AND CASH EQUIVALENTS, beginning of year	813,668	91,843
CASH AND CASH EQUIVALENTS, end of year	**$ 138,566**	**$ 813,668**

See Accompanying Notes to Financial Statements

NOTE 1: ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

State Center Community College Foundation is incorporated as a nonprofit public benefit auxiliary corporation to provide financial support for scholarship awards and student activities at the campuses of the State Center Community College District.

The following are the significant accounting policies of the organization:

Method of accounting – The financial statements are prepared using the accrual basis of accounting, in which support and revenue are recognized when received or earned and expenses are recognized when incurred.

Tax status – The Foundation is a nonprofit public benefit corporation exempt from federal income tax under Section 501(c)(3) of the U.S. Internal Revenue Code. The Foundation has been classified as an organization that is not a private foundation and has been designated as a "publicly supported" organization. Contributions to the Foundation are deductible under Section 170(c)(2).

Cash and cash equivalents – For purposes of the statements of cash flows, the organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Receivables – Receivables are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to receivables. Changes in the valuation allowance have not been material to the financial statements. At June 30, 2010 and 2009 the organization considers all amounts to be fully collectible; therefore, no allowance for doubtful accounts is reflected.

Pledges Receivable – Unconditional pledges receivable from donors that are expected to be collected within one year are recorded at net realizable value. Long-term pledges receivable that are expected to be collected in a period beyond one year are recorded at a discount using the present value of their estimated future cash flows. The discounts on long-term pledges receivable are computed using risk-free interest rates applicable to the period in which the pledges to give are received. Amortization of the discounts is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met. Management has determined that an allowance of $56,456 and $49,305 for uncollectible pledges receivable is sufficient as of June 30, 2010 and 2009, respectively.

NOTE 1: **ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Investments:
Permanently restricted – Each of the four endowments within the group receives separate returns based on its invested portfolio and records the return on its investments in various revenue accounts as reflected in the accompanying statement of activities.

Temporarily restricted and unrestricted – Each activity participating in the investment pool receives its pro rata share of the overall return and records the return on its investments in various revenue accounts as reflected in the accompanying statement of activities.

The investment portfolios of all the funds are carried at fair value at June 30, 2010 and 2009. All investment income is credited to unrestricted net assets unless otherwise designated by the donor. All capital appreciation/depreciation earned on temporarily restricted and unrestricted investments are credited to unrestricted net assets, unless otherwise designated by the donor.

Equipment - The organization follows the practice of capitalizing all Foundation expenditures for equipment in excess of $1,000. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of the donation. Depreciation is computed using the straight-line method at rates designed to distribute the costs of properties over their estimated useful lives. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is recognized in income for the period.

Accounting for contributions – All contributions received are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or are restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. Unconditional promises to give that are silent as to the due date are presumed to be time restricted by the donor until received and are reported as temporarily restricted net assets.

All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restrictions. 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.

Permanently restricted net assets include the principal amount of contributions accepted with the stipulation from the donor that the principal be maintained in perpetuity and only the income from those investments is expended for the purposes specified by the donor.

NOTE 1: ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounting estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount 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 those estimates.

Comparative financial information – The financial statements include certain prior-year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the organization’s financial statements for the year ended June 30, 2009, from which the summarized information was derived.

NOTE 2: PLEDGES RECEIVABLE

Pledges receivable at June 30, 2010 and 2009 are as follows:

	2010	2009
Pledges receivable	$ 177,172	$ 510,810
Less: Unamortized discount	2,280	9,431
TOTAL	174,892	501,379
Less: Allowance for uncollectible pledges	56,456	49,305
Net pledges receivable	**$ 118,436**	**$ 452,074**
Amounts due in:		
Less than one year	$ 90,764	$ 358,971
One to four years	27,672	93,103
	$ 118,436	**$ 452,074**

The average discount rate used to calculate the present value of promises to give expected to be collected in periods beyond one year was 7% for the years ended June 30, 2010 and 2009.

NOTE 3: **INVESTMENTS**

The Foundation invests in premium investment grade mutual bond funds and equity securities from companies located throughout the world. Investments at June 30, 2010 and 2009 are summarized as follows:

	2010	
	FAIR VALUE	**UNREALIZED GAIN (LOSS)**
SHORT-TERM INVESTMENTS		
Unrestricted		
California Local Agency Investment Fund	$ 479,123	$ 0
Temporarily Restricted		
California Local Agency Investment Fund	260,583	0
TOTAL SHORT-TERM INVESTMENTS	**$ 739,706**	**$ 0**
LONG-TERM INVESTMENTS		
Unrestricted		
YCM Net Advisors	$ 306,504	$ (11,957)
Temporarily Restricted		
American Funds	149,989	10,288
YCM Net Advisors	4,858,200	(342,646)
Trusts	2,518	10,978
	5,010,707	(321,380)
Permanently Restricted		
American Funds	77,180	(66,509)
YCM Net Advisors	5,248,930	786,947
	5,326,110	720,438
TOTAL LONG-TERM INVESTMENTS	**$ 10,643,321**	**$ 387,101**

NOTE 3: **INVESTMENTS** (Continued)

	2009	
	FAIR VALUE	**UNREALIZED GAIN (LOSS)**
SHORT-TERM INVESTMENTS		
Unrestricted		
California Local Agency Investment Fund	$ 424,032	$ 0
Temporarily Restricted		
California Local Agency Investment Fund	260,582	0
TOTAL SHORT-TERM INVESTMENTS	**$ 684,614**	**$ 0**
LONG-TERM INVESTMENTS		
Unrestricted		
YCM Net Advisors	$ 274,084	$ (53,052)
Temporarily Restricted		
Washington Mutual Fund	117,283	(2,090)
Cash Management Trust of America	17,427	723
YCM Net Advisors	4,351,255	(475,076)
Trusts	11,843	10,233
	4,497,808	(466,210)
Permanently Restricted		
Washington Mutual Fund	68,219	(73,295)
YCM Net Advisors	4,579,816	94,417
	4,648,035	21,122
TOTAL LONG-TERM INVESTMENTS	**$ 9,419,927**	**$ (498,140)**

NOTE 3: **INVESTMENTS** (Continued)

The following schedule summarizes the investment return and its classification in the statement of activities for the year ended June 30, 2010, with comparative totals for 2009:

	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	TOTAL 2010	TOTAL 2009
Interest and dividends, (net of management fees of $51,393 in 2010 and $51,562 in 2009)	$ 11,530	$ 98,680	$ 104,961	$ 215,171	$ 247,180
Realized gain (loss) on sale of investments	759	(42,958)	20,784	(21,415)	(454,290)
Unrealized gain (loss) on investments	24,443	465,464	395,334	885,241	(1,058,617)
	$ 36,732	**$ 521,186**	**$ 521,079**	**$ 1,078,997**	**$ (1,265,727)**

Interest and dividends (net of management fees) and realized gains (losses) earned on permanently restricted endowments, governed by U.S. Department of Education Title III Regulations, is credited one-half to permanently restricted net assets and the other half is credited to temporarily restricted net assets and available for funding scholarship or student activity needs of the campuses.

NOTE 4: **ENDOWMENTS**

Effective July 1, 2008 the Foundation adopted the provisions established by accounting literature for Endowments of Not-for-Profit Foundations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosures for All Endowment Funds. The accounting literature provides guidance for a not-for-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2009 (UPMIFA) and also required disclosures about endowment funds, both donor-restricted endowment funds and board-designated endowment funds.

The Foundation’s endowment assets consist of individual funds established to provide financial support to the Foundation in perpetuity. The endowment assets include donor-restricted endowment funds. As required by GAAP, net assets associated with endowment funds, are classified and reported on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Foundation has interpreted the California Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the

NOTE 4: **ENDOWMENTS** (Continued)

Interpretation of Relevant Law (Continued)
organization classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment and (c) accumulations to the permanent endowment in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the organization considers the following factors in making a determination to appropriate or accumulate the donor-restricted endowment funds:

1. The duration and preservation of the fund
2. The purposes of the Foundation and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of the Foundation
7. The investment policies of the Foundation

Return Objectives and Risk Parameters

The Foundation has adopted an investment policy that attempts to maximize total return consistent with an acceptable level of risk. Endowment assets are invested in a well diversified asset mix, which includes premium investment grade mutual bond funds and equity securities, that is intended to result in a consistent inflation-protected rate of return. Accordingly, the Foundation expects its endowment assets, over time, to produce an average rate of return of approximately 4.5% annually. Actual returns in any given year may vary from this amount. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Foundation uses a method based upon the total return on assets to determine the amounts appropriated for expenditure for endowments under which the organization is the income beneficiary in conformity with the "Uniform Prudent Management of Institutional Funds Act" (UPMIFA). To satisfy its long-term rate-of-return objectives, the Foundation seeks

NOTE 4: **ENDOWMENTS** (Continued)

Spending Policy and How the Investment Objectives Relate to Spending Policy (Continued)

investment returns through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that includes equity and debt investments to achieve its long-term return objectives within prudent risk constraints.

As of February 22, 2006, the board approved a spending/distribution policy. All endowed scholarship gifts not governed by U.S. Department of Education Title III Regulations shall be managed in accordance with the following spending/distribution policy:

> It is the policy of the Foundation to preserve the principal of the endowment fund ("Endowment") and maintain its current and future value, while providing for a consistent volume of annual earnings available to be distributed for scholarship purposes. In this regard, the Endowment shall annually make available for distribution 4.5% of its principal balance as follows: in the quarter that the distribution is to be made, 4.5% of the average quarterly book balance of the Endowment shall be calculated by multiplying 4.5% by the average quarterly book value of the Endowment as determined over the three year period immediately preceding the year in which the distribution is to be made. To the extent that the actual earnings for the year fall short of the 4.5% calculation, available earnings from previous years can be distributed. This 4.5% calculation of distributable earnings shall then be allocated pro rata between all individual endowment accounts based on each individual endowment account's beginning of the year market value, plus current year donations and reinvestments (weighted for the month in which they were made). Earnings shall be defined as dividends, interest, and, to the extent that distributions are not covered by interest and dividends, realized gains. Annually, earnings not distributed pursuant to this policy shall be combined into the Endowment principal.

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See next page for continuation of notes.

NOTE 4: **ENDOWMENTS** (Continued)

Endowment Net Asset Composition by Type of Fund

At June 30, 2010 and 2009, endowment net assets consist of permanently restricted donor-restricted endowment funds of $5,219,915 and $4,645,011, respectively.

Changes in Endowment Net Assets

The following schedule shows changes in endowment net assets for the years ended June 30, 2010 and 2009:

	2010	**2009**
Permanently restricted endowment net assets, beginning of year	$ 4,645,011	$ 5,163,409
Investment return		
Interest and dividends, net of expenses	104,961	116,972
Realized gain (loss) on sale of investments	20,784	(280,083)
Unrealized gain (loss) on investments	395,334	(545,899)
Net investment return	521,079	(709,010)
Contributions	160,019	193,636
Release of endowment earnings for program purposes	(106,194)	(3,024)
Permanently restricted endowment net assets, end of year	**$ 5,219,915**	**$ 4,645,011**

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See next page for continuation of notes.

NOTE 5: **FAIR VALUE MEASUREMENTS**

The Financial Accounting Standard Board (FASB) Accounting Standards Codification (ASC) 820 establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements).

The three levels of fair value hierarchy under FASB ASC 820 are described below:

Level 1 Quoted prices for identical assets or liabilities traded in active markets.

Level 2 Quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; quoted prices that are observable for the asset or liability or inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The table below presents the level within the hierarchy at which assets are measured at June 30, 2010 and 2009:

	2010			
	TOTAL	**LEVEL 1**	**LEVEL 2**	**LEVEL 3**
Investments in marketable securities	$ 11,383,027	$ 11,383,027	$ 0	$ 0
Pledges receivable	118,436	0	0	118,436
TOTAL	**$ 11,501,463**	**$ 11,383,027**	**$ 0**	**$ 118,436**

	2009			
	TOTAL	**LEVEL 1**	**LEVEL 2**	**LEVEL 3**
Investments in marketable securities	$ 10,104,541	$ 10,104,541	$ 0	$ 0
Pledges receivable	452,074	0	0	452,074
TOTAL	**$ 10,556,615**	**$ 10,104,541**	**$ 0**	**$ 452,074**

NOTE 5: **FAIR VALUE MEASUREMENTS** (Continued)

A summary of changes in the fair value of the Foundation's Level 3 assets for the year ended June 30, 2010 is presented below:

Pledges receivable	
Balance, July 1, 2009	$ 452,074
Additions to pledges receivable	27,240
Payments on pledges receivable	(360,878)
Provision for doubtful accounts	(7,151)
Discount	7,151
Balance, June 30, 2010	**$ 118,436**

NOTE 6: **ANNUITY AGREEMENTS**

The Foundation has received investment donations in which the donors have retained life interests under a charitable remainder annuity trust (CRAT). These assets are not available for the support of the Foundation's programs until after the death of the donors plus any specified additional beneficiary's life or stated term. These assets are recorded as part of temporarily restricted net assets at their fair value of $2,518 and $11,843 as of June 30, 2010 and 2009, respectively. The remaining assets of the CRAT will be transferred to unrestricted net assets upon termination of the life interests. The annuity trust agreements provide that the donors, during their lifetimes, shall be paid an amount equal to the percent of the net fair market value of the assets of the trust (7.5% for trust #1 and 10% for trust #2), based on the valuation of the assets as of the date of the conveyance to the Foundation.

	2010	**2009**
Charitable Remainder Annuity Trust #1		
Assets	$ 2,031	$ 5,054
Liabilities	(2,031)	(5,054)
NET ASSETS	**$ 0**	**$ 0**
Charitable Remainder Annuity Trust #2		
Assets	487	6,789
Liabilities	(487)	(6,213)
NET ASSETS	**$ 0**	**$ 576**

The Foundation is the trustee of the above charitable remainder annuity trusts.

NOTE 7: PERMANENTLY AND TEMPORARILY RESTRICTED NET ASSETS

Permanently and temporarily restricted net assets are available for the following purposes as of June 30, 2010 and 2009:

	2010		2009	
	PERMANENTLY RESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	TEMPORARILY RESTRICTED
Scholarships	$ 4,408,807	$ 3,411,850	$ 3,840,414	$ 3,328,905
Instructional programs	533,900	665,405	533,261	627,205
Educational support	257,370	1,872,435	253,690	2,227,564
Athletic programs	19,838	153,016	17,646	205,799
Charitable remainder annuity trusts	0	2,518	0	11,843
	$ 5,219,915	**$ 6,105,224**	**$ 4,645,011**	**$ 6,401,316**

Net assets released from donor restrictions by incurring expenses satisfying the restricted purposes during the year ended June 30, 2010 are:

	2010 TEMPORARILY RESTRICTED
Scholarships	$ 437,735
Instructional programs	248,454
Educational support	1,809,616
Athletic programs	267,720
Charitable remainder annuity trusts	1,533
	$ 2,765,058

Net assets released from restrictions – income reallocation during the year ended June 30, 2010 are:

Interest and dividends (net of management fees) and realized gains (losses) of $106,194 earned on permanently restricted net assets were reallocated from permanently restricted net assets to temporarily restricted net assets.

NOTE 8: FUNCTIONAL EXPENSES

Functional expenses for the year ended June 30, 2010 are the following:

	Program Services				
	Educational Activities	Scholarships and Awards	General and Administrative	Fundraising	Total
Building and equipment	$ 29,269	$ 0	$ 0	$ 0	$ 29,269
Conferences, travel and meals	727,619	0	0	0	727,619
Contract labor	1,104,815	0	0	0	1,104,815
Other	276,080	0	0	0	276,080
Printing and binding	56,291	0	0	0	56,291
Salaries	4,154	0	74,760	4,153	83,067
Scholarships	0	363,161	0	0	363,161
Special event supplies	39,940	0	0	0	39,940
Fundraising supplies	0	0	0	62,718	62,718
Supplies and material	209,632	0	0	0	209,632
	$ 2,447,800	**$ 363,161**	**$ 74,760**	**$ 66,871**	**$ 2,952,592**

Functional expenses for the year ended June 30, 2009 are the following:

	Program Services				
	Educational Activities	Scholarships and Awards	General and Administrative	Fundraising	Total
Building and equipment	$ 24,893	$ 0	$ 0	$ 0	$ 24,893
Conferences, travel and meals	367,339	0	0	0	367,339
Contract labor	184,131	0	0	0	184,131
Other	40,252	0	0	0	40,252
Printing and binding	49,004	0	0	0	49,004
Salaries	4,452	0	80,130	4,452	89,034
Scholarships	0	293,389	0	0	293,389
Special event supplies	18,636	0	0	0	18,636
Fundraising supplies	0	0	0	55,252	55,252
Supplies and material	193,414	0	0	0	193,414
	$ 882,121	**$ 293,389**	**$ 80,130**	**$ 59,704**	**$ 1,315,344**

NOTE 9: CREDIT RISK

Cash - The Foundation maintains its cash accounts primarily with a bank located in Fresno, California. The FDIC insures total interest bearing cash balances up to $250,000 per bank. At June 30, 2010, the Foundation had a cash balance on deposit with the bank in the amount of $315,109, which exceeded the balance insured by the FDIC. Typically the monthly balance in the interest bearing account is less than $250,000.

Pledge Receivable – Economic conditions within California may impact the collection of pledges receivable.

NOTE 10: SUBSEQUENT EVENTS

Subsequent events have been evaluated through October 29, 2010 (date financial statements available to be issued) noting no matters requiring disclosure in the financial statements for the year ended June 30, 2010.