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Notes to the Financial Statements  
For the Year Ended December 31, 2009

NOTE B – ENDOWMENT – BENEFICIAL INTEREST IN PERPETUAL TRUST (continued)

Changes in endowment net assets for the year ending December 31, 2010:

Endowment Net Assets	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Beginning of Year	(\$272,340)		\$1,403,272	\$1,130,932
Investment Earnings		\$321,166		\$321,166
Amounts Appropriated for Expenditure	\$321,166	(\$321,166)		\$0
End of Year	<u>\$48,826</u>	<u>\$0</u>	<u>\$1,403,272</u>	<u>\$1,452,098</u>

Occasionally, the fair value of the assets associated with individual donor restricted endowment funds may fall below the level that the donor or SPMIFA requires the Foundation to retain as a fund of perpetual duration. These deficiencies result from unfavorable market fluctuations during the year. In accordance with the generally accepted accounting principles, deficiencies of this nature are reported in unrestricted net assets. No such deficiencies were noted during the year ending December 31, 2009.

Spending Policy and How Objectives Relate to Spending Policy

All donor restricted endowment funds are held in a combination of cash balances, equities and fixed income funds. The Foundation has a policy of appropriating for distribution each year a flexible amount that will ensure grant making will continue without deterioration of endowment principal. The board reviews its spending policy each year in comparison to the relative growth of endowment investments. For the year ending December 31, 2009 the board approved spending \$50,000 to \$100,000 of endowment investment earnings.

NOTE C – TEMPORARILY RESTRICTED NET ASSETS - DONATIONS

For the year ended December 31, 2009, the Foundation’s temporarily restricted net asset activity consisted of the following:

	<u>Beginning</u>	<u>Additions</u>	<u>Releases</u>	<u>Ending</u>
Teen Room Enhancement	\$0	\$105,000	(\$105,000)	\$0