

SONOMA COUNTY ECONOMIC DEVELOPMENT BOARD FOUNDATION

**ANNUAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2006 and June 30, 2007**



RODNEY A. DOLE
SONOMA COUNTY
AUDITOR-CONTROLLER
TREASURER-TAX COLLECTOR

SONOMA COUNTY ECONOMIC DEVELOPMENT BOARD FOUNDATION

**Annual Report
For the Fiscal Year Ended
June 30, 2006 and June 30, 2007**

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RODNEY A. DOLE
AUDITOR-CONTROLLER
TREASURER -TAX COLLECTOR



DONNA M. DUNK
ASSISTANT
AUDITOR-CONTROLLER

ROBERT BOITANO
ASSISTANT
TREASURER

PAM JOHNSTON
ASSISTANT
TAX COLLECTOR / AUDITOR

Board of Directors
Sonoma County Economic Development Board Foundation
Santa Rosa, CA

Auditor-Controller's Report

We have audited the accompanying financial statements of the Sonoma County Economic Development Board Foundation (the Foundation), as of and for the year ended June 30, 2006 and June 30, 2007, which collectively comprise the basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on the 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 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.

As described in Note III.A of the Notes to the Basic Financial Statements, the Auditor-Controller is mandated by various statutes within the California Government Code to perform certain accounting, auditing and financial reporting functions. These activities, in themselves, necessarily impair the auditor's independence. However, we believe adequate safeguards and divisions of responsibility exist.

In our opinion, except for the effects, if any, of the impairment to auditor independence, the basic financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of June 30, 2006 & June 30, 2007 and the respective changes in its financial position for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Sonoma County Auditor-Controller

February 7, 2008

SONOMA COUNTY ECONOMIC DEVELOPMENT BOARD FOUNDATION
Comparative Statement of Financial Position
June 30, 2007 and 2006

	2007	2006
Assets		
Current assets:		
Cash - unrestricted	\$ 244,582	\$ 131,580
Cash - restricted for scholarships	4,810	4,310
Accounts receivable	6,270	2,000
Other assets - county account	22,348	-
Total current assets	278,010	137,890
Other assets:		
Cash - restricted for scholarships	-	2,500
Total assets	\$ 278,010	\$ 140,390
Liabilities and Net Assets		
Current liabilities:		
Due to EDB	\$ 56,381	\$ -
Scholarships payable - due within one year	4,810	4,310
Deferred revenues	4,150	4,050
Non-current liabilities:		
Scholarships payable - due in more than one year	-	2,500
Total liabilities	65,341	10,860
Net Assets:		
Unrestricted	189,720	125,030
Temporarily restricted	22,949	4,500
Total net assets	212,669	129,530
Total liabilities and net assets	\$ 278,010	\$ 140,390

Notes to the basic financial statements are an integral part of this statement.

SONOMA COUNTY ECONOMIC DEVELOPMENT BOARD FOUNDATION
Statement of Activities
For The Fiscal Year Ended June 30, 2007

Revenues, Support and Reclassifications	Unrestricted	Temporarily Restricted	Total
Administration fee	\$ 4,651	\$ -	\$ 4,651
Donations	26,000	17,000	43,000
Grants	-	72,000	72,000
Registration / participation fees	78,708	-	78,708
Net assets released from restrictions	70,551	(70,551)	-
Total revenues, support and reclassifications	179,910	18,449	198,359
 Expenses			
Program services			
Community outreach	84,985	-	84,985
Economic outlook	29,537	-	29,537
Research initiatives	534	-	534
Supporting services			
Administrative and general	164	-	164
Total expenses	115,220	-	115,220
Change in net assets	64,690	18,449	83,139
Net assets, beginning of year	125,030	4,500	129,530
Net assets, end of year	\$ 189,720	\$ 22,949	\$ 212,669

Notes to the basic financial statements are an integral part of this statement.

SONOMA COUNTY ECONOMIC DEVELOPMENT BOARD FOUNDATION
Statement of Activities
For The Fiscal Year Ended June 30, 2006

Revenues, Support and Reclassifications	Unrestricted	Temporarily Restricted	Total
Administration fee	\$ 9,278	\$ -	\$ 9,278
Donations	-	49,530	49,530
Grants	-	2,500	2,500
Registration / participation fees	78,237	-	78,237
Net assets released from restrictions	48,280	(48,280)	-
Total revenues, support and reclassifications	135,795	3,750	139,545
 Expenses			
Program services			
Community outreach	43,368	-	43,368
Economic outlook	31,241	-	31,241
Research initiatives	5,644	-	5,644
Supporting services			
Administrative and general	587	-	587
Total expenses	80,840	-	80,840
Excess (deficiency) of revenue over expenses	54,955	3,750	58,705
Change in net assets	54,955	3,750	58,705
Net assets, beginning of year	70,075	750	70,825
Net assets, end of year	\$ 125,030	\$ 4,500	\$ 129,530

Notes to the basic financial statements are an integral part of this statement.

SONOMA COUNTY ECONOMIC DEVELOPMENT BOARD FOUNDATION

Statement of Cash Flows

For the Fiscal Year Ended June 30, 2007

Cash flows from operating activities:

Cash received from administration fees	\$ 4,651
Cash received from donations	38,000
Cash received from grants	54,051
Cash received from registration and participation fees	74,538
Cash paid for program services	(83,023)
Cash paid for supporting services	(164)
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Net cash used for operating activities	88,053

Cash flows from financing activities:

Future operations	22,949
	<hr/>
Net cash provided by financing activities	22,949

Net increase (decrease) in cash	111,002
Cash, beginning of year (including \$6,810 restricted cash)	138,390
	<hr/>
Cash, end of year (including \$4,810 restricted cash)	\$ 249,392

Reconciliation of Changes in Net Assets to Net Cash

Used for Operating Activities:

Change in net assets	\$ 83,139
Adjustments to reconcile changes in net assets to net cash provided by operating activities:	
Increase in accounts receivable	(4,270)
Increase in county account	(22,348)
Increase in due to EDB	56,381
Decrease in scholarships payable	(2,000)
Increase in deferred revenues	100
Gifts, grants, and bequests restricted for long term investment	(22,949)
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Net cash provided by operating activities	88,053

Notes to the basic financial statements are an integral part of this statement.

SONOMA COUNTY ECONOMIC DEVELOPMENT BOARD FOUNDATION

Statement of Cash Flows

For the Fiscal Year Ended June 30, 2006

Cash flows from operating activities:

Cash received from administration fees	\$ 9,278
Cash received from donations	47,280
Cash received from grants	1,000
Cash received from registration and participation fees	80,947
Cash paid for program services	(82,753)
Cash paid for supporting services	(587)
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Net cash used for operating activities	55,165

Cash flows from financing activities:

Future operations	3,750
	<hr/>
Net cash provided by financing activities	3,750

Net increase (decrease) in cash	58,915
Cash, beginning of year (including \$9,310 restricted cash)	79,475
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Cash, end of year (including \$6,810 restricted cash)	\$ 138,390

Reconciliation of Changes in Net Assets to Net Cash

Used for Operating Activities:

Change in net assets	\$ 58,705
Adjustments to reconcile changes in net assets to net cash provided by operating activities:	
Increase in accounts receivable	(1,340)
Decrease in accounts payable	(2,500)
Increase in deferred revenues	4,050
Gifts, grants, and bequests restricted for long term investment	(3,750)
	<hr/>
Net cash provided by operating activities	55,165

Notes to the basic financial statements are an integral part of this statement.

SONOMA COUNTY ECONOMIC DEVELOPMENT BOARD FOUNDATION
Notes to the Basic Financial Statements
June 30, 2006 and 2007

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Nature of Activities

The Sonoma County Economic Development Board Foundation (the Foundation) is a nonprofit corporation incorporated to provide an alternative funding stream to Economic Development Board (EDB) programs, relieving the burden on the limited funds of local government and strengthening community projects by managing funds from donors.

B. Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted net assets – Net assets that are not subject to any donor-imposed stipulations.

Temporarily restricted net assets – Net assets subject to donor-imposed restrictions on their use that may be met either by actions of the Organization or the passage of time.

Permanently restricted net assets – Net assets subject to donor-imposed or other legal restrictions requiring that the principal be maintained permanently by the Organization. Generally, the donors permit the Organization to use all or part of the income earned for either general or donor-specified purposes.

C. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of management's estimates.

SONOMA COUNTY ECONOMIC DEVELOPMENT BOARD FOUNDATION
Notes to the Basic Financial Statements
June 30, 2006 and 2007

D. Revenue

a. Contributions

Contributions, in the form of event registration fees and donations, account for the majority of the Foundation's revenue and are recognized in the period received. The Foundation reports contributions as temporarily restricted support if they are received with donor stipulations that limit the purpose and or the period of use of the donated assets. 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 assets and reported in the statement of activities as net assets released from restrictions.

b. Grants

Grant revenue is recognized as revenue in the period in which it is received.

E. Contributed Materials and Services

A number of volunteers have made significant contributions of time to the Foundation's programs and support functions. The value of this contributed time does not meet the criteria for recognition of contributed services and, accordingly, is not reflected in the accompanying financial statements.

F. Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

G. Income Taxes

For Federal income tax purposes the Foundation has a foundation status classification under Internal Revenue Code Section 509(a)(3), and is exempt from federal income taxes under Section 501(c)(3). The Foundation is exempt from California franchise or income tax under Revenue and Taxation Code Section 23701d. The Foundation did not conduct unrelated business activities and, accordingly, the Foundation has made no provision for federal or state income taxes in the accompanying financial statements.

SONOMA COUNTY ECONOMIC DEVELOPMENT BOARD FOUNDATION
Notes to the Basic Financial Statements
June 30, 2006 and 2007

II. DETAILED NOTES

A. Restricted Cash

Restricted cash consists of funds set aside for payment of Youth Business Week scholarships.

B. Credit Risk

Cash and cash equivalents include all cash balances and highly liquid investments with an initial maturity of three months or less. The Foundation places its cash and investments with high credit quality financial institutions. At times such investments may be in excess of the Federal Deposit Insurance Corporation (FDIC) insurance limit.

Financial instruments that potentially subject the Foundation to concentrations of credit risk consist principally of cash deposits. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$100,000. At June 30, 2007, and June 30, 2006, the Foundation had approximately \$149,392 and \$38,390 in excess of FDIC insured limits, respectively.

C. Accounts Receivable

Accounts receivable consists of participation fees collected by the Economic Development Board (EDB) which had not been forwarded to the Foundation at June 30, 2007 and June 30, 2006 respectively.

D. County Account

The County Account balance represents a donation to the Foundation from the ICEE that occurred when that organization disbanded. The funds are held by the County of Sonoma and the Foundation draws down against the outstanding balance.

E. Due to EDB

The Due to EDB balance represents outstanding event expenditures that were incurred during the fiscal year and are due to be reimbursed to the Economic Development Board.

SONOMA COUNTY ECONOMIC DEVELOPMENT BOARD FOUNDATION
Notes to the Basic Financial Statements
June 30, 2006 and 2007

F. Scholarships Payable

Scholarships payable represents Youth Business Week scholarships which had been previously awarded and not yet paid.

G. Deferred Revenues

Deferred revenues represent prepayments on future events to be held by the Foundation and unearned grant revenues.

H. Net Assets

Unrestricted net assets consisted of the following at June 30, 2007 and 2006:

	<u>2007</u>	<u>2006</u>
Designated for the following purposes:		
State of the County	\$ 2,771	\$ 7,105
ICEE Bootcamp	22,348	-
Undesignated	<u>164,601</u>	<u>117,925</u>
Total unrestricted net assets	<u>\$ 189,720</u>	<u>\$ 125,030</u>

Temporarily restricted net assets are available for the following purposes or periods at June 30, 2007 and 2006:

	<u>2007</u>	<u>2006</u>
Economic Gardening Project	\$ -	\$ 4,500
Executive Bootcamp	5,000	-
Business Health Outreach	<u>17,949</u>	<u>-</u>
Total temporarily restricted net assets	<u>\$ 22,949</u>	<u>\$ 4,500</u>

SONOMA COUNTY ECONOMIC DEVELOPMENT BOARD FOUNDATION
Notes to the Basic Financial Statements
June 30, 2006 and 2007

III. OTHER INFORMATION

A. Auditor Independence

As required by various statutes within the California Government Code, County Auditor-Controllers are mandated to perform certain accounting, auditing and financial reporting functions. These activities, in themselves, necessarily impair the auditor's independence. Specifically, "Auditors should not audit their own work or provide non audit services in situations where the amounts or services involved are significant or material to the subject matter of the audit." Although the office of the Auditor-Controller is statutorily obligated to maintain accounts of departments, Foundations or funds that are contained within the County Treasury, we believe that adequate safeguards and divisions of responsibility exist. Therefore, we believe that subject to this qualification and disclosure, the reader can rely on the auditor's opinion contained in this report.