THE COMMUNITY FOUNDATION FOR GREATER NEW HAVEN AND AFFILIATE

DECEMBER 31, 2008

THE COMMUNITY FOUNDATION FOR GREATER NEW HAVEN AND AFFILIATE

CONTENTS

Blum, Shapiro & Company, P.C.
Certified Public Accountants
and Business Consultants

29 South Main Street
P.O. Box 272000
West Hartford, CT 06127-2000

Tel 860.561.4000
Fax 860.521.9241
blumshapiro.com

BlumShapiro

Independent Auditors' Report

To the Trustees' Committee and the Board of Directors
The Community Foundation for Greater New Haven
New Haven, Connecticut

We have audited the accompanying combined statements of financial position of The Community Foundation for Greater New Haven and Affiliate as of December 31, 2008 and 2007, and the related combined statements of activities and cash flows for the years then ended. These combined financial statements are the responsibility of The Community Foundation for Greater New Haven's management. Our responsibility is to express an opinion on these combined financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over 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 Community Foundation's 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 financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide 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 Community Foundation for Greater New Haven and Affiliate as of December 31, 2008 and 2007, and the changes in their net assets and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated February 27, 2009 on our consideration of The Community Foundation for Greater New Haven's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in considering the results of our audit.

Blum, Shapiro & Company, P.C.

February 27, 2009

THE COMMUNITY FOUNDATION FOR GREATER NEW HAVEN AND AFFILIATE

COMBINED STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2008 AND 2007

	2008	2007
ASSETS		
Cash and cash equivalents	$ 353,259	$ 181,344
Investments at market value	218,768,253	291,546,660
Investment in real estate	1,645,000	1,645,000
Total investments	220,766,512	293,373,004
Notes receivable	530,000	530,000
Contributions receivable	473,333	688,981
Grants receivable	1,309,831	1,013,285
Split-interest agreements	1,430,318	2,221,180
Other assets	49,749	54,345
Furniture, equipment and fixtures, net of accumulated depreciation	432,964	533,082
Total Assets	$ 224,992,707	$ 298,413,877
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	$ 765,764	$ 1,213,544
Agency funds	24,927,411	25,814,851
Liabilities under split-interest agreements	332,292	407,195
Deferred revenue	-	45,000
Grants payable	4,361,835	3,205,029
Total liabilities	30,387,302	30,685,619
Net Assets		
Unrestricted	192,984,936	265,160,147
Temporarily restricted	1,620,469	2,568,111
Total net assets	194,605,405	267,728,258
Total Liabilities and Net Assets	$ 224,992,707	$ 298,413,877

The accompanying notes are an integral part of the combined financial statements

THE COMMUNITY FOUNDATION FOR GREATER NEW HAVEN AND AFFILIATE
COMBINED STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

	2008			2007		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Revenue						
Contributions	$ 24,049,110	$ -	$ 24,049,110	$ 9,967,824	$ 23,881	$ 9,991,705
Less contributions to agency funds	(9,687,596)	-	(9,687,596)	(4,009,176)	-	(4,009,176)
Net contributions	14,361,514	-	14,361,514	5,958,648	23,881	5,982,529
Realized and unrealized gain (loss) on investments, net of fees of $934,592 for 2008 and $1,297,315 for 2007	(81,763,696)	-	(81,763,696)	9,287,131	-	9,287,131
Investment income	11,204,813	-	11,204,813	13,521,118	-	13,521,118
Change in value of split-interest agreements, net	-	(947,642)	(947,642)	-	41,027	41,027
Total revenue, gains and other support	(56,197,369)	(947,642)	(57,145,011)	28,766,897	64,908	28,831,805
Expense						
Grant appropriations, net	14,129,245	-	14,129,245	12,614,530	-	12,614,530
Grants for program management and direct charitable activities	1,169,082	-	1,169,082	1,339,952	-	1,339,952
Total grants	15,298,327	-	15,298,327	13,954,482	-	13,954,482
Less grants from agency funds	(1,918,466)	-	(1,918,466)	(1,307,685)	-	(1,307,685)
Net grants	13,379,861	-	13,379,861	12,646,797	-	12,646,797
Management and administrative	704,053	-	704,053	648,212	-	648,212
Development, donor services and fund stewardship	1,156,102	-	1,156,102	1,064,407	-	1,064,407
Financial and investment management	737,826	-	737,826	679,309	-	679,309
Total expense	15,977,842	-	15,977,842	15,038,725	-	15,038,725
Increase (Decrease) in Net Assets	(72,175,211)	(947,642)	(73,122,853)	13,728,172	64,908	13,793,080
Net Assets - Beginning of Year	265,160,147	2,568,111	267,728,258	251,431,975	2,503,203	253,935,178
Net Assets - End of Year	$ 192,984,936	$ 1,620,469	$ 194,605,405	$ 265,160,147	$ 2,568,111	$ 267,728,258

The accompanying notes are an integral part of the combined financial statements

THE COMMUNITY FOUNDATION FOR GREATER NEW HAVEN AND AFFILIATE

COMBINED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

	2008	2007
Cash Flows from Operating Activities		
Increase (decrease) in net assets	$ (73,122,853)	$ 13,793,080
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	115,474	143,164
Realized and unrealized (gains) losses on investments, net	81,763,696	(9,287,131)
(Increase) decrease in operating assets:		
Notes receivable	-	(150,000)
Grants receivable	(296,546)	170,628
Contributions receivable	215,648	965,967
Split-interest agreements	790,862	(88,762)
Other assets	4,596	575,367
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	(447,780)	(32,094)
Agency funds	(887,440)	5,101,955
Grants payable	1,156,806	346,579
Deferred revenue	(45,000)	(45,000)
Affiliate obligations	-	(92,802)
Liabilities under split-interest agreements	(74,903)	49,256
Net cash provided by operating activities	9,172,560	11,450,207
Cash Flows from Investing Activities		
Proceeds from sales of investments	78,308,611	8,818,189
Purchases of investments	(87,293,900)	(21,171,102)
Purchases of furniture and equipment	(15,356)	(135,370)
Net cash used in investing activities	(9,000,645)	(12,488,283)
Net Increase (Decrease) in Cash and Cash Equivalents	171,915	(1,038,076)
Cash and Cash Equivalents - Beginning of Year	181,344	1,219,420
Cash and Cash Equivalents - End of Year	$ 353,259	$ 181,344

The accompanying notes are an integral part of the combined financial statements

Note 1 - **Organization and Basis of Presentation:**

The Community Foundation for Greater New Haven (the Foundation), formerly The New Haven Foundation, was established in 1928 under a Resolution and Declaration of Trust as amended through April 2000 (R&D). As of December 31, 2008, the R&D provided for Trustee Banks of the Foundation as follows: Wachovia Bank, N.A., Bank of America, NewAlliance Bank and People's United Bank.

The accompanying combined financial statements include the accounts of The Foundation, The Community Foundation for Greater New Haven, Inc. (the Corporation) and the Valley Community Foundation, Inc. (the Affiliate) (together, The Community Foundation). All material intercompany balances and transactions have been eliminated from the financial statements.

The Corporation is a separate charitable corporation, organized in 1982 to perform the function and to carry out the purposes of The Foundation. The Affiliate is a separate charitable corporation, organized in 2004 to carry out the purposes, mission, objectives, operations and activities of the Foundation in the towns of Ansonia, Derby, Shelton, Seymour and Oxford, Connecticut, and their environs. The Affiliate is required at all times to operate in connection with the Foundation under the requirements set forth in Section 509(a)(3) of the Internal Revenue Code.

The Community Foundation qualifies as a public charity under Internal Revenue Code Section 170(b)(1)(A)(vi) and is exempt from federal income and state taxes under Section 501(c)(3) of the Internal Revenue Code and Section 12-244 of the Connecticut General Statutes.

Note 2 - **Summary of Significant Accounting Policies:**

a. **Basis of Accounting**

The Community Foundation prepares its combined financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

b. **Financial Statement Presentation**

The Community Foundation measures aggregate net assets based on the absence or existence of donor-imposed restrictions. The three categories of net assets that serve as the basis for The Community Foundation's combined financial statements are unrestricted, temporarily restricted and permanently restricted.

In August 2008, The Financial Accounting Standards Board (FASB) issued staff position No. FAS 117-1: *Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosures for All Endowment Funds* (FAS 117-1). FAS 117-1 provides the standards on the net asset classification of donor-restricted endowment funds for a not-for-profit organization that is subject to the State of Connecticut enacted version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA), as approved by the National Conference of Commissioners on Uniform State Laws in 2006. FAS 117-1 also provides for other disclosures concerning an organization's charitable assets and whether or not the organization is subject to UPMIFA. Since its 1997 adoption of the predecessor standard to FAS 117-1, FAS No. 117, *Financial Statements for Nonprofit Organizations* (FAS 117), The Community Foundation has provided these additional disclosures, and will continue to fulfill its stewardship responsibility by internally accounting for and reporting on all net assets in accordance with each donor's original intent as provided for in the gift instrument that established the fund, as provided in Note 3a.

The State of Connecticut adopted its version of UPMIFA, which became effective October 1, 2007 (CUPMIFA). The Community Foundation has incorporated, as appropriate, FAS 117-1 for CUPMIFA for the year ended December 31, 2008. The impact of such adoption was negligible on the presentation of The Community Foundation's financial statements, when compared to those previously issued under FAS 117, given the existing governing documents' inclusion of variance power; the unilateral power to redirect the use of a contribution for another charitable purpose. The criteria and circumstances under which the Board of The Community Foundation would exercise the variance power responsibility are prescribed under the R&D. Accordingly, The Community Foundation's combined financial statements classify substantially all net assets as unrestricted; however, all recordkeeping for internal management and external reporting retains the original donor intent for every charitable asset within The Community Foundation.

The Community Foundation, upon management and governance reviews, including consultation with legal counsel, has determined that net assets do not meet the specific definition of endowment under CUPMIFA. Under the provisions of the R&D, The Community Foundation, in its sole discretion, shall determine to distribute so much of the corpus of any trust or separate gift, devise, bequest or fund. As a result of this responsibility under the R&D, all contributions not classified as temporarily restricted are classified as unrestricted net assets for financial statement purposes. Temporarily restricted net assets consist of irrevocable charitable trusts, lead trusts and pooled income funds, which are all classified as split-interest agreements, as defined in Note 2i below.

Although the charitable assets entrusted to The Community Foundation do not meet the definition as provided for under CUPMIFA, the spending policies and philosophy contained in the R&D, since their creation in 1993 and as amended through 1998, as well as the long-term investment management policies and procedures constructed based on the R&D, both of which are further described in Note 3b, were designed to function as integrated processes and are administered to reflect the following factors, as described in CUPMIFA, for prudent stewards of charitable assets, including:

1) The duration and preservation of a fund;
2) The purpose of the organization and the donor designations thereto;
3) General economic conditions;
4) The possible effects of inflation and deflation;
5) The expected total return of the charitable assets;
6) Other resources of the organization; and
7) The investment policies.

c. **Agency Funds**

The Community Foundation receives and distributes assets for certain funds that have been established by a nonprofit from its own resources for the sole purpose of supporting that nonprofit's operations. Amounts received and distributed under these relationships totaled $9,687,596 and $1,918,466, respectively, for the year ended December 31, 2008, and $4,009,176 and $1,307,685, respectively, for the year ended December 31, 2007.

The amounts received but not yet distributed totaled $24,927,411 and $25,814,851 at December 31, 2008 and 2007, respectively, and are included on the combined statements of financial position in organization endowments.

d. **Cash and Cash Equivalents**

Cash and cash equivalents include currency and interest-bearing short-term investments with an average maturity of three months or less.

The Community Foundation maintains deposits which may, at times, be in excess of the financial institution's insurance limits. The Community Foundation invests available cash and cash equivalents with high credit quality institutions and believes that such deposits are not subject to significant credit risk.

e. **Investments**

Marketable investments in equities and debt securities are carried at fair value based upon quoted market prices. For limited marketability investments, including alternative investments, which are principally absolute return strategies, private equity and real estate, the carrying value is the estimated fair value. Because alternative investments are not immediately marketable given the nature of the underlying strategies and the terms of the governing partnership agreements, the estimated fair value is subject to uncertainty and, therefore, may differ from the value that may be received if a ready market for the investments had been in existence, and the difference could be material. The Foundation's alternative investments accessed though limited partnerships are determined by the general partner to be at fair value pursuant to FASB's accounting standards, FAS No. 157, *Fair Value Measurements* (FAS No. 157), as further discussed in Note 2f, after it considers certain pertinent factors, including, but not limited to, the partner's share of the underlying limited partnership's net assets, liquidity features of the partnership, the underlying portfolio of holdings, the current market conditions for observable, corroborated or correlated transactions, comparable or similar products' fair valuations, external assessments of the limited partnerships' holdings, and the audit opinion from the independent auditor of the limited partnership.

f. **Fair Value of Financial Instruments**

In accordance with FAS No. 157, The Foundation is required to measure the fair value of its assets and liabilities under a three-level hierarchy, as follows:

Level 1: Quoted market prices for identical assets or liabilities to which an entity has access at the measurement date.

Level 2: Inputs and information other than quoted market indices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include:

a. Quoted prices for similar assets or liabilities in active markets;
b. Quoted prices for identical or similar assets in markets that are not active;
c. Observable inputs other than quoted prices for the asset or liability;
d. Inputs derived principally from, or corroborated by, observable market data by correlation or by other means.

Level 3: Unobservable inputs for the asset or liability. Unobservable inputs should be used to measure the fair value to the extent that observable inputs are not available.

Where: observable inputs reflect the assumptions market participants would use in pricing the asset or liability developed from sources independent of the reporting entity; and unobservable inputs reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

In accordance with FAS No. 157, The Community Foundation's carrying amounts of cash and cash equivalents, accounts and grants payable, and accrued expenses approximate fair value under Level 1. Investments are carried at fair value based on Level 1 and Level 2 observable inputs and are presented in Note 4. Split-interest agreements are reported at fair value based on the life expectancy of the beneficiary and the net present value of the expected cash flows using a discount rate. Agency funds are carried at fair value based on the underlying investments. Derivatives instruments are measured at fair value based on Level 1 and Level 2 observable inputs. Certain of the Foundation's alternative investments use stock indices, swaps, options, convertible securities, and foreign currency exchange contracts, which are classified as derivatives. The Foundation does not use derivatives for speculative purposes or for leveraging returns, but rather these instruments are used with the objectives of reducing overall portfolio risk and/or lowering the cost of investment management.

The Foundation believes that the carrying amount of its investments is a reasonable fair value as of December 31, 2008 and 2007, in accordance with FAS No. 157.

g. **Investment in Real Estate**

In June 1990, the Foundation and Corporation relocated their offices to The New Haven Foundation Building (the Building), a five-story, 26,976 square-foot office complex (excluding common and limited common space) on 0.16 acres of land, which was purchased for one dollar per square foot ($6,986) by the developer from the City of New Haven. The Building is classified and recognized by the Internal Revenue Service as a nonprofit condominium.

Floors four and five are owned and occupied by the Foundation, floor three is owned by the Corporation and partially occupied by the Foundation and partially leased to a tax-exempt 501(c)(3) organization until September 2007, and floors one and two are owned by unrelated nonprofit organizations. Since the Building is accounted for as an investment, no depreciation has been recognized. Pursuant to the policy adopted for this investment, the Building would be periodically and independently assessed to determine its current fair value. The Building was independently appraised in 2004, which resulted in the recognition of an unrealized gain on the combined statements of activities and an equally valued adjustment to the carrying value of the

Building on the combined statements of financial position. Due to the unique nature and restrictions of the Building, the Board of Directors requires periodic valuation through an independent market appraisal not less frequently than every five years. In accordance with the Board of Director's original resolution, the carrying value of the Building represents Level 2 fair value within the meaning of FAS No. 157.

h. **Furniture, Equipment and Fixtures**

Furniture, equipment and fixtures purchased in excess of $100 are capitalized and are stated at historical cost. Depreciation is provided on a straight-line basis over the following useful lives:

Furniture, equipment and fixtures	5-20 years
Computer equipment	3-5 years

Furniture, equipment and fixtures at December 31, 2008 and 2007, are as follows:

	2008	**2007**
Furniture, equipment and fixtures	$ 1,227,303	$ 1,249,026
Accumulated depreciation	(794,339)	(715,944)
Furniture, Equipment and Fixtures, Net	$ 432,964	$ 533,082

i. **Contributions**

Unconditional contributions are recognized when pledged or received, as applicable, and are available for unrestricted use unless specifically restricted by the donor. Contributions receivable that are expected to be collected in more than one year are discounted to their present value. The Community Foundation reports nongovernmental contributions and grants of cash and other assets as temporarily restricted support if they are received with donor stipulations that limit their use. 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 net assets and reported in the combined statements of activities as net assets released from restrictions. Conditional promises to give are recognized when the conditions upon which they depend are substantially met.

Certain governmental grants and contracts are generally considered to be exchange transactions rather than contributions. Revenue from cost reimbursement grants and contracts is recognized to the extent of costs incurred.

j. **Split-Interest Agreements**

Split-interest agreements consist of assets irrevocably transferred for the benefit of The Community Foundation and other beneficiaries. Revocable split-interest agreements are not recorded as contributions unless enforceable by law. Irrevocable split-interest agreements are recorded as contributions at fair value when the assets are received or when The Community Foundation is notified of the existence of the agreement. The accounting treatment varies depending upon the type of the agreement created and whether The Community Foundation or a third party is the trustee.

The Community Foundation is a party to the following types of split-interest agreements:

Charitable Remainder Trusts and Pooled Income Funds - The Community Foundation is the beneficiary of various charitable remainder trusts and pooled income funds managed by unrelated entities. A charitable remainder trust provides for the payment of distributions to the grantor or other designated beneficiary(ies) over the trust's term. At the end of the trust's term, the remaining assets are available for The Community Foundation's use. The trust is carried at the fair value of the underlying investments. The portion of the trust attributable to the present value of the future benefits to be received by The Community Foundation is recognized in the statement of activities as a temporarily restricted contribution in the period the trust is established. On an annual basis, The Community Foundation revalues the liability to make distributions to the designated beneficiaries based on actuarial assumptions. The liability is calculated using a discount rate of 4.5% and applicable mortality tables.

Charitable Gift Annuity - The Community Foundation is the beneficiary of a charitable gift annuity whereby assets were transferred to The Community Foundation in exchange for The Community Foundation agreeing to pay a stated dollar amount annually to the designated beneficiary. Upon the death of the beneficiary, the remaining assets are available for The Community Foundation's use. The portion of the assets transferred that is attributable to the present value of the future benefits to be received by The Community Foundation is recognized in the statement of activities as a temporarily restricted contribution in the period it is established. On an annual basis, The Community Foundation revalues the liability to make distributions to the designated beneficiaries based on actuarial assumptions. The liability is calculated using a discount rate of 4.5% and applicable mortality tables.

k. **Grants and Contracts Payable**

Grants are recorded when approved by the Board and when the recipient has satisfied all material conditions. Certain of these approved grant commitments are to provide staffing and related expenses of programs, including projects and programs for which The Community Foundation acts as fiduciary.

As of December 31, 2008, The Community Foundation is unaware of any conditions on grants that are unlikely to be satisfied during the approved grant period. In the normal course of business, refunds and cancellations occur as a result of the recipient's needs being less than the appropriated amount and are deducted from the grant appropriations reported in the period canceled or refunded. Grant activity for the years ended December 31, 2008 and 2007, is summarized below:

		2008		**2007**
Grants payable, beginning of year	$	3,205,029	$	2,858,450
Grants approved		15,681,974		14,254,778
Grant payments distributed		(14,324,211)		(13,711,515)
Cancellations and adjustments		(200,957)		(196,684)
Grants Payable, End of Year	$	4,361,835	$	3,205,029

l. **Investment Management Fees**

Investment management fees are those direct expenses associated with the management of the Foundation's assets, which include all trustee, custodial and investment management fees. These are netted with realized and unrealized gains on investments on the combined statements of activities.

m. **Notes Receivable**

Loans made by The Community Foundation to nonprofit organizations, which are not treated as grants, are recorded at their principal amount as a note receivable at the time of issuance. Payments of principal are a reduction of the note receivable, and interest payments are recorded as investment income. At certain times, note receivables are converted to grants to meet The Community Foundation's charitable purposes.

n. **Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates that affect the reported amounts and disclosures in the financial statements. Actual results could differ from those estimates.

o. **Reclassifications**

Certain prior year financial statement amounts have been reclassified to conform with the current year presentation.

Note 3 - **Net Asset Management:**

a. **Net Asset Classifications**

The Community Foundation internally accounts for all net assets in accordance with the donor's original intent as provided for in the gift instrument in the following unrestricted net asset classifications:

Designated: Represent funds for which the spending is distributed to one or more charitable beneficiaries in accordance with the donor's designation.

Donor-Advised: Represent funds for which the donor has reserved the right to make nonbinding distribution recommendations to The Community Foundation.

Preference: Represent funds for which the spending is distributed to a specific field of interest or geographic location in accordance with the donor's desire.

Unrestricted: Represent funds which are discretionary.

Net assets as of December 31, 2008 and 2007, consisted of the following:

	2008	2007
Unrestricted net assets:		
Designated	$ 42,704,871	$ 56,652,712
Donor-advised	24,375,501	33,359,600
Preference	61,041,436	87,681,913
Unrestricted	64,863,128	87,465,922
Total unrestricted net assets	192,984,936	265,160,147
Temporarily restricted net assets	1,620,469	2,568,111
Total Net Assets	$ 194,605,405	$ 267,728,258

b. **Agency Fund Spending**

The Community Foundation employs a spending rule policy to maximize the flexibility, efficiency and impact of the agency fund management process. This fund utilization policy does not distinguish between investment yield and appreciation, but rather on the total return of the assets.

In 1997, the Foundation and Corporation, in concert with the Trustees, amended the R&D to enhance the spending rule policy, effective January 1, 1998. The Foundation calculates its spending based on the previous twenty quarters' average market value at a specific spending rate, with a minimum or a "Floor" of 4.25% and a maximum or a "Cap" of 5.75%, which will be applied to the September 30th quarter ending market value. The total value of agency fund spending during any fiscal year shall be equal to the greater of the amounts calculated by applying the spending rate to the previous twenty quarters' average market value or to that amount calculated by using the Floor. However, under no circumstances shall the amount of agency fund spending during any fiscal year be greater than the amount determined by using the Cap.

Based upon the spending rule policy, $12,524,173 and $11,043,397 were provided for during the years ended December 31, 2008 and 2007, respectively.

Note 4 - **Investments:**

Investments at December 31, 2008 and 2007, consisted of the following:

	2008		2007	
	Fair Value	**Cost or Assigned Value**	**Fair Value**	**Cost or Assigned Value**
Short-term investments	$ 35,166,270	$ 34,691,791	$ 10,247,490	$ 10,247,003
Equities	110,595,842	150,464,442	181,755,998	143,630,302
Alternative investments	47,527,206	40,818,475	37,886,806	26,121,266
Fixed income	25,478,935	24,365,242	61,656,366	61,259,855
	$ 218,768,253	$ 250,339,950	$ 291,546,660	$ 241,258,426

Note 5 - **Retirement Plan:**

Eligible employees are covered under a fully funded, noncontributory 403(b) retirement plan that requires that The Community Foundation make contributions thereto based on employees' earnings. Total retirement plan contributions were $203,852 and $217,931 for the years ended December 31, 2008 and 2007, respectively.