

**VENTURA COUNTY
COMMUNITY FOUNDATION
AND SUPPORTING ORGANIZATION**

COMBINED FINANCIAL STATEMENTS

September 30, 2008

VENTURA COUNTY COMMUNITY FOUNDATION AND SUPPORTING ORGANIZATION

September 30, 2008

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CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Ventura County Community Foundation
and Supporting Organization
Camarillo, California

We have audited the accompanying Combined Statement of Financial Position of the Ventura County Community Foundation and Supporting Organization (a non-profit organization) as of September 30, 2008, and the related Combined Statements of Activities and Changes in Net Assets and Cash Flows for the year then ended. These financial statements are the responsibility of management. Our responsibility is to express an opinion on these financial statements based on our audit. Information for the year ended September 30, 2007, is presented for comparative purposes only and was extracted from the financial statements for that year, on which an unqualified opinion dated December 10, 2007, was expressed.

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 misstatements. 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 combined financial statements referred to above present fairly, in all material respects, the financial position of the Ventura County Community Foundation and Supporting Organization as of September 30, 2008, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As explained in Notes 1 and 3 to the combined financial statements, the combined statement of financial position includes investments valued at \$22,366,016 (28% of net assets) as of September 30, 2008, whose fair market values have been estimated by management in the absence of readily determinable fair values. Management's estimates are based upon information provided by the investment managers.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedules of selected financial information on pages 13 and 14 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

McGowan Guntermann

December 15, 2008

**VENTURA COUNTY COMMUNITY FOUNDATION
AND SUPPORTING ORGANIZATION**

COMBINED STATEMENT OF FINANCIAL POSITION
September 30, 2008
(With Comparative Totals for September 30, 2007)

	ASSETS	
	<u>2008</u>	(Memo) <u>2007</u>
CURRENT ASSETS		
Cash and equivalents	\$ 9,494,253	\$ 7,111,216
Accounts receivable	31,894	35,654
Pledges receivable (Note 2)	1,696,293	2,697,005
Prepaid expenses and deposits	<u>42,039</u>	<u>34,386</u>
Total Current Assets	<u>11,264,479</u>	<u>9,878,261</u>
INVESTMENTS (Note 3)	<u>75,503,118</u>	<u>91,009,562</u>
PROPERTY AND EQUIPMENT		
Furniture and equipment	176,763	161,724
Leasehold improvements	<u>40,259</u>	<u>30,744</u>
	217,022	192,468
Less: accumulated depreciation	<u>(146,448)</u>	<u>(123,742)</u>
Net Property and Equipment	<u>70,574</u>	<u>68,726</u>
OTHER ASSETS		
Cash surrender value of life insurance	333,713	308,391
Pledges receivable - noncurrent (Note 2)	6,598,870	7,919,453
Planned gifts (Note 4)	<u>2,573,821</u>	<u>2,174,301</u>
Total Other Assets	<u>9,506,404</u>	<u>10,402,145</u>
TOTAL ASSETS	<u>\$ 96,344,575</u>	<u>\$ 111,358,694</u>

LIABILITIES AND NET ASSETS

	<u>2008</u>	(Memo) <u>2007</u>
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 165,906	\$ 111,026
Grants payable	<u>6,459,114</u>	<u>6,522,788</u>
Total Current Liabilities	<u>6,625,020</u>	<u>6,633,814</u>
OTHER LIABILITIES		
Deferred income	37,921	39,846
Planned giving liability	241,014	162,022
Funds held as agency endowments (Note 6)	<u>9,160,063</u>	<u>11,146,571</u>
Total Other Liabilities	<u>9,438,998</u>	<u>11,348,439</u>
TOTAL LIABILITIES	<u>16,064,018</u>	<u>17,982,253</u>
NET ASSETS		
UNRESTRICTED		
General operating	466,854	489,553
Supporting organization (Note 1)	9,720,756	13,731,220
Board-designated endowment	214,686	244,025
Pass-through	5,746,305	3,634,414
Planned giving	180,017	108,765
Endowments	<u>52,463,284</u>	<u>61,912,894</u>
Total Unrestricted	<u>68,791,902</u>	<u>80,120,871</u>
TEMPORARILY RESTRICTED		
Contributions with time restrictions	8,494,150	10,455,017
Regranting	532,077	619,393
Planned giving	<u>2,462,428</u>	<u>2,181,160</u>
Total Temporarily Restricted	<u>11,488,655</u>	<u>13,255,570</u>
Total Net Assets	<u>80,280,557</u>	<u>93,376,441</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 96,344,575</u>	<u>\$ 111,358,694</u>

The accompanying notes are an integral part of these financial statements

**VENTURA COUNTY COMMUNITY FOUNDATION
AND SUPPORTING ORGANIZATION**

**COMBINED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
For the Year Ended September 30, 2008
(With Comparative Totals for the Year Ended September 30, 2007)**

	Unrestricted	Temporarily Restricted	2008 Total	(Memo) 2007
REVENUE, GAINS AND OTHER SUPPORT				
Contributions, grants, and bequests	\$ 2,262,345	\$ 2,788,315	\$ 5,050,660	\$ 6,322,593
Less amounts received for agency endowments (Note 6)	<u>51,388</u>	<u>-</u>	<u>51,388</u>	<u>237,617</u>
Total contributions, grants and bequests	2,210,957	2,788,315	4,999,272	6,084,976
Special events, net of expenses of \$33,225 and \$58,901	31,747	-	31,747	121,516
Interest and dividend income	2,458,260	-	2,458,260	2,540,838
Less amounts earned on agency endowments (Note 6)	<u>250,545</u>	<u>-</u>	<u>250,545</u>	<u>260,418</u>
Total interest and dividend income	2,207,715	-	2,207,715	2,280,420
Change in value of split interest agreements, residual trusts and estimated present value calculations for pledges receivable	-	(465,037)	(465,037)	115,699
Unrealized (losses) gains on investments	(16,340,746)	-	(16,340,746)	4,519,837
Less unrealized (losses) gains on agency endowments (Note 6)	<u>(2,016,801)</u>	<u>-</u>	<u>(2,016,801)</u>	<u>501,412</u>
Net unrealized gains (losses) on investments	(14,323,945)	-	(14,323,945)	4,018,425
Realized gains on investments	1,895,850	-	1,895,850	4,712,955
Less realized gains on agency endowments (Note 6)	<u>290,898</u>	<u>-</u>	<u>290,898</u>	<u>556,496</u>
Net realized gains on investments	1,604,952	-	1,604,952	4,156,459
Management fees, workshops, consulting and other revenue	259,924	-	259,924	168,548
Net assets released from restrictions (Note 9)	<u>4,090,193</u>	<u>(4,090,193)</u>	<u>-</u>	<u>-</u>
Total Revenue, Gains, and Other Support	<u>(3,918,457)</u>	<u>(1,766,915)</u>	<u>(5,685,372)</u>	<u>16,946,043</u>
EXPENSES				
Program Services				
Grants and distributions, net of rescinded grants of \$319,711 and \$80,453	5,323,917	-	5,323,917	4,075,655
Less grants made from agency endowments (Note 6)	<u>422,338</u>	<u>-</u>	<u>422,338</u>	<u>386,286</u>
Net grants and distributions	4,901,579	-	4,901,579	3,689,369
Other program services	<u>1,217,180</u>	<u>-</u>	<u>1,217,180</u>	<u>1,003,178</u>
Total Program Services	6,118,759	-	6,118,759	4,692,547
Management and General				
Investment related	393,600	-	393,600	355,561
Other management and general	<u>761,730</u>	<u>-</u>	<u>761,730</u>	<u>660,679</u>
Total Management and General	1,155,330	-	1,155,330	1,016,240
Fundraising	<u>136,423</u>	<u>-</u>	<u>136,423</u>	<u>112,138</u>
Total Expenses	<u>7,410,512</u>	<u>-</u>	<u>7,410,512</u>	<u>5,820,925</u>
CHANGE IN NET ASSETS	(11,328,969)	(1,766,915)	(13,095,884)	11,125,118
NET ASSETS, BEGINNING OF YEAR	<u>80,120,871</u>	<u>13,255,570</u>	<u>93,376,441</u>	<u>82,251,323</u>
NET ASSETS, END OF YEAR	<u>\$ 68,791,902</u>	<u>\$ 11,488,655</u>	<u>\$ 80,280,557</u>	<u>\$ 93,376,441</u>

The accompanying notes are an integral part of these financial statements

**VENTURA COUNTY COMMUNITY FOUNDATION
AND SUPPORTING ORGANIZATION**

COMBINED STATEMENT OF CASH FLOWS

For the Year Ended September 30, 2008

(With Comparative Amounts for the Year Ended September 30, 2007)

	<u>2008</u>	(Memo) <u>2007</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (13,095,884)	\$ 11,125,118
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	24,680	19,752
Loss on disposition of assets	1,603	6,288
Contributions of donated stock and office equipment	(527,000)	(182,499)
Net realized and unrealized loss (gains) on long-term investments	12,718,993	(8,174,884)
Decrease (increase) in pledges and accounts receivable	2,325,055	(2,791,003)
Increase in prepaid expenses and deposits	(7,653)	(5,344)
Increase in cash surrender value of life insurance	(25,322)	(17,158)
Increase in planned gifts	(399,520)	(109,813)
Increase in accounts payable and accrued expenses	54,880	30,503
Increase (decrease) in grants payable	(63,674)	106,262
Increase (decrease) in planned giving liability	78,992	(6,969)
Decrease in deferred revenue	(1,925)	(728)
Increase (decrease) in funds held as agency endowment	<u>(1,986,508)</u>	<u>1,037,880</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>(903,283)</u>	<u>1,037,405</u>
 CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of furniture and equipment	(28,131)	(42,397)
Proceeds from sale of marketable securities	16,853,440	29,291,141
Purchase of marketable securities	<u>(13,538,989)</u>	<u>(29,460,925)</u>
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>3,286,320</u>	<u>(212,181)</u>
 NET INCREASE IN CASH	2,383,037	825,224
 CASH - BEGINNING OF YEAR	<u>7,111,216</u>	<u>6,285,992</u>
 CASH - END OF YEAR	<u>\$ 9,494,253</u>	<u>\$ 7,111,216</u>

The accompanying notes are an integral part of these financial statements

VENTURA COUNTY COMMUNITY FOUNDATION AND SUPPORTING ORGANIZATION

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The Ventura County Community Foundation (the "Foundation") was formed to provide a vehicle through which contributions and bequests can be made for charitable, educational, and related purposes in Ventura County, enabling and promoting philanthropy to improve our communities, with the proviso that these funds would be administered and distributed by an independent organization. The Foundation administers more than 470 individual funds, each established with a gift instrument describing either the general or specific purpose for which grants are made.

Principles of Combination

The accounts of the Martin V. and Martha K. Smith Foundation, a supporting organization, are included in these financial statements. A supporting organization is a separately incorporated charitable organization administered by the Foundation. Its public charity status is attained through its affiliation with the Foundation. The net assets of the supporting organization totaled \$9,720,756 and \$13,731,220 as of September 30, 2008 and 2007, respectively. The Foundation has eliminated all material inter-organizational accounts and transactions.

Basis of Accounting

The accompanying financial statements of the Foundation have been prepared in accordance with Statement of Financial Accounting Standards No. 117, Financial Statements of Not-for-Profit Organizations (SFAS 117). SFAS 117 establishes standards for external financial reporting by not-for-profit organizations and requires that resources be classified for accounting and reporting purposes into two net asset categories according to externally (donor) imposed restrictions as follows:

Unrestricted Net Assets

The unrestricted group of net assets represents unrestricted resources available for current support of Foundation activities.

Temporarily Restricted Net Assets

Temporarily restricted net assets include planned giving and gifts that may have time restrictions, as requested by the donors. Earnings on temporarily restricted net assets are reported as an increase in temporarily restricted net assets. When a restriction expires, (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 Statements of Activities as "net assets released from restrictions"

Cash and Cash Equivalents

The Foundation considers all highly-liquid investments with an initial maturity of three months or less to be cash equivalents.

VENTURA COUNTY COMMUNITY FOUNDATION AND SUPPORTING ORGANIZATION

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments

The fair market values of marketable securities are determined through quoted market values. Alternative investments, which are not readily marketable, are carried at their estimated fair values as determined by management in good faith with the assistance of third-party investment managers using methods it considers appropriate. Those estimated fair values may differ from the values that would have been used had a ready market for these securities existed.

Donated Property and Investments

Donated property and investments are recorded as contributions at their fair market value at date of receipt.

Donor Restrictions

Generally accepted accounting principles in the United States of America provide that when the governing body of an organization, such as a community foundation, has the unilateral power to redirect the use of a donor's contribution to another beneficiary, such contributions must be classified as unrestricted net assets. The Board of Directors of the Foundation has such power (variance power); however, the Board would exercise this authority only if the stated purpose of a contribution is no longer applicable and incapable of fulfillment. It is the expressed intention of the Foundation to honor the designations of the donors. The Foundation's financial statements classify all net assets as unrestricted, with the exception of assets related to planned giving or those with time restrictions, which are classified as temporarily restricted net assets.

Property and Equipment

The Foundation's investment in equipment and leasehold improvements is stated at cost, or fair market value if donated. Depreciation is calculated using the straight-line method over an estimated useful life of five to ten years.

Income Taxes

The Foundation is a California nonprofit public benefit corporation, which is exempt from income taxes under Internal Revenue Code Section number 501(c)(3) and State of California Revenue and Taxation Code Section 23701(d); therefore, no provision for income taxes is required. The Foundation qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(1).

Comparative Amounts

The amounts shown for 2007 in the accompanying financial statements are included to provide a basis for comparison with 2008 and are not intended to present all information necessary for a fair presentation of the 2007 financial statements in conformity with accounting principles generally accepted in the United States of America.

VENTURA COUNTY COMMUNITY FOUNDATION AND SUPPORTING ORGANIZATION

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain amounts and disclosures. It is at least reasonably possible that the significant estimates could change in the coming year and accordingly, actual results could differ from those estimates.

Significant estimates used in the preparation of these financial statements include:

- Allocation of certain expenses by function.
- Discount factors used in determining pledges receivable and annuities payable by charitable trusts.
- Allowance for contributions receivable.
- Fair market value of assets held by charitable trusts.
- Fair market value of certain investments.
- Depreciable lives of property and equipment.

Donated Services

Donated goods and services received by the Foundation are recorded at fair market value at the time of the donation. During the fiscal year ended September 30, 2008, hundreds of volunteers gave their time and expertise to the Foundation in a wide variety of areas including grants and scholarship committees; administrative, technical and financial advice; and office and public relations activities. This contribution, despite its considerable value to the mission of the Foundation, is not reflected in the financial statements.

Contributions

Contributions received are recorded at their fair value on the date of donation. Unconditional promises to give are recognized as revenue in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Grants

Grants are recorded as expenses when they are approved by the Board of Directors for payment.

Financial Instruments

The Foundation carries financial instruments at cost, which approximates fair value.

VENTURA COUNTY COMMUNITY FOUNDATION AND SUPPORTING ORGANIZATION

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 2 - PLEDGES RECEIVABLE

Unconditional promises are included in the financial statements as pledges receivable and revenue of the appropriate net asset category. A discount rate of 3% has been applied to multi-year pledges receivable. At September 30, unconditional promises are expected to be realized in the following periods

	<u>2008</u>	<u>2007</u>
In one year or less	\$ 1,722,498	\$ 2,697,005
In more than one year	6,598,870	7,945,658
Allowance for uncollectible pledges	<u>(26,205)</u>	<u>(26,205)</u>
Pledges receivable, net	<u>\$ 8,295,163</u>	<u>\$ 10,616,458</u>

Note 3 - INVESTMENTS

At September 30, 2008 and 2007, investments consist of the following:

	<u>Cost</u>	<u>Market Value</u>	<u>Excess of Market Over (Under) Cost</u>
<u>2008</u>			
Money market	\$ 1,066,713	\$ 1,066,713	\$ -
Corporate stocks	21,751,861	19,061,547	(2,690,314)
Investment companies	23,743,394	22,366,016	(1,377,378)
Bonds	3,908,949	3,901,359	(7,590)
Real estate investment trusts	127,285	121,672	(5,613)
Real property held for sale	850,000	850,000	-
Mutual funds	<u>28,305,508</u>	<u>28,135,811</u>	<u>(169,697)</u>
Total	<u>\$ 79,753,710</u>	<u>\$ 75,503,118</u>	<u>\$ (4,250,592)</u>
<u>2007</u>			
Money market	\$ 1,241,755	\$ 1,241,755	\$ -
Corporate stocks	21,465,561	25,195,874	3,730,313
Investment companies	23,133,584	25,985,567	2,851,983
Bonds	4,714,292	4,801,254	86,962
Real estate investment trusts	89,433	88,836	(597)
Mutual funds	<u>28,274,783</u>	<u>33,696,276</u>	<u>5,421,493</u>
Total	<u>\$ 78,919,408</u>	<u>\$ 91,009,562</u>	<u>\$ 12,090,154</u>

The following schedule summarizes the investment return and its classification in the statement of activities for the year ended September 30, 2008:

	<u>VCCF</u>	<u>Smith</u>	<u>Agency</u>	<u>Total</u>
	<u>Endowments</u>	<u>Foundation</u>	<u>Endowments</u>	
Dividends and interest	\$ 1,701,711	\$ 506,004	\$ 250,545	\$ 2,458,260
Administrative fees	(620,193)	(75,000)	(97,123)	(792,316)
Investment expense	<u>(268,395)</u>	<u>(125,205)</u>	<u>(43,077)</u>	<u>(436,677)</u>
Total fees/expense	(888,588)	(200,205)	(140,200)	(1,228,993)
Net investment gain	813,123	305,799	110,345	1,229,267
Net unrealized losses	(11,472,693)	(2,851,252)	(2,016,801)	(16,340,746)
Net realized gains (losses)	<u>1,611,451</u>	<u>(6,499)</u>	<u>290,898</u>	<u>1,895,850</u>
Return on investments	<u>\$ (9,048,119)</u>	<u>\$ (2,551,952)</u>	<u>\$ (1,615,558)</u>	<u>\$ (13,215,629)</u>

VENTURA COUNTY COMMUNITY FOUNDATION AND SUPPORTING ORGANIZATION

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 3 - INVESTMENTS (continued)

The following summarizes the net change in unrealized gain on investments:

	<u>Cost</u>	<u>Market Value</u>	<u>Excess of Market Over (Under) Cost</u>
<u>2008</u>			
Balance at end of the year	\$ 79,753,710	\$ 75,503,118	\$ (4,250,592)
Balance at the beginning of the year	78,919,408	91,009,562	<u>12,090,154</u>
Net change in unrealized loss on investments			<u>\$ (16,340,746)</u>
<u>2007</u>			
Balance at end of the year	\$ 78,919,408	\$ 91,009,562	\$ 12,090,154
Balance at the beginning of the year	74,912,078	82,482,395	<u>7,570,317</u>
Net change in unrealized gain on investments			<u>\$ 4,519,837</u>

Investment expenses for the years ended September 30, 2008 and 2007 totaled \$393,600 and \$355,561, respectively and is included in the management and general expenses.

The Foundation, in accordance with the Uniform Management of Institutional Funds Act, allows the Board of Directors to appropriate the net appreciation based upon the Foundation's present and anticipated financial requirements, expected and total return on its investments, price level trends, and general economic conditions. The Board of Directors may distribute all or part of the accumulated earnings of each fund at its discretion, unless otherwise restricted by the terms of the specific fund.

As of September 30, 2008, the Foundation held 120 endowment funds where the principal had fallen below the original corpus due to market conditions. The amount of the shortfall totaled \$1,401,193.

Note 4 - PLANNED GIVING

The Foundation is the residual beneficiary of two irrevocable trusts, the assets of which are not in the possession of the Foundation. Upon termination of each trust, the Foundation shall receive the assets remaining in the trust. The Foundation recognizes annually the change in the present value of the estimated future benefits to be received when the trust assets are distributed as increases or decreases in the value of split-interest agreements on the Statements of Activities. The present value calculations are based upon the value of the trusts in 1991, when the trusts were established, and the applicable federal rate at September 30, 2008.

The Foundation is the beneficiary of a pooled income fund maintained by a trustee. A pooled income fund pools, invests and manages life income gifts from different donors. During the term of the life income fund, the donors receive the actual income earned on their units in the fund. Upon their death, the donor's units revert to the Foundation. The Foundation recognizes annually the change in the present value of the estimated future benefits to be received when the fund assets are distributed as an increase or decrease in the value of split-interest agreements on the Statement of Activities.

VENTURA COUNTY COMMUNITY FOUNDATION AND SUPPORTING ORGANIZATION

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 4 - PLANNED GIVING (continued)

Donors have contributed assets to the Foundation in exchange for a promise by the Foundation to pay to the donor or to individuals or organizations designated by the donor a fixed amount for a specified period of time. Under the terms of the charitable gift annuity agreements, no trust exists, as the assets received are held by, and the liability is an obligation of, the Foundation. The present value of payments to beneficiaries under these arrangements is calculated using discount rates representing risk-free rates in existence at the date of the gift. The liability is the value of the annuity contract as determined by Section 72 of the Internal Revenue Code and the tax tables there under.

The asset balance of the Foundation's interest in planned gifts at September 30, 2008 and 2007 is as follows:

	<u>2008</u>	<u>2007</u>
Charitable remainder trusts	\$ 2,124,157	\$ 1,831,962
Pooled income fund	70,455	72,878
Charitable gift annuities	<u>379,209</u>	<u>269,461</u>
Total	<u>\$ 2,573,821</u>	<u>\$ 2,174,301</u>

Note 5 - LEASE AGREEMENT

The Foundation rents facilities under a lease agreement expiring in November 2012, payable in monthly installments of \$9,749. In addition, the Foundation has a joint office-use agreement with United Way. The Foundation pays for twenty-five percent of the specified combined space through November, 2012. For the year ended September 30, 2008, the amount was \$800 per month. Minimum annual lease payments are as follows for the fiscal years ended September 30:

2009	\$ 130,058
2010	133,952
2011	137,954
2012	142,074
2013	<u>23,794</u>
Total	<u>\$ 567,832</u>

Lease expense for the years ended September 30, 2008 and 2007 totaled \$100,660 and \$94,573, respectively.

Note 6 - AGENCY ENDOWMENTS

The Foundation has adopted Statement of Financial Accounting Standard No. 136, Transfer of Assets to a Not-for-profit Organization or Charitable Trust that Raises or Holds Contributions for Others (SFAS 136). SFAS 136 specifically requires that if a not-for-profit organization establishes a fund at a community foundation with its own funds and specifies itself as the beneficiary of that fund, the community foundation must account for the transfer of such assets as a liability. The Foundation refers to such funds as agency endowments.

VENTURA COUNTY COMMUNITY FOUNDATION AND SUPPORTING ORGANIZATION

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 6 - AGENCY ENDOWMENTS (continued)

The Foundation maintains variance power and legal ownership of agency endowment funds and as such continues to report the funds as assets of the Foundation. However, in accordance with SFAS 136, a liability has been established for the fair market value of the funds.

At September 30, 2008, the Foundation was the owner of 76 agency endowment funds with a combined fair value of \$9,160,063. All financial activity for the year then ended related to these funds is segregated on the Statement of Activities and has been reclassified to the agency endowment liability.

Note 7 - CONCENTRATIONS OF REVENUE AND CREDIT RISK

The Foundation maintains cash balances at Wells Fargo Bank. Accounts at Wells Fargo Bank are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$100,000. At September 30, 2007, the Foundation has an excess of \$9,611,337 over the FDIC insured amount.

The Foundation maintains a majority of investment cash balances in money market funds. Such balances are not fully insured.

A majority of the donors to the Foundation are from Ventura County.

At September 30, 2008, \$24,137,563 of the Foundation's long-term investments and money market funds were held in custodial accounts by a bank and invested by seven separate asset managers in numerous securities and mutual funds. In addition, a total of \$27,631,184 was invested in two mutual funds and \$22,366,016 in investments whose fair market values have been estimated by management in the absence of readily available determinable fair values.

Note 8 - COMMITMENTS

At September 30, 2008, the Foundation had made investment commitments to partnerships that are not readily marketable in an amount not to exceed \$6,024,532.

Note 9 - NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from donor restrictions by satisfying the restricted purposes specified by donors.

	<u>2008</u>	<u>2007</u>
Regranting	\$ 1,064,096	\$ 875,661
Time restriction met	3,008,000	561,425
Planned giving	<u>18,097</u>	<u>8,141</u>
Total	<u>\$ 4,090,193</u>	<u>\$ 1,445,227</u>

VENTURA COUNTY COMMUNITY FOUNDATION AND SUPPORTING ORGANIZATION

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 10 - RELATED PARTY TRANSACTIONS

Board members and committee members of the Foundation may also serve on boards and committees of entities receiving grants and support from the Foundation. Each board member and committee member has to complete a conflict of interest declaration form annually. Those board members and committee members who have conflicts abstain from voting on grants if the beneficiary is one of these entities.

Board members made contributions to the Foundation totaling \$425,397 for the year ended September 30, 2008.

Note 11 - RETIREMENT PLAN

The Foundation has a SIMPLE IRA plan for eligible employees, defined as those who have received at least \$5,000 in compensation in the prior year and are reasonably expected to earn at least that same amount in the current year. Under the plan, employees may defer a percentage of their income up to the maximum allowed by the IRS. The Foundation will provide a matching contribution equal to 100% of the elected deferrals up to 3% of their annual compensation. For the years ended September 30, 2008 and 2007 the SIMPLE IRA expense totaled \$33,455 and \$26,103, respectively.

Note 12 - RECLASSIFICATION

Certain amounts from the September 30, 2007 financial statements have been reclassified to conform with the September 30, 2008 financial statement presentation.

Note 13 - SUBSEQUENT EVENTS

Due to continued volatility in world financial markets, endowments managed by the Foundation suffered unprecedented declines in October and November, 2008, with unaudited results for Ventura County Community Foundation and Smith Foundation portfolios down in a range of 13-14%. It is unclear whether and how long financial markets will continue this volatility or when more normal patterns may return. Endowment declines will reduce the amount of annual grantmaking in future years, cushioned to some degree by the Foundation's policy of assessing annual grantmaking capacity for its funds on a rolling twelve quarter average, as of June 30 values.

SUPPLEMENTAL INFORMATION

VENTURA COUNTY COMMUNITY FOUNDATION

SUPPLEMENTAL SCHEDULE OF SELECTED FINANCIAL INFORMATION EXCLUSIVE OF THE MARTIN V. AND MARTHA K. SMITH FOUNDATION September 30, 2008 and 2007

ASSETS, LIABILITIES, AND NET ASSETS

	<u>2008</u>	<u>2007</u>
CURRENT ASSETS		
Cash and equivalents	\$ 9,464,436	\$ 7,052,179
Other current assets	<u>1,770,226</u>	<u>2,767,045</u>
Total Current Assets	11,234,662	9,819,224
INVESTMENTS	60,713,337	72,587,379
OTHER ASSETS	<u>9,576,978</u>	<u>10,470,871</u>
TOTAL ASSETS	<u>\$ 81,524,977</u>	<u>\$ 92,877,474</u>
LIABILITIES		
Current liabilities	\$ 1,526,179	\$ 1,883,814
Other liabilities	<u>9,438,998</u>	<u>11,348,439</u>
Total Liabilities	<u>10,965,177</u>	<u>13,232,253</u>
NET ASSETS	<u>70,559,800</u>	<u>79,645,221</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 81,524,977</u>	<u>\$ 92,877,474</u>

ACTIVITIES AND CHANGES IN NET ASSETS

	<u>2008</u>	<u>2007</u>
REVENUE, GAINS, AND OTHER SUPPORT		
Contributions	\$ 4,999,272	\$ 6,084,976
Investment income (loss)	(8,624,568)	7,971,600
Other support	<u>291,670</u>	<u>290,064</u>
Total Revenue, Gains, and Other Support	(3,333,626)	14,346,640
EXPENSES		
Grants and distributions	3,474,329	3,506,369
Other expenses	<u>2,277,466</u>	<u>1,885,378</u>
Total Expenses	<u>5,751,795</u>	<u>5,391,747</u>
CHANGE IN NET ASSETS	(9,085,421)	8,954,893
NET ASSETS, BEGINNING OF YEAR	<u>79,645,221</u>	<u>70,690,328</u>
NET ASSETS, END OF YEAR	<u>\$ 70,559,800</u>	<u>\$ 79,645,221</u>

The accompanying notes are an integral part of these financial statements

MARTIN V. AND MARTHA K. SMITH FOUNDATION

SUPPLEMENTAL SCHEDULE OF SELECTED FINANCIAL INFORMATION

September 30, 2008 and 2007

ASSETS, LIABILITIES, AND NET ASSETS

	<u>2008</u>	<u>2007</u>
CASH AND CASH EQUIVALENTS	\$ 29,817	\$ 59,037
INVESTMENTS	<u>14,789,781</u>	<u>18,422,183</u>
TOTAL ASSETS	<u>\$ 14,819,598</u>	<u>\$ 18,481,220</u>
LIABILITIES	\$ 5,098,842	\$ 4,750,000
NET ASSETS	<u>9,720,756</u>	<u>13,731,220</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 14,819,598</u>	<u>\$ 18,481,220</u>

ACTIVITIES AND CHANGES IN NET ASSETS

	<u>2008</u>	<u>2007</u>
REVENUE AND GAINS		
INVESTMENT INCOME (LOSS)	\$ (2,351,747)	\$ 2,599,403
EXPENSES		
Grants and Distributions	1,427,250	183,000
Other Expenses	<u>231,467</u>	<u>246,178</u>
Total Expenses	<u>1,658,717</u>	<u>429,178</u>
CHANGE IN NET ASSETS	(4,010,464)	2,170,225
NET ASSETS, BEGINNING OF YEAR	<u>13,731,220</u>	<u>11,560,995</u>
NET ASSETS, END OF YEAR	<u>\$ 9,720,756</u>	<u>\$ 13,731,220</u>

The accompanying notes are an integral part of these financial statements