



Report of Independent Auditors and  
Consolidated Financial Statements

**Silicon Valley Community  
Foundation**

December 31, 2010 and 2009

**MOSS ADAMS** LLP

Certified Public Accountants | Business Consultants

*Acumen. Agility. Answers.*

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## REPORT OF INDEPENDENT AUDITORS

To the Board of Directors of  
Silicon Valley Community Foundation

We have audited the accompanying consolidated statements of financial position of the Silicon Valley Community Foundation (a California public benefit corporation) and its supporting organizations as of December 31, 2010, and the related consolidated statements of activities and cash flows for the year then ended. These consolidated financial statements are the responsibility of the Silicon Valley Community Foundation and its subsidiaries' management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. The prior year summarized comparative information has been derived from the Silicon Valley Community Foundation and supporting organizations' 2009 consolidated financial statements and in our report dated June 10, 2010, we expressed an unqualified opinion on those consolidated 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 consolidated financial statements are free of material misstatement. An audit includes consideration of internal control over consolidated financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Silicon Valley Community Foundation and its supporting organizations' internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Silicon Valley Community Foundation and its supporting organizations at December 31, 2010, and the results of their activities and changes in net assets and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

*Moss Adams LLP*

San Francisco, California  
June 2, 2011

**CONSOLIDATED FINANCIAL STATEMENTS**

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**SILICON VALLEY COMMUNITY FOUNDATION**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2010 and 2009**  
**(in thousands)**

	<u>2010</u>	<u>2009</u>
ASSETS		
ASSETS		
Cash and cash equivalents	\$ 8,650	\$ 14,152
Investments	1,769,831	1,682,696
Contributions and grants receivable	10,336	8,559
Notes and other receivables, net	2,607	3,426
Beneficial interest in charitable remainder trusts	5,760	6,880
Property and equipment, net	32,483	32,789
Other assets	473	607
Total assets	<u>\$ 1,830,140</u>	<u>\$ 1,749,109</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Grants payable	\$ 108,498	\$ 139,850
Accounts payable and accrued liabilities	11,153	2,802
Liabilities to beneficiaries from split interest agreements	35,312	38,576
Deposits held for others	77,315	65,707
Total liabilities	<u>232,278</u>	<u>246,935</u>
NET ASSETS		
Unrestricted	1,451,108	1,364,763
Temporarily restricted	46,602	43,906
Permanently restricted	100,152	93,505
Total net assets	<u>1,597,862</u>	<u>1,502,174</u>
Total liabilities and net assets	<u>\$ 1,830,140</u>	<u>\$ 1,749,109</u>

*See accompanying notes.*

**SILICON VALLEY COMMUNITY FOUNDATION**  
**CONSOLIDATED STATEMENTS OF ACTIVITIES**  
**YEAR ENDED DECEMBER 31, 2010**  
**(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2009)**  
**(in thousands)**

	2010			2009	
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Total
REVENUES AND SUPPORT					
Contributions	\$ 147,194	\$ 4,004	\$ 4,427	\$ 155,625	\$ 237,591
Less supporting organization acquisition	-	-	-	-	(96,919)
Contributions, net	147,194	4,004	4,427	155,625	140,672
Investment income, net of investment fees of \$8,449 and \$7,230, respectively	11,577	4,226	-	15,803	16,198
Net realized gain (loss) on investments	29,252	-	-	29,252	(69,563)
Change in value of split interest agreements	5,795	(168)	(381)	5,246	3,773
Other income	4,224	-	-	4,224	4,505
Net assets released from restrictions	2,765	(5,366)	2,601	-	-
	200,807	2,696	6,647	210,150	95,585
Unrealized gains on investments, net	112,464	-	-	112,464	264,708
<b>TOTAL REVENUES AND SUPPORT</b>	<b>313,271</b>	<b>2,696</b>	<b>6,647</b>	<b>322,614</b>	<b>360,293</b>
EXPENSES					
Grants awarded	197,047	-	-	197,047	248,852
Less supporting organization acquisition	-	-	-	-	(96,919)
Grants awarded, net	197,047	-	-	197,047	151,933
Operating expenses					
Program	19,109	-	-	19,109	17,477
General and administrative	7,523	-	-	7,523	7,523
Development	3,247	-	-	3,247	2,260
<b>TOTAL EXPENSES</b>	<b>226,926</b>	<b>-</b>	<b>-</b>	<b>226,926</b>	<b>179,193</b>
CHANGE IN NET ASSETS	86,345	2,696	6,647	95,688	181,100
NET ASSETS, beginning of year, as reported	1,364,763	43,906	93,505	1,502,174	1,321,074
NET ASSETS, end of year	<u>\$ 1,451,108</u>	<u>\$ 46,602</u>	<u>\$ 100,152</u>	<u>\$ 1,597,862</u>	<u>\$ 1,502,174</u>

See accompanying notes.

**SILICON VALLEY COMMUNITY FOUNDATION**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2010 and 2009**  
**(in thousands)**

	<u>2010</u>	<u>2009</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 95,688	\$ 181,100
Adjustments to reconcile change in net assets to cash flows used by operating activities:		
Depreciation	1,510	1,613
Contributions of limited partnership and other assets	-	(99,084)
Net realized and unrealized (gains) from changes in fair value of investments	(141,716)	(195,145)
(Gain) loss on disposal of fixed assets	(2)	13
Changes in assets and liabilities:		
Contributions and grants receivable	(1,777)	(3,156)
Notes and other receivables	(829)	751
Increase in fair value of charitable remainder trusts and related accounts	(2,145)	(3,983)
Other assets	134	244
Grants payable	(31,352)	(7,513)
Accounts payable and accrued expenses	8,352	1,174
Deposits held for others	11,608	10,542
Contributions received for long-term purposes	(4,427)	(7,265)
Cash flows (used by) operating activities	<u>(64,956)</u>	<u>(120,709)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sales of investments	507,839	446,933
Purchases of investments	(453,257)	(331,712)
Notes receivable from investments	1,647	758
Purchases of fixed assets	(1,202)	(1,166)
Cash flows provided by investing activities	<u>55,027</u>	<u>114,813</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Contributions received for long-term purposes	<u>4,427</u>	<u>7,265</u>
<b>NET CHANGES IN CASH AND CASH EQUIVALENTS</b>	(5,502)	1,369
<b>CASH AND CASH EQUIVALENTS, beginning of year</b>	<u>14,152</u>	<u>12,783</u>
<b>CASH AND CASH EQUIVALENTS, end of year</b>	<u>\$ 8,650</u>	<u>\$ 14,152</u>

*See accompanying notes.*

**NOTE 1 – DESCRIPTION OF THE FOUNDATION**

Silicon Valley Community Foundation (“community foundation”) is a publicly supported, nonprofit public benefit corporation, which received its IRS exemption in November 2006 and officially launched in January 2007. The community foundation serves as a partner and resource to nonprofits and individuals improving the quality of life in San Mateo and Santa Clara counties and to those donors who want to give back locally, nationally, and internationally. With more than \$1.8 billion in total assets and over 1,500 funds, the community foundation (inclusive of its supporting organizations) is one of the largest community foundations in the nation.

The mission of Silicon Valley Community Foundation is to strengthen the common good, improve the quality of life, and address the most challenging problems. The community foundation does this through visionary community leadership, world-class donor services, and effective grantmaking.

**Programs:**

**Advised funds** – The community foundation offers several types of funds that enable donors to identify funding opportunities aligned with their values and charitable interests. Donor advised funds allow donors to recommend grant recipients, subject to the community foundations’ due diligence and approval. These funds numbered 975 and 961 at December 31, 2010 and 2009, respectively. These funds may be advised by an individual, family, or committee of people who desire to pool their contributions toward a common purpose. Collectively, these funds granted approximately \$120,000,000 and \$82,000,000 to charitable organizations during the years ended December 31, 2010 and 2009, respectively.

**Corporate advised** – The community foundation manages one of the largest corporate advised fund programs among all U.S.-based community foundations. The community foundation assists in the grantmaking process, works with employee contribution committees, builds community-wide partnerships, and works together on community relations activities. These funds made grants of approximately \$24,000,000 and \$16,000,000 during the years ended December 31, 2010 and 2009, respectively.

**Community endowment and field of interest funds** – Through the Community Endowment Fund or named endowment funds, donors can contribute funds to address community needs. These funds are a permanent charitable resource. They grow through community support and provide much-needed funding for local programs and services. They allow the community foundation to act strategically to improve the community by addressing the most urgent needs with one-time or multi-year grants.

Field of interest funds enable donors to identify a broad charitable purpose or a category of interest (e.g., arts, education, and human services) and/or geographic area or target population (e.g., senior citizens, children and youth, and immigrants).

Together, the community endowment and field of interest funds granted approximately \$10,200,000 and \$9,800,000 to charities in San Mateo and Santa Clara Counties during the years ended December 31, 2010 and 2009, respectively.

**SILICON VALLEY COMMUNITY FOUNDATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2010 AND 2009**

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**Scholarship funds** – The community foundation administers 45 scholarship programs. The majority are designated for current or former residents of San Mateo and Santa Clara counties. During the years ended December 31, 2010 and 2009, the community foundation awarded 277 and 304 scholarships totaling approximately \$708,000 and \$722,000, respectively.

**Supporting organizations** – The community foundation works with a number of supporting organizations. The community foundation appoints a majority of the members of the governing boards of the supporting foundations. Each governing board may create its own investment policy and grant guidelines. All supporting organizations are under the community foundation's effective control and are consolidated for financial statement purposes.

William H. Cilker Foundation	Driscoll Family Foundation
Dirk and Charlene Kabcenell Foundation	Steven and Michele Kirsch Foundation
The Chong-Moon Lee Foundation	Lorry I. Lokey Supporting Foundation
Bernard A. Newcomb Foundation	The Real Estate Trust
Raising A Reader	Sobrato Foundation
Reddere Foundation	The Star Hill Fund
The Skoll Fund	Startup: Education
Peter and Nora Stent Family Foundation	

Two supporting organizations noted above were created by the community foundation to manage specific programs.

**The Real Estate Trust** – Silicon Valley Community Foundation partners with The Real Estate Trust to accept gifts of residential, commercial, or undeveloped property. A gift of real estate to The Real Estate Trust offers donors significant tax and economic advantages, while building charitable assets for the community.

**Raising a Reader** – Raising a Reader was established in 2001 to promote a shared book experience between parents and young children from birth through age five, to strengthen family bonds and to develop a love of reading critical to school success. The organization's national headquarters in Mountain View, California, provides program support and technical assistance to affiliates in its nationwide network.

During 2010, two of the supporting organizations had ceased operations and one new supporting organization was created. During 2009, the community foundation acquired one supporting organization with assets of approximately \$109,900,000 and liabilities of approximately \$96,900,000.

## **NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of presentation** – The consolidated financial statements have been prepared on the accrual basis of accounting.

**Principles of consolidation** – The accompanying consolidated financial statements as of December 31, 2010 and 2009 include the financial statements of the community foundation and its supporting organizations, listed in Note 1 above. Inter-organizational transactions and balances have been eliminated in the consolidation.

**Prior year information** – The consolidated 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 accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the community foundation and its supporting organizations’ consolidated financial statements for the year ended December 31, 2009, from which the summarized information was derived.

**Cash and cash equivalents** – For consolidated financial statement purposes, the community foundation and its supporting organizations consider all cash accounts, except those being held for investment purposes, and all highly liquid debt instruments purchased with a maturity of 90 days or less to be cash equivalents.

**Description of net assets** – Net assets are classified based on existence or absence of donor-imposed restrictions as follows:

*Unrestricted* is defined as that portion of net assets that have no use or time restrictions. The bylaws of the community foundation include a variance provision giving the Board of Directors (the “Board”) the power to modify any restriction or condition on the distribution of funds for any specified charitable purpose or to specified organizations if, in the sole judgment of the Board (without the necessity of the approval of any other party), such restriction or condition becomes, in effect, unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community or area served. Based on the provision, the community foundation classifies contributions, except as noted below, as unrestricted for financial statement presentation.

*Temporarily restricted* is defined as that portion of net assets that consist of a restriction on the specific use or the occurrence of a certain future event. Contributions unconditionally promised, which are scheduled to be received more than one year in the future, are classified as temporarily restricted until the funds are received and are discounted at a rate commensurate with the risks involved. The accumulation of assets, above historic gift value, in donor restricted endowment funds is classified as temporarily restricted until appropriated for use based on the community foundation’s spending policy. The community foundation also receives grants from charitable foundations and local agencies for initiatives and special projects for which purpose restrictions apply. Such grants and contributions are recorded as temporarily restricted until the purpose restrictions are met. When the purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported as net assets released from restrictions.

*Permanently restricted* is defined as that portion of net assets consisting of the initial fair value of the gifts where the donor has specified that the assets donated are to be retained in an endowment, providing a permanent source of revenue for charitable purposes. The community foundation also records contributions to charitable trusts as permanently restricted where the donor has permanently restricted the corpus of the trust.

**Investments** – Investments are stated at fair value following the applicable requirements of accounting principles generally accepted in the United States.

**SILICON VALLEY COMMUNITY FOUNDATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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**Endowment funds**

*Interpretation of relevant law* – The Board of the community foundation, with the advice of legal counsel, has determined it holds assets which meet the definition of endowment funds under the Uniform Prudent Management of Institutional Funds Act (“UPMIFA”). As a result of this interpretation, the corpus of funds subject to UPMIFA is classified as permanently restricted. The corpus represents the fair value of the original gifts as of the gift date, and all subsequent gifts where the donor has indicated the gift be retained permanently. The value of assets in excess of original gifts in donor restricted endowment funds are classified as temporarily restricted net assets until appropriated for expenditure by the community foundation.

From time to time, the fair value of the assets associated with individual donor restricted endowment funds may fall below the level classified as permanently restricted net assets. At December 31, 2010 and 2009, the community foundation had 46 endowment funds with deficiencies of this nature totaling approximately \$2,404,700, and 70 funds with deficiencies totaling approximately \$4,585,900, respectively. These deficiencies are reflected in unrestricted net assets.

In accordance with UPMIFA, the community foundation considers the following factors in making a determination as to the appropriation of assets for expenditure: 1) the duration and preservation of the fund, 2) the purposes of the organization 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 organization, and 7) the investment policies of the community foundation.

*Investment and spending policies* – The community foundation has adopted investment and spending policies for endowed assets that attempt to provide a predictable stream of funding for programs supported by its endowment while seeking to maintain the purchasing power of the endowed assets. The investment and spending policies work together to achieve this objective. The investment policy establishes an achievable return objective through diversification of asset classes.

To accomplish the long-term rate of return objectives, the community foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The community foundation targets a diversified asset allocation with an emphasis on equity based investments, within prudent risk parameters.

The spending policy determines the amount of money to be distributed annually from the community foundation’s various endowed funds for grantmaking and operational support. The Board generally approves the spending policy in the fourth quarter of the fiscal year for grants to be made in the following year. In 2009, the community foundation adopted a sliding scale spending policy to address underwater funds, defined as those funds with balances below historic gift value. The spending rate for grants is calculated over a 12 trailing quarter average. The rate varies based on the balance of the fund and whether it is above or below historic gift value. For funds with balances above historic gift value the spending rate for grants is 4.5%. The table below illustrates the reduction in spending policy for grants for funds with balances that are under historic gift value at December 31, 2010 and 2009.

Amount Underwater	Reduction	Spending Rate
Less than 8%	None	4.50%
Over 8% less than 16%	1/3	3.00%
Over 16% less than 30%	2/3	1.50%
Over 30%	Full	0.00%

The community foundation assesses a support fee to endowed funds which is added to the spending rate for grants and is a component of the total spending policy. The spending policy for support fees ranges from .5% to 2% of the average daily balance of the fund over the previous month. The fee varies based on the fund type.

The spending policy is consistent with the community foundation's objective to maintain purchasing power of endowed assets as well as to provide stable support to the community.

**Concentrations of risk** – The community foundation and its supporting organizations recognize there are inherent risks associated with non-publicly traded securities. Risk is managed through rigorous evaluation before an investment is made, quarterly monitoring of valuations and regular communication with investment managers.

To address market risk of investments, the community foundation and its supporting organizations maintain a formal investment policy that sets out performance criteria, investment guidelines and requires review of the investment managers' performances. Investments are managed by multiple investment managers, who have responsibility for investing the funds in various investment alternatives. An investment consultant is also utilized. The community foundation and its supporting organizations have custody agreements with selected banks, which process transactions at the direction of authorized staff.

In addition, concentrations of market and credit risk exist for charitable remainder trusts as well as for cash equivalents. In the regular course of business, the community foundation and its supporting organizations may maintain operating cash balances at various banks in excess of federally insured limits. Management does not believe it is exposed to any significant credit risk on uninsured amounts.

**Major Contributions** – No contributions in 2010 represented a concentration of risk. For the year ended December 31, 2009 the community foundation received 47% of its contributions through the acquisition of one supporting organization.

**Program related investments** – In furtherance of their missions, the community foundation and its supporting organizations may occasionally make investments in below market rate loans or investment vehicles that the Boards have determined to provide a social benefit to the community.

**Supporting organization assets** – 24% and 23% of the community foundation and its supporting organizations' total assets at December 31, 2010 and 2009, respectively, were in one supporting organization.

**Notes receivable** – In lieu of discounting notes receivable having a maturity date that cannot be reasonably determined; the difference between the risk free rate of return at the date of issuance of the notes and the actual interest rate of the notes is calculated and, if material, recorded annually as interest income and expense.

**Charitable remainder trusts** – The community foundation has an irrevocable remainder beneficiary interest in numerous charitable remainder trusts whose maturities are based on the life expectancy of the income beneficiaries or a specified term of years.

Trusts in which the community foundation is both trustee and remainder beneficiary are recorded at the fair value of the assets in the trusts. The corresponding liability for certain future amounts due to beneficiaries is recorded at the fair value of the annuity payments.

Trusts for which the community foundation does not act as trustee are recorded at the present value of the assets to be received in the future.

**SILICON VALLEY COMMUNITY FOUNDATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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The present value discount rate used for all trusts is 3.5% and 3.2% at December 31, 2010 and 2009, respectively.

**Property and equipment** – Acquisitions and donations of property and equipment with a fair value in excess of \$5,000 are capitalized and depreciated using the straight-line method over the estimated useful lives of the assets ranging from three to thirty-nine years. Leasehold improvements are amortized using the straight-line method over the lesser of the assets' estimated useful lives or the term of the applicable lease.

**Deposits held for others** – The community foundation accepts funds from unrelated nonprofit organizations who desire to have the community foundation provide efficient investment management, programmatic expertise, and technical assistance. A liability is recorded at the estimated fair value of assets deposited with the community foundation by nonprofit organizations.

**Grant expense** – Grants are recognized when all significant conditions are met, all due diligence has been completed, and they are approved by staff or board committee. Grant refunds are recorded as a reduction of grant expense at the time the community foundation receives or is notified of the refund. Grants payable represent the present value of grants to be paid in the future and have been discounted at 1.8%.

**Revenue recognition** – Contributions are recognized as revenue when received or unconditionally promised. Unconditional promises to give that are expected to be collected in future years are recognized at fair value based on discounted cash flows. The discount on these amounts are computed using the rate applicable in the year the promises were received. Contributions of assets other than cash are recorded at their estimated fair value. Real estate contributed is recorded at appraised value on the date of the gift and is generally made available for sale as soon as practicable. Contributions of public stock are recorded at the mean of the quoted market price on the date of donation. Amortization of discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the original contributions.

**Allowance for doubtful accounts** – The community foundation and its supporting organizations provides for amounts that may be uncollectible on contributions, grants and other receivables. Management estimates the amount based on a variety of factors which include, but are not necessarily limited to: prior collection history, the ability of the debtor to pay, and historical trends. No allowances were deemed necessary at December 31, 2010 and 2009.

**Contributions-in-kind** – Significant donated property and equipment is recorded at estimated fair value at the date of receipt. Contributed services, which require a specialized skill and which the community foundation and its supporting organizations would have paid for if not contributed, are recorded at their estimated fair market value at the date contributed services are received. For the years ended December 31, 2010 and 2009, the community foundation and its supporting organizations recognized a total of approximately \$6,407,000 and \$5,150,000 respectively, in contributed services. The expenses related to these contributions were allocated 63% to program and 37% to general and administrative for 2010. The 2009 allocation was 71% to program and 29% to general and administrative.

**Functional expense allocations** – Expenses which apply to more than one functional category have been allocated between program, management and general, and fundraising based on the time spent on these functions by specific employees as estimated by management. Indirect expenses, such as general office supplies are allocated based on the overall number of staff in the various functional categories. Certain marketing material costs are allocated based on the percentage of the publication devoted to each functional area. All other costs are charged directly to the appropriate functional category.

**Use of estimates** – The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

**Income taxes** – The community foundation and its supporting organizations are tax-exempt organizations and are not subject to federal or state income taxes, except for unrelated business income, in accordance with Section 501(a) of the Internal Revenue Code. In addition, the community foundation and its supporting organizations qualified for the charitable contribution deduction under Section 170(b)(1)(A) and have been classified as organizations that are not private foundations. Unrelated business income tax, if any, is immaterial and no tax provision has been made in the accompanying consolidated financial statements.

The community foundation and its supporting organizations do not have any uncertain tax positions. The community foundation and its supporting organizations do file income tax returns in the U.S. federal and various state jurisdictions. The community foundation and its supporting organizations are not subject to U.S. federal or state and local income tax examinations by tax authorities for years before 2007.

**Subsequent events** – Subsequent events are events or transactions that occur after the consolidated statement of financial position date, but before consolidated financial statements are issued. The community foundation and its supporting organizations recognize in the consolidated financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the consolidated Statement of Financial Position, including the estimates inherent in the process of preparing the consolidated financial statements. The consolidated financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the consolidated Statement of Financial Position, but arose after the consolidated Statement of Financial Position Date and before the consolidated financial statements are available to be issued.

In January 2011, the community foundation received \$106,545,000 in closely held stock from one donor. The gift established a field of interest fund, the purpose of which is to fund education and education related causes.

The community foundation and its supporting organizations have evaluated subsequent events through June 2, 2011 which is the date the consolidated financial statements are available to be issued.

**SILICON VALLEY COMMUNITY FOUNDATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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**NOTE 3 – INVESTMENTS**

**Investments** – Investments consisted of the following as of December 31:

	<u>2010</u>	<u>2009</u>
Cash and cash equivalents	\$ 270,408,095	\$ 277,643,833
Global bonds	341,787,246	324,061,610
Global equities	548,713,783	500,908,187
Alternatives - Redeemable	230,665,732	254,196,948
Alternatives - Nonredeemable	369,062,375	311,501,651
Derivatives	<u>9,193,769</u>	<u>14,384,208</u>
Total	<u>\$ 1,769,831,000</u>	<u>\$ 1,682,696,437</u>

Investment returns as of December 31, were as follows:

	<u>2010</u>	<u>2009</u>
Investment income	\$ 24,251,519	\$ 23,428,329
Realized and unrealized gains	141,716,471	195,145,230
Direct investment related expenses	<u>(8,449,032)</u>	<u>(7,230,327)</u>
	<u>\$ 157,518,958</u>	<u>\$ 211,343,232</u>

Investments include those held in individual funds established by donors, supporting organizations, charitable trusts and a variety of investment pools made available to donor funds for investment of gifted assets. Separate asset allocations are maintained for each investment pool, the endowment, supporting organizations, and charitable trusts. The asset allocation of any individual donor fund is dependent on the donor's choice of approved investment pools. Advised funds of ten million or more are eligible to be invested separately from the pools, subject to approval by the community foundation's investment committee.

Alternative investments include redeemable interests in hedge funds, commingled pools and real estate investments trusts, and nonredeemable interests in real estate, real assets and private equity funds. Alternative investments may be structured as limited partnerships, limited liability companies, commingled trusts and offshore investment funds. This class of assets also includes direct investment in private companies, real estate and commodities. Of the total alternative investments, 55% and 56% are concentrated in one supporting organization as of December 31, 2010 and 2009, respectively.

Derivative financial instruments, primarily options and futures, are used by one supporting organization as hedging instruments to protect against loss and to achieve desired market exposure. The change in net assets, as reported in the Statement of Financial Position, representing the amount of unrealized gain or loss on derivative investments held at December 31, 2010 and 2009, was (\$4.1) million and \$5.3 million, respectively.

**SILICON VALLEY COMMUNITY FOUNDATION**  
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**Fair value disclosures** – Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A framework for measuring fair value prioritizes the use of observable market-based inputs over the use of unobservable inputs when measuring fair value. An investment's categorization is based upon the lowest level of input that is significant to the fair value measurement.

Three levels of inputs are used to measure fair value:

- Level 1 – Quoted market prices (observable inputs) in active markets for identical assets or liabilities that the entity has the ability to access at the measurement date. Example: listed securities.
- Level 2 – Observable inputs other than quoted prices included in Level 1 for the asset or liability, either directly or indirectly. Fair value is determined through the use of models or other valuation methodologies. Example: thinly traded securities.
- Level 3 – Unobservable inputs for the asset or liability that are not corroborated by market data, and reflect the entity's assumptions for pricing the asset or liability. Example: private equity funds.

The following tables present the investments carried at fair value on the Statement of Financial Position as of December 31, 2010 and 2009 and the related fair value measurement inputs:

	December 31, 2010			
	Level 1	Level 2	Level 3	Total
<b>Cash and cash equivalents</b>				
Money market securities	\$ 153,293,021	\$ 26,066,512	\$ -	\$ 179,359,533
Certificates of deposit	-	91,048,562	-	91,048,562
<b>Global bonds</b>				
Govt/corporate bonds	241,817,105	12,197,905	-	254,015,010
Foreign bonds	22,739,405	33,723,808	-	56,463,213
High yield bonds	1,495,167	29,813,856	-	31,309,023
<b>Global equities</b>				
U.S. equities	326,118,944	27,714,370	-	353,833,314
Foreign equities	76,553,658	61,688,569	-	138,242,227
Emerging market equities	37,029,679	19,608,563	-	56,638,242
<b>Derivatives</b>	-	9,193,769	-	9,193,769
<b>Alternative investments - redeemable:</b>				
Hedge funds	-	69,683,695	112,260,997	181,944,692
Commodities	1,851,834	41,780,141	-	43,631,975
REITs	5,089,065	-	-	5,089,065
<b>Alternative investments - nonredeemable:</b>				
Private equity	-	-	253,978,474	253,978,474
Real estate	-	47,617,178	44,654,515	92,271,693
Real assets	-	-	22,812,208	22,812,208
<b>Total</b>	<b><u>\$ 865,987,878</u></b>	<b><u>\$ 470,136,928</u></b>	<b><u>\$ 433,706,194</u></b>	<b><u>\$ 1,769,831,000</u></b>

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	December 31, 2009			
	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	\$ 201,048,660	\$ 76,595,173	\$ -	\$ 277,643,833
Global bonds	223,376,242	100,685,368	-	324,061,610
Global equities	415,509,601	85,398,586	-	500,908,187
Derivatives	-	14,384,208	-	14,384,208
Alternative investments				
Hedge funds	-	36,860,317	180,609,711	217,470,028
Private equity	-	-	184,310,919	184,310,919
Private real estate	-	46,394,827	47,716,417	94,111,244
Real assets	-	36,726,920	33,079,488	69,806,408
<b>Total</b>	<b>\$839,934,503</b>	<b>\$397,045,399</b>	<b>\$445,716,535</b>	<b>\$1,682,696,437</b>

Investments in marketable equity securities and all investments in debt securities are carried at fair value based on quoted market prices. Fair value of alternative investments is based on information provided by fund managers, external investment advisors, and other market factors to determine if the carrying value of these investments should be adjusted. Other factors may include, but are not limited to: estimates of liquidation value, prices of recent transactions in the same or similar funds, current performance, future expectations of the particular investment, and changes in market outlook and the financing environment. Independent appraisals of significant real estate held for investment, and not in limited partnerships, are conducted every three to five years, depending on the nature of the investment.

One supporting organization holds direct investments in private companies. Valuations are reviewed quarterly using a variety of qualitative factors to subjectively determine the most appropriate valuation methodologies. Methodologies are consistent with the market, income and cost approaches and may include, but are not limited to, valuations based on initial investment amount, recent transactions, the community foundation's own assessment, liquidation value, present value of future cash flows and replacement cost. There have been no changes in the methods applied to determine fair value during the years ended December 31, 2010 and 2009.

The following table includes a roll-forward of the amounts in the Statement of Financial Position for the years ended December 31, 2010 and 2009, (including the change in fair value) for investments classified within Level 3 of the fair value hierarchy:

	2010	Hedge Funds	Private Equity	Real Estate	Real Assets
<b>Balance, January 1</b>	\$ 445,716,535	\$ 180,609,711	\$ 184,310,919	\$ 47,716,417	\$ 33,079,488
Reclassifications	(41,927,531)	(60,837,840)	21,671,229	4,338,083	(7,099,003)
Net payments, purchases and sales	(19,136,685)	(15,493,549)	5,928,111	(4,812,284)	(4,758,963)
Realized gains (losses)	13,823,441	3,517,658	11,250,407	1,039,040	(1,983,664)
Unrealized gains (losses)	35,230,434	4,465,017	30,817,808	(3,626,740)	3,574,349
<b>Balance, December 31</b>	<b>\$ 433,706,194</b>	<b>\$ 112,260,997</b>	<b>\$ 253,978,474</b>	<b>\$ 44,654,516</b>	<b>\$ 22,812,207</b>
	<b>2009</b>				
<b>Balance, January 1</b>	\$ 471,395,219				
Net payments, purchases and sales	(24,927,723)				
Realized gains (losses)	(9,117,597)				
Unrealized gains (losses)	81,145,657				
Reclassifications	(72,779,021)				
<b>Balance, December 31</b>	<b>\$ 445,716,535</b>				

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The change in net assets, as reported in the Statement of Financial Position, attributable to unrealized gains on Level 3 investments held at December 31, 2010 and 2009, was \$35 million and \$81 million, respectively.

Reclassifications in 2010 include the transfer of \$42 million from Level 3 to Level 2 to properly reflect certain entities that calculate a net asset value per share, and reclassification of investments into different asset classes. The community foundation and its supporting organizations' policy is to recognize transfers in and transfers out at the beginning of the period in which the event or change in circumstances occurred.

**Investments in entities that calculate net asset value per share or its equivalent** - The following table presents the unfunded commitments, redemption frequency and notice period for investments in entities that calculate fair value using net asset value per share or its equivalent.

<b>Investments</b>	<b>Note</b>	<b>Fair Value</b>	<b>Unfunded Commitments</b>	<b>Redemption Frequency</b>	<b>Redemption Notice</b>
Money market funds	a	26,066,510	-	monthly	none
Global bond funds	b	68,508,912	-	monthly	5-30 days
Global equity funds	c	109,011,502	-	monthly to quarterly	5-60 days
Commodity funds	d	24,590,522	-	monthly	36 days
Hedge funds	e	181,944,692	-	monthly, semiannually, illiquid	45-120 days
Private equity funds	f	238,434,903	59,759,415	illiquid	-
Real assets funds	g	19,507,211	15,086,427	illiquid	-
Real estate funds	h	24,898,964	9,193,071	illiquid	-
<b>Total</b>		<b>692,963,216</b>	<b>84,038,913</b>		

(a) Money Market Funds. This class includes investments in institutional money market funds held within a limited partnership structure. All of the assets in this class may be redeemed on a monthly basis without restrictions.

(b) Global Bond Funds. This class includes investments in actively managed funds that invest in government, corporate or sovereign bonds. Investments are held within a commingled trust or limited partnership structure. All of the assets in this class may be redeemed on a monthly basis without restrictions.

(c) Global Equity Funds. This class includes investments in actively managed funds that invest in stocks and other securities issued by companies in domestic, developed and emerging markets. Investments are held within a commingled trust or limited partnership structure. Approximately 79% of the value in this class are redeemable on a monthly basis, and 21% may be redeemed on a quarterly basis subject to a maximum withdrawal of 10% of invested capital per quarter.

(d) Commodity Funds. This class includes investments in actively managed commingled trust funds that invest in commodities, commodity futures or companies involved in the extraction or production of commodity goods and related services, including but not limited to precious metals, oil and gas, agricultural products, materials, natural resources, and real estate. All of the assets in this class may be redeemed on a monthly basis without restrictions.

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(e) Hedge Funds. This class includes investments in actively managed hedge funds and fund-of-funds employing a variety of strategies, including but not limited to multi-strategy, absolute return, long/short, arbitrage, event-driven, distressed debt and credit. Hedge funds have the ability to invest long and short, apply leverage, invest in derivatives, and invest in the debt or equity of public and private companies in domestic, developed and emerging markets. Hedge funds have the ability to shift investments from value to growth strategies, from small to large capitalization stocks, and from a net long position to a net short position. Approximately 47% of the value of this class cannot be redeemed because of restrictions on redemptions in the first 1 to 10 years after acquisition. An additional 11% of the value of this class has restrictions on the amount that can be redeemed in a given period. The remaining 42% has no restrictions on redemptions.

(f) Private Equity Funds. This class includes investments in actively managed private equity funds and fund-of-funds that invest in private and public companies through a variety of strategies including but not limited to early and late stage venture capital, leveraged buy-outs, distressed assets, special situations, and credit strategies. These investments are generally not redeemable from the fund manager. Instead, distributions are received through the liquidation of the underlying assets of the fund, typically over 10 to 12 years.

(g) Real Assets Funds. This class includes investments in actively managed private equity funds that invest primarily in private companies involved in mining, energy and infrastructure, timber, agribusiness, natural resources, and other hard assets. These investments are generally not redeemable from the fund manager. Instead, distributions are received through the liquidation of the underlying assets of the fund, typically over 5 to 10 years.

(h) Real Estate Funds. This class includes investments in actively managed private equity funds that invest in commercial properties in the U.S. and abroad including but not limited to: residential, multi-family, office, retail, hotel, industrial and other specialties. These investments are generally not redeemable from the fund manager. Instead, distributions are received through the liquidation of the underlying assets of the fund, typically over 10 to 12 years.

**Split interest agreements** - The following table presents the fair value of beneficial interests in split interest agreements including charitable trusts and life estates reflected on the Statement of Financial Position as of December 31, 2010 and 2009:

	<b>December 31, 2010</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Beneficial Interests in Charitable Remainder Trusts	\$ -	\$ -	\$ 5,760,443	\$ 5,760,443
Liabilities to beneficiaries from split interest agreements	\$ -	\$ -	\$ 35,311,822	\$ 35,311,822
	<b>December 31, 2009</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Beneficial Interests in Charitable Remainder Trusts	\$ -	\$ -	\$ 6,879,672	\$ 6,879,672
Liabilities to beneficiaries from split interest agreements	\$ -	\$ -	\$ 38,576,374	\$ 38,576,374

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The following tables include a roll forward of the amounts in the Statement of Financial Position for the year ended December 31, 2010 and 2009, (including the change in fair value) for the above amounts:

**Beneficial Interests in Charitable Remainder Trusts**

Balance, January 1, 2009	\$ 5,454,153
Other changes	163,744
Realized gains	-
Unrealized losses	1,261,775
	<hr/>
Balance, December 31, 2009	6,879,672
Other changes	(260,867)
Realized gains	-
Unrealized gains	(858,362)
	<hr/>
Balance, December 31, 2010	<u><u>\$ 5,760,443</u></u>

**Liabilities to beneficiaries from split interest agreements**

Balance, January 1, 2009	41,134,307
New trusts during 2009	1,918,438
Trust maturities during 2009	(1,052,350)
Reclassification of charitable remainder trusts	(9,201,997)
Change in value due to change in actuarial life expectancy	(916,057)
Change in value in estimated fair value of underlying trust assets	6,694,033
	<hr/>
Balance, December 31, 2009	38,576,374
New trusts during 2010	349,836
Trust maturities during 2010	(5,083,552)
Change in value due to change in actuarial life expectancy	(753,408)
Change in value in estimated fair value of underlying trust assets	2,222,572
	<hr/>
Balance, December 31, 2010	<u><u>\$ 35,311,822</u></u>

While the community foundation and its supporting organizations believe its valuation methods are appropriate and consistent with those used by other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date. Those estimated values may differ significantly from the values that would have been used had a readily available market for such investments existed, or had such investments been liquidated, and these differences could be material to the consolidated financial statements.

**SILICON VALLEY COMMUNITY FOUNDATION**  
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**NOTE 4 - CONTRIBUTIONS AND GRANTS RECEIVABLE, NET**

Contributions and grants receivable as of December 31, 2010, are expected to be collected as follows:

	<u>Less than one year</u>	<u>Greater than one year</u>
Contributions receivable	\$ 3,877,918	\$ 5,453,489
Grants receivable	878,246	126,667
Total	<u>\$ 4,756,164</u>	<u>\$ 5,580,156</u>

**NOTE 5 - NOTES AND OTHER RECEIVABLE, NET**

Notes receivable as of December 31, 2010, consist of the following:

	<u>Less than one year</u>	<u>Greater than one year</u>
Program related loans	\$ 69,690	\$ 1,773,569
Executive loans	46,811	280,289
Other receivables	437,056	
Total	<u>\$ 553,557</u>	<u>\$ 2,053,858</u>

Program related loans are stated at the amount of unpaid principal. A program officer is assigned to monitor the payments and the ongoing stability of the organization.

An outstanding executive loan exists in the amount of \$327,101 at December 31, 2010 to the current CEO and President of Silicon Valley Community Foundation. The loan was issued when the CEO was hired in 2006 to assist in locating affordable housing as he transitioned from the Mid West to the West Coast. It bears interest at 4.73% per annum and will mature in 2016. The annual payment of principal and interest, in the amount of \$62,850 for each fiscal year 2010 and 2009, was forgiven.

**NOTE 6 - PROPERTY AND EQUIPMENT**

Property and equipment consisted of the following at December 31, 2010 and 2009:

	<u>2010</u>	<u>2009</u>
Leasehold interest in building	\$ 18,700,000	\$ 18,700,000
Leasehold improvements	16,797,277	16,672,053
Construction in progress	246,904	-
Office equipment and other	2,167,865	2,140,120
Computer equipment	1,845,176	1,053,861
Total	39,757,222	38,566,034
Less: accumulated depreciation and amortization	<u>(7,274,120)</u>	<u>(5,776,800)</u>
Property and equipment, net	<u>\$ 32,483,102</u>	<u>\$ 32,789,234</u>

**SILICON VALLEY COMMUNITY FOUNDATION**  
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**NOTE 7 – GRANTS PAYABLE**

Grants payable are expected to be disbursed as follows:

<u>Years ending December 31.</u>	<u>Amount</u>
2011	\$ 34,675,238
2012	18,039,240
2013	5,098,832
2014	2,312,500
2015	685,000
Thereafter	<u>54,750,000</u>
Total	115,560,810
Discount	<u>(7,062,930)</u>
Grants payable, net	<u><u>\$ 108,497,880</u></u>

**NOTE 8 – TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets are restricted for the following at December 31, 2010 and 2009:

	<u>2010</u>	<u>2009</u>
Charitable Remainder Trusts and Irrevocable Planned Gifts	\$ 7,338,565	\$ 7,563,263
Special projects	2,222,982	3,391,319
Endowment (un-appropriated earnings)	<u>37,040,020</u>	<u>32,951,373</u>
Total	<u><u>\$ 46,601,567</u></u>	<u><u>\$ 43,905,955</u></u>

**NOTE 9 – PERMANENTLY RESTRICTED NET ASSETS**

Permanently restricted net assets are restricted for the following at December 31, 2010 and 2009:

	<u>2010</u>	<u>2009</u>
Charitable Remainder Trusts and Irrevocable Planned Gifts	\$ 5,063,894	\$ 5,905,682
Endowment	<u>95,088,106</u>	<u>87,599,079</u>
Total	<u><u>\$ 100,152,000</u></u>	<u><u>\$ 93,504,761</u></u>

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**NOTE 10 – ENDOWMENT DISCLOSURES**

California enacted the Uniform Prudent Management of Institutional Funds Act (“UPMIFA”) effective January 1, 2009. The community foundation is required to provide information about net assets which are defined as endowment. Classifications include endowment which is permanently restricted by donors (permanently restricted net assets) and endowment which has been board designated. The changes in endowment net assets for the years ended December 31, 2010 and 2009 are as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, January 1, 2009	\$ 121,147,231	\$ -	\$ 19,888,814	\$ 141,036,045
Investment return:				
Investment income	5,586,763	-	-	5,586,763
Net appreciation (realized and unrealized)	26,259,989	-	-	26,259,989
Total investment return	31,846,752	-	-	31,846,752
Contributions	869,165	-	6,685,947	7,555,112
Appropriation of endowment assets for expenditure	(14,112,409)	-	-	(14,112,409)
Other changes:				
Transfers to/(from) board-designated endowment funds	8,543,936	-	-	8,543,936
Other transfers	-	-	16,270,940	16,270,940
UPMIFA reclassifications	(77,704,751)	32,951,373	44,753,378	-
Endowment net assets, December 31, 2009	70,589,924	32,951,373	87,599,079	191,140,376
Investment return:				
Investment income	1,311,190	4,226,090	-	5,537,280
Net appreciation (realized and unrealized)	19,663,268	-	-	19,663,268
Total investment return	20,974,458	4,226,090	-	25,200,548
Contributions	57,966	(137,442)	4,368,690	4,289,214
Appropriation of endowment assets for expenditure	(15,409,466)	-	-	(15,409,466)
Other changes:				
Transfers to/(from) board-designated endowment funds	3,946,704	-	-	3,946,704
Other transfers	-	-	3,120,338	3,120,338
Endowment net assets, December 31, 2010	<u>\$ 80,159,586</u>	<u>\$ 37,040,021</u>	<u>\$ 95,088,107</u>	<u>\$ 212,287,714</u>
<b>December 31, 2010</b>				
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor restricted endowments	\$ (2,404,742)	\$ 37,040,021	\$ 95,088,107	\$ 129,723,386
Board designated endowments	82,564,328	-	-	82,564,328
Total	<u>\$ 80,159,586</u>	<u>\$ 37,040,021</u>	<u>\$ 95,088,107</u>	<u>\$ 212,287,714</u>
<b>December 31, 2009</b>				
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor restricted endowments	\$ (4,585,873)	\$ 32,951,373	\$ 87,599,079	\$ 115,964,579
Board designated endowments	75,175,797	-	-	75,175,797
Total	<u>\$ 70,589,924</u>	<u>\$ 32,951,373</u>	<u>\$ 87,599,079</u>	<u>\$ 191,140,376</u>

**NOTE 11 – RELATED PARTY TRANSACTIONS**

In addition to the Note Receivable from the CEO and President described in Note 5, the community foundation had the following related party transactions:

Board members may hold interests or may be employed by corporations or partnerships held as investments by the community foundation. A conflict of interest policy has been established which covers investments and vendor relationships with Board members, volunteers, and staff.

The community foundation’s volunteer members of the Board are active in oversight of fundraising events, activities and in making private contributions. Contributions received from the Board or from companies with which the Board are affiliated were approximately \$2,065,000 and \$1,004,000 for the years ended December 31, 2010 and 2009, respectively.

One of the community foundation’s supporting organizations utilizes the services of an investment manager whose founder is also the founder of the supporting organization. In-kind investment management service fees of approximately \$1,630,000 and \$1,500,000 were donated by the investment manager during the years ended December 31, 2010 and 2009, respectively.

**NOTE 12 – DEPOSITS HELD FOR OTHERS**

At December 31, 2010 and 2009, the community foundation held assets for 85 and 78 nonprofit organizations. The assets are held in funds that are managed by the community foundation on an agency relationship basis. The following table summarizes the activity in such funds during the year then ended:

	<u>2010</u>	<u>2009</u>
Deposits held for others, beginning of year	\$ 65,706,889	\$ 55,164,888
Amounts raised in contributions or transferred in	7,895,114	4,339,109
Dividend and interest income, net of investment fees	444,680	505,321
Realized and unrealized investment returns	8,307,999	10,502,866
Grants	(3,966,317)	(4,071,941)
Expenses	<u>(1,073,224)</u>	<u>(733,354)</u>
Deposits held for others, end of year	<u>\$ 77,315,141</u>	<u>\$ 65,706,889</u>

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**NOTE 13 - RETIREMENT PLANS**

The community foundation has a defined contribution retirement plan under Section 403(b) of the Internal Revenue Code, for which substantially all employees are eligible. Employees may elect to make contributions to the plan under salary deferral provisions and are considered eligible for those voluntary contributions on the first day of employment. The community foundation contributes 5% of salary to the plan for all eligible employees, as defined, on a pay period basis beginning with the second year of employment. Contributions to the plan for the years ended December 31, 2010 and 2009, were \$330,142 and \$409,644, respectively.

The community foundation also provides a defined contribution plan under Section 457(b) of the Internal Revenue Code for all employees that are members of a select group of management and highly compensated employees. The employees may elect to make contributions to the plan under a salary reduction agreement. Contributions are at the discretion of the community foundation. Contributions by the community foundation for the years ended December 31, 2010 and 2009 were \$16,500 and \$8,012, respectively.

**NOTE 14 - COMMITMENTS**

The main office facility in Mountain View is under an operating lease with a term of 10 years, expiring in August 2017. The community foundation also maintains conference and office space in San Mateo with a lease that has a term of 10 years expiring in December 2019. Following is a schedule of future minimum rental payments under its non-cancelable operating leases.

<u>Years ending December 31,</u>	<u>Amount</u>
2011	\$ 2,106,104
2012	2,158,855
2013	2,211,048
2014	2,265,241
2015	2,321,142
Thereafter	<u>4,026,896</u>
	<u>\$ 15,089,286</u>

Rental expense consisted of approximately \$1,806,000 and \$1,778,500 for the years ended December 31, 2010 and 2009 respectively, for the main office facility. Lease of the conference center in San Mateo was approximately \$177,600 for the year ended December 31, 2010. Sublease income for the years ended December 31, 2010 and 2009 was \$122,000 and \$12,500, respectively for the community foundation's Mountain View office. Sub-lease income under the sub-tenant leases through 2011 is expected to be approximately \$133,000.