

Chronicle Season of Sharing Fund

Financial Statements for the
Years Ended June 30, 2010 and 2009, and
Independent Auditors' Report

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Chronicle Season of Sharing Fund
San Francisco, California

We have audited the accompanying statements of financial position of the Chronicle Season of Sharing Fund as of June 30, 2010 and 2009, and the related statements of activities and changes in net assets and of cash flows for the years then ended. These financial statements are the responsibility of the Chronicle Season of Sharing Fund's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes 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 Chronicle Season of Sharing Fund'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, such financial statements present fairly, in all material respects, the financial position of the Chronicle Season of Sharing Fund at June 30, 2010 and 2009, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Deloitte + Touche LLP

September 30, 2010

CHRONICLE SEASON OF SHARING FUND

STATEMENTS OF FINANCIAL POSITION AS OF JUNE 30, 2010 AND 2009

	2010	2009
ASSETS		
CASH AND CASH EQUIVALENTS	\$ 776,072	\$ 484,403
SHORT-TERM INVESTMENTS	1,150,000	1,200,000
INTEREST RECEIVABLE	654	4,035
PLEDGES RECEIVABLE	<u>852</u>	<u>930</u>
TOTAL	<u>\$ 1,927,578</u>	<u>\$ 1,689,368</u>
 NET ASSETS		
UNRESTRICTED	\$ 1,659,381	\$ 1,309,368
TEMPORARILY RESTRICTED	<u>268,197</u>	<u>380,000</u>
TOTAL NET ASSETS	<u>\$ 1,927,578</u>	<u>\$ 1,689,368</u>

See notes to financial statements.

CHRONICLE SEASON OF SHARING FUND

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS FOR THE YEARS ENDED JUNE 30, 2010 AND 2009

	2010	2009
CHANGES IN UNRESTRICTED NET ASSETS:		
Revenues and support:		
Contributions	\$5,858,101	\$5,376,648
Contributed services	327,702	632,779
Interest income	6,063	13,206
Net assets released from restrictions	<u>411,803</u>	<u>60,000</u>
Total revenues and support	<u>6,603,669</u>	<u>6,082,633</u>
Expenses:		
Program services:		
Family needs and housing assistance programs:		
Alameda	604,400	877,752
Contra Costa	618,800	600,568
Marin	238,000	230,987
Napa	285,600	277,185
San Francisco	604,400	877,752
San Mateo	618,800	600,568
Santa Clara	618,800	600,568
Solano	285,600	277,185
Sonoma	285,600	277,185
County food bank programs:		
Alameda	460,740	156,180
Contra Costa	109,980	106,860
Marin	42,300	41,100
Napa	50,760	49,320
San Francisco	460,740	156,180
San Mateo	109,980	106,860
Santa Clara	109,980	106,860
Solano	50,760	49,320
Sonoma	50,760	49,320
Grants to service providers	<u>16,651</u>	<u>25,720</u>
Total program services	<u>5,622,651</u>	<u>5,467,470</u>
Supporting services:		
Fund-raising — in-kind	259,791	378,899
Management and general — in-kind	67,911	253,880
Management and general	<u>303,303</u>	<u>29,566</u>
Total supporting services	<u>631,005</u>	<u>662,345</u>
Total expenses	<u>6,253,656</u>	<u>6,129,815</u>
INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS	<u>350,013</u>	<u>(47,182)</u>
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS:		
Contributions	300,000	200,000
Net contributions released from restrictions	<u>(411,803)</u>	<u>(60,000)</u>
(Decrease) increase in temporarily restricted net assets	<u>(111,803)</u>	<u>140,000</u>
INCREASE IN NET ASSETS	238,210	92,818
NET ASSETS — Beginning of year	<u>1,689,368</u>	<u>1,596,550</u>
NET ASSETS — End of year	<u>\$1,927,578</u>	<u>\$1,689,368</u>

See notes to financial statements.

CHRONICLE SEASON OF SHARING FUND

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED JUNE 30, 2010 AND 2009

	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase in net assets	\$ 238,210	\$ 92,818
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Change in interest receivable	3,381	(3,993)
Change in pledges receivable	<u>78</u>	<u>241,192</u>
Net cash provided by operating activities	<u>241,669</u>	<u>330,017</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of short-term investments	(1,150,000)	(1,200,000)
Proceeds from maturities of short-term investments	<u>1,200,000</u>	<u></u>
Net cash provided by (used in) investing activities	<u>50,000</u>	<u>(1,200,000)</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	291,669	(869,983)
CASH AND CASH EQUIVALENTS — Beginning of year	<u>484,403</u>	<u>1,354,386</u>
CASH AND CASH EQUIVALENTS — End of year	<u>\$ 776,072</u>	<u>\$ 484,403</u>

See notes to financial statements.

CHRONICLE SEASON OF SHARING FUND

NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2010 AND 2009

1. GENERAL INFORMATION

The Chronicle Season of Sharing Fund (“Season of Sharing”) is a charitable organization established by the San Francisco Chronicle in September 1986 to help people in need throughout the greater Bay Area in an efficient and cost-effective manner. The annual fund-raising efforts are held from Thanksgiving Day through New Year’s Day. Donations for critical family needs and housing assistance are distributed directly to the nine counties on a quarterly basis, and as grants, directly to service providers. Donations for the county food bank programs are distributed directly to the food banks in the nine Bay Area counties semiannually for the purchase of food not donated from other sources.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation — Season of Sharing presents its financial statements on the basis of unrestricted, temporarily restricted, and permanently restricted net assets in accordance with accounting principles generally accepted in the United States of America. Season of Sharing had no permanently restricted net assets at June 30, 2010 or 2009.

Cash and Cash Equivalents — Cash and cash equivalents consist primarily of cash and money market funds. Season of Sharing considers investments with a maturity of three months or less at the time of purchase to be cash equivalents.

Investments — Investments, consisting only of certificates of deposit, are reflected on the statements of financial position at fair value with interest income reflected in the statements of activities and changes in net assets. Interest income is accrued when earned.

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 820, *Fair Value Measurements and Disclosures*, defines fair value, establishes a framework for measuring fair value, and requires enhanced disclosures about fair value measurements. Fair value is the amount 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 (i.e., the exit price).

Investments measured and reported at fair value using inputs, as defined by ASC Topic 820, are classified and disclosed in one of the following categories:

Level 1 — Quoted prices are available in active markets for identical investments as of the reporting date.

Level 2 — Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of other valuation methodologies.

Level 3 — Pricing inputs are unobservable for the investment and include situations where there is little, if any, market activity for the investment. The inputs into the determination of fair value require significant management judgment or estimation.

Investments held at June 30, 2010 and 2009, are classified as level 1.

Pledges Receivable — Pledges receivable are unconditional promises to give that have not yet been received. Season of Sharing's pledges receivable are expected to be collected within one year. Based upon past experience and management's judgment, no allowance for uncollectible pledges receivable has been established.

Unrestricted Net Assets — Unrestricted net assets represent unrestricted resources available to support Season of Sharing's operations and temporarily restricted resources which have become available in accordance with the intentions of the donors.

Temporarily Restricted Net Assets — Temporarily restricted net assets represent contributions whose use by Season of Sharing is limited by donor-imposed stipulations that can be fulfilled and removed by actions of Season of Sharing pursuant to those stipulations or expire with the passage of time. If a restriction is fulfilled in the same fiscal year in which the contribution is received, Season of Sharing classifies the support as temporarily restricted net assets and net assets released from restrictions. Temporarily restricted net assets at June 30, 2010 and 2009, are time and purpose restricted.

Revenue Recognition — Season of Sharing receives contributions from corporations, charitable organizations, community groups, and individuals. Such contributions are recognized as revenue when received or unconditionally promised. Contributions are considered to be available for the support of Season of Sharing's program services, unless specifically restricted by the donor. Contributions which are time or purpose restricted by the donor are reported as temporarily restricted support. When the time restrictions expire or when donor-imposed stipulations are fulfilled, temporarily restricted net assets are reclassified as unrestricted net assets and reported as net assets released from restrictions in the statements of activities and changes in net assets. Cash contributions of \$107,250 and \$30,000 were received from the San Francisco Chronicle in the years ended June 30, 2010 and 2009, respectively.

Contributed Services — Season of Sharing receives contributed services, such as advertising and administrative services. Contributions of services are recognized when received if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. For the years ended June 30, 2010 and 2009, the estimated fair values of contributed services were \$327,702 and \$632,779, respectively, and are included in supporting services expenses in the accompanying statements of activities and changes in net assets. Of these amounts, the estimated value of contributed services provided by the San Francisco Chronicle totaled \$327,702 and \$507,779 for fiscal 2010 and 2009, respectively, and included cash payments made on behalf of Season of Sharing to third parties for services totaling \$34,109 and \$204,865 for fiscal 2010 and 2009, respectively.

Concentration of Credit Risk — Financial instruments, which potentially subject Season of Sharing to credit risk, consist primarily of cash, cash equivalents, and certificates of deposit. Season of Sharing maintains cash, cash equivalents, and certificates of deposit with major financial institutions. At times, such amounts may exceed Federal Deposit Insurance Corporation limits. However, the deposits may be redeemed upon demand and, as such, bear minimal risk.

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 and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

New Accounting Pronouncements — During fiscal 2010, Season of Sharing adopted the new ASC as issued by the FASB. The ASC has become the source of authoritative U.S. GAAP recognized by the FASB to be applied by nongovernmental entities. The ASC is not intended to change or alter existing U.S. GAAP. The adoption of the ASC did not have a material impact on Season of Sharing’s financial statements.

Subsequent Events — Season of Sharing has evaluated subsequent events through September 30, 2010, the date on which the financial statements were issued.

3. INCOME TAXES

Season of Sharing is a not-for-profit organization established under Section 501(c)(3) of the Internal Revenue Code and the California Revenue and Taxation Code Section 23701(d) and, accordingly, is exempt from federal and state taxes on income.

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