opening on May 20. As far as staffing goes, 95% of the Staff is returning from last year and all of the key positions are being filled with returnees and everyone is very excited about this fact.

Trustee Brockman asked if Staff was still searching for another instructor. Director of Golf Johnson responded no, Neil Gunn will be here shortly and before the golf course opens; Director of Golf Johnson offered to share Mr. Gunn’s resume and/or discuss same further with Trustee Brockman after this meeting or at any other time that was convenient for him.

G.3. General Counsel

District General Counsel Brooke reported that the State Bar is having its annual convention, starting June 11, in Incline Village.

G.4. Other Reports

G.4.a. Annual Report Presentation by Parasol Tahoe Community Foundation Representatives Claudia Anderson and Dean Meiling

Ms. Anderson introduced members of staff that were present and gave the PowerPoint presentation included in the Board packet. No questions were asked by either the Board or the public; Ms. Anderson thanked the Board for allowing her to make this report.

G.4.b. Stadium 2009 Committee – Kevin Hanna and Mike Menath to give report on progress *(removed from the agenda at the request of Staff)*

H. CORRESPONDENCE

Clerk to the Board of Trustees Susan Herron reported that correspondence had been received from Linda Brown and Waste Management and that the Board of Trustees had received copies and that the hard copies of these documents will be included in the next Board packet.
The regular meeting of the Incline Village General Improvement District will be held starting at 12:00 noon on Wednesday, April 29, 2009 in the IVGID Boardroom at 893 Southwood Boulevard, Incline Village, Nevada.

AGENDA

12:00 Noon to 3:00 p.m.

A. BOARD WORKSHOP – FINAL BUDGET WORKSHOP – Introduction by General Manager Horn – pgs 1-54

Part 1 will be led by Director of Finance, Accounting & Information Technology Ramona Cruz and it will review and discuss the net budget change sheets to the March 25, 2009 District Operating Budget, the restated Recreation Fee, and other related budget items – pages 7 - 35

Part 2 will be led by Controller Gerry Eick and it is focused on presenting Staff’s proposals on Debt Issuance Limitations and establishing Fund Balance, Reserves and Stabilization Arrangements – pages 36- 54

3:00

B. PLEDGE OF ALLEGIANCE*

C. ROLL CALL*

D. APPROVAL OF MINUTES

1. Regular Session of April 8, 2009 – pages 55 - 73

E. APPROVAL OF AGENDA

F. APPROVAL OF BILLS – pages 74 - 75

G. REPORTS*

1. Board Updates

2. Staff Updates

   a. General Manager – pages 76 - 86

   b. Venue Managers as appropriate

      I. Diamond Peak Ski Resort General Manager Ed Youmans (to include a report on paid very important person (VIP) parking)

      II. Engineering Manager Brad Johnson – Construction Projects Updates

3. General Counsel

4. Other Reports

   a. Annual Report Presentation by Parasol Tahoe Community Foundation Representatives Claudia Anderson and Dean Meiling – pages 87 - 124

   b. Stadium 2009 Committee - Kevin Hannah and Mike Menath to give report on progress

H. CORRESPONDENCE* – pages 125 - 126

I. PUBLIC COMMENTS* (The public may comment on any subject that is not on the agenda that is pertinent to IVGID or Incline Village/Crystal Bay. Each speaker will be limited to 3 minutes. Public comment relating to an agenda item will be taken during discussion of that item. Comment will be limited to 3 minutes, but speaking time may be reduced at the discretion of the Chair, if there are a large number of speakers on a given subject.)
J. CONSENT CALENDAR

1. Grant the American Cancer Society the use of Preston Field on July 24-25, 2009, for the Annual Relay For Life of North Lake Tahoe event – pages 127 - 128
3. Approve an Additional Services Addendum with Blakely, Johnson, and Ghusn, Inc for design services to install photovoltaic solar panels at Public Works – pages 138 - 140
5. Goals and Objectives, Fiscal Year 2008/2009; Long Range Goal #2 – Finance, Objective 1.b.; Debt Issuance Limitations - Practice 14.2.1 – page 143 - 144
6. Goals and Objectives, Fiscal Year 2008/2009; Long Range Goal #2 – Finance, Objective 1.a.; Appropriate Level of Fund Balances – Policy 7.1.0 (Revised) – page 145

K. GENERAL BUSINESS

1. Request by Northlake Tahoe Community Healthcare Auxiliary for a Hole-In-One Event at the Championship Golf Course from August 8 to August 14, 2009 – pages 149- 150
3. Recreation Roll Policy: Policy 16.1.1 – This document delineates the policy that the Board of Trustees will ask Staff to implement for adding, removing, modifying, etc. parcels on the Recreation Roll effective July 1, 2009 – pages 161 - 278
4. Financial Reports: Review and Discussion by the Board of Trustees – pages 279 - 340

L. PUBLIC COMMENTS*

M. ADJOURNMENT*

CERTIFICATION OF POSTING OF THIS AGENDA

I hereby certify that on or before Friday, April 24, 2009 at 9:00 a.m., a copy of this agenda (IVGID Board of Trustees Session of April 29, 2009) was delivered to the post office addressed to the people who have requested to receive copies of IVGID’s agendas; copies were either faxed or e-mailed to those people who have requested; and a copy was posted at the following six locations within Incline Village/Crystal Bay in accordance with NRS 241.020:

1. IVGID Anne Vorderbruggen Building (Administrative Offices)
2. Incline Village Post Office
3. Crystal Bay Post Office
4. Raley’s Shopping Center
5. Incline Village Branch of Washoe County Library
6. IVGID’s Recreation Center

/s/ Susan A. Herron  
Clerk to the Board of Trustees

Board of Trustees: Ted Fuller, Chairman; John Bohn, Gene Brockman, Bea Epstein and Chuck Weinberger

Note: Agenda item sequence is subject to change at the discretion of the Board.

Unless otherwise indicated by an asterisk (*), all items on the agenda are action items upon which the Board of Trustees may take action. Members of the public who are disabled and require special accommodations or assistance at the meeting are requested to call IVGID at 832-1100 at least 24 hours prior to the meeting.

Copies of the packets containing background information on agenda items are available for public inspection at the Incline Village Library.

IVGID’S agenda packets are now available at IVGID’s web site, www.yourtahoeplace.com. Go to “IVGID Information, Visit IVGID, then News & Event, BOT Agendas and Packets” and click on the agenda for the date of the Board meeting. The agenda is linked to the complete agenda packet.
Our mission…

To be a unique foundation that serves the Lake Tahoe community by promoting non-profit collaboration and philanthropy.
• Total Assets  Fiscal Year 2008 $33 Million
• Carla Hanson Memorial Endowment $7 Million
• Capital Replacement Fund $1.7 Million
• 51 Funds valued at $18 Million
• $19.8 Million Awarded Since 1996
• $1.3 Million Awarded in Fiscal Year 2008
• 70% Awarded to local Non-Profits
• PTCF Grants awarded $98,125 in Fiscal Year 2008
Increased Grant Funding reflects PTCF success in promoting philanthropy
PTCF overhead and fundraising costs remain low
PTCF AmeriCorps Program

Funding for 2007-2008 Grant Year: $317,857

- During 8th Year of Program, 15 members served 25,000 hours
- Hosts annual Volunteer Celebration event
- Leads three community-wide services projects each year

AmeriCorps Grant of $181,295
Host Site Fees of $84,000
PTCF Matching Funds of $52,563
• Fiscal Year 2008 In Kind Grants $649,000 (market value)
Growing DWR Center Meeting Room Usage

Meetings Held

- Fiscal Year 2008 Statistics
  - 17,400 participants
  - 1,739 Meetings Held
The Parasol Model in Action

TAHOE RIM TRAIL
"a trail like no other"

LAKE TAHOE SHAKESPEARE FESTIVAL
The Smallwood Collaboration Resource Center

- Cooperating Collection of the Foundation Center for grant research
- Media Station with Adobe Creative Suite software for creating marketing materials
- Provides trainings, workshops and collaborative connections
Parasol Community Collaboration

Fiscal Year 2008 Program Statistics

Clients/Participants Served

Collaborative Programs

Collaborative Fundraising Events
**PCC Vision.....**
We envision a safe knowledgeable healthy community where diverse individuals and families live in harmony while protecting their unique environment.

**PCC Mission.....**
To empower PCC members and partners to meet community needs through collaboration.

**PCC Goals.....**
- To empower and connect members in promoting collaboration
- Improve member agencies’ entrepreneurial awareness
- To be a nationally recognized community collaboration
Parasol’s Positive Community Impact

- Operating the DWR Center has saved local non-profits over $4 Million in operating costs

- Awarded non-profit organizations $20 Million in grants

- Manage a nationally recognized AmeriCorps program. Over the past eight years the program has provided our community 99 volunteer members serving 153,100 hours; state and federal dollars totaling $1,086,312; PTCF and its partners have contributed $1,710,004 in matching funds.

- Catalyzed, fostered and continue to support the Parasol Community Collaboration whose 59 member organizations strive to effectively and efficiently utilize limited community resources
April 17, 2009

Board of Trustees
Mr. William B. Horn, General Manager
Incline Village General Improvement District
893 Southwood Boulevard
Incline Village, NV 89451

Dear Trustees and Mr. Horn,

Attached please find the Parasol Tahoe Community Foundation (PTCF) annual lease agreement report for fiscal year ending June 30, 2008. The enclosed report includes the following:

- Report narrative
- Parasol Community Collaboration Member Listing
- PTCF Audited Financial Statement
- PTCF 2007-2008 Annual Report (8 copies)

Please feel free to contact me if further information is required. I look forward to meeting with the IVGID Board on April 29, 2009 to formally present the enclosed information.

On behalf of the Board of Directors and staff of the Parasol Tahoe Community Foundation, I want to once again thank you for your ongoing support and partnership as demonstrated by the tremendous investment and contribution of the IVGID land lease.

Respectfully,

Claudia Andersen
President
The mission of the Parasol Tahoe Community Foundation is to be a unique foundation that serves the Lake Tahoe community by promoting non-profit collaboration and philanthropy.

ANNUAL REPORT TO IVGID
Fiscal Year 2007-2008

REPORT DATE: April 29, 2009
Executive Summary
The Parasol model is designed to provide resources that encourage non-profit organizations to work together in collaborative, innovative, efficient programs that result in greater, positive community impact. The Donald W. Reynolds Community Non-Profit Center (DWR Center) is key to this strategy. It provides an economical and collaborative environment for non-profit organizations. At the same time, it provides much needed and hard to secure operational funding for agencies that collaborate. Effectively, the operation of the DWR Center saved non-profit organizations $649,000 in office rent, meeting room and storage space charges in fiscal year 2007-2008. Since opening in 2002, non-profits have realized a savings of over $4 million in costs. These cost savings have allowed funds to redirect funds to community enhancing programs.

As a strategy to promote non-profit collaboration, the Parasol Tahoe Community Foundation (PTCF) catalyzed and fostered the creation of the Parasol Community Collaboration (PCC); a membership organization dedicated to the collaboration process as a method of increasing organizational effectiveness. In 2008 PCC membership, DWR Center usage and community involvement in the collaborative process continued to grow. The ongoing success of the Parasol model is seen in the examples listed below as well as in the evolution and growth of both the Parasol Tahoe Community Foundation and the Parasol Community Collaboration.

DWR Center Resident Agency Usage
During fiscal year 2007-2008, PTCF awarded $194,172 in In-Kind Grants for office space to seven local non-profit organizations. These grants allowed agencies to allocate funding to their programs rather than overhead costs thereby enhancing programs and services to our community and positively impacting each organization's capacity and sustainability. In addition, the DWR Center housed the offices of both the PCC and the PTCF. These nine organizations represent 47 staff, 8 AmeriCorps members and countless volunteers working to provide much needed programs and services to our community. Below is a listing of these agencies and their mission statements.

American Red Cross, Northern Nevada Chapter, a humanitarian organization led by volunteers, guided by its Congressional Charter and the Fundamental Principles of the International Red Cross Movement, will provide relief to victims of disasters and help people prevent, prepare for, and respond to emergencies.
(1 staff & 1 AmeriCorps volunteer)

Children's Cabinet at Incline Village's mission is to build hope for children and families.
(8 staff & 1 AmeriCorps volunteer)

Lake Tahoe Shakespeare Festival is established for the cultural benefit and enjoyment of all residents and visitors to our region. We strive to plan, produce and advocate the finest cultural events at Lake Tahoe while educating future generations on the importance of including theatre, music and art in their everyday lives.
(11 staff)
Project MANA’s mission is to dramatically reduce the incidence of hunger and its detrimental effects upon individuals, families, the community, and the region. In addition to providing hunger relief, we have developed programs designed to alleviate the causes of hunger and promote nutrition through education and awareness. (3 staff & 2 AmeriCorps volunteers)

Sierra Recovery Center’s mission is offering continuing and compassionate recovery to individuals and families affected by addictive behaviors. (1 staff)

Tahoe Rim Trail Association’s mission is to maintain and enhance the Tahoe Rim Trail system and encourage stewardship through volunteer programs, educational outreach and community partnerships. To promote healthy, environmentally responsible outdoor recreation and provide access to the beauty of the Lake Tahoe region, now and for future generations. (5 staff & 2 AmeriCorps volunteers)

Tahoe Women’s Services is dedicated to reducing the incidence and trauma of domestic violence and sexual assault in the North Lake Tahoe/Truckee communities. (9 staff & 1 AmeriCorps volunteer)

Parasol Community Collaboration’s mission is to empower Parasol Community Collaboration members and partners to meet community needs through collaboration. (1 staff & 1 AmeriCorps volunteer)

Parasol Tahoe Community Foundation’s mission is to be a unique foundation that serves the Lake Tahoe community by promoting non-profit collaboration and philanthropy. (8 staff)

An illustration of how the Parasol model has been successful can be seen in the examples of two very different organizations that have participated as resident agencies since the DWR Center opened in August 2002.

This past year, the Lake Tahoe Shakespeare Festival (LTSF) accomplished a major expansion in programming and staffing. Saving on office space rental costs over the prior five years assisted LTSF in bringing all of their production activities in-house. (Previously LTSF had outsourced production to a company in the California foothills.) Now, having total control of production has allowed them to be more creative in programming as well as affording them the possibility of providing programming year round. They have increased their office space, at no additional cost for work space, and their staff has grown to support these expanded programs. They have improved their educational outreach program and more than tripled the amount of children served in the last year. This is an example of how the Parasol model works to cost effectively improve programs and services in our community.

Another success story can be seen at the Tahoe Rim Trail Association (TRTA). Upon moving into the DWR Center in August 2002, their staff consisted of two full time and one part time position. For the previous twenty-one years their agency had been focused on building the 165-mile Tahoe Rim Trail. Having accomplished that major milestone in 2001, they looked toward building and sustaining their organization. Since 2002, the TRTA has developed and offered all new environmental education programs. These programs provide outdoor activities for people of all ages, backgrounds and abilities. This has required them to expand office space – at no cost – and to increase staffing. Since these programs fill to capacity very quickly
each year, by providing educational opportunities on the Tahoe Rim Trail this agency is meeting a strong, previously unmet community need. At the same time the TRTA is looking towards the future. They now have a development director on staff with the goal of increasing their endowment to sustain their organization into the future. Again the Parasol model of supporting agencies through providing overhead funding resulted in increased agency capacity and sustainability.

DWR Center Parasol Community Collaboration Member Usage
The PTCF has always positioned the DWR Center as an important tool in encouraging non-profits to collaborate. Through collaboration, limited community resources are used more effectively and efficiently. In encouraging the establishment of the PCC – currently PCC membership totals 59 organizations - the PTCF helped to create the structure necessary to keep the momentum of collaboration moving forward. Any member organization of the PCC that is actively committed to the process of collaboration can access the resources of the DWR Center at little or no charge. In the fiscal year 2007-2008, these agencies hosted over 1700 meetings/events, involving over 17,400 participants. This represents an In-Kind grant value of more than $435,000. In addition, 17 PCC member agencies utilized much needed storage space with an In-Kind grant value of $19,755.

The DWR Center also houses the Parasol Tahoe Community Foundation AmeriCorps Program. During the grant year ending September 2008, this program provided our community with 15 AmeriCorps members serving over 25,000 volunteer hours. Managed by a full time Parasol staff member, AmeriCorps members recruited and managed 949 community volunteers that provided over 9000 hours of volunteer service. In addition to providing invaluable direct service to AmeriCorps Host Site agencies, our members are an additional tool in bringing individual agencies together in collaborative programs, projects and events.

Through generous grants from the Smallwood Family Trust and the Donald W. Reynolds Foundation, the Smallwood Collaboration Resource Center, located within the DWR Center, has taken shape. This resource center houses the administrative offices of the PCC and provides PCC Members with access to a host of resources including, grants research using Foundation Center databases, a reference library as part of Foundation Center’s Cooperating Collection program (new in 2009), media/marketing computer applications, event posting, and volunteer management information all with a focus on building agency capacity and sustainability. Creating this center represents the next step in solidifying the PCC as a true resource and leader in educating local non-profits in best management and collaborative practices.

The PCC continues to hold its monthly membership meetings within the DWR Center. With an average of 65 participants each meeting, collaboration is growing. The PCC has been committed to reaching out to the community as a whole, including businesses and other non-PCC member organization. This has increased the community’s understanding of local needs – as well as giving and volunteer opportunities – and how non-profit organizations are working to fulfill those needs.

An accomplishment of increasing community participation was the creation of the Incline Village Hispanic Council. This all volunteer group meets monthly with Service Integration Team (SIT) representatives (SIT member organizations include: Project MANA, Tahoe Women’s Services, Children’s Cabinet at Incline Village, Sierra Recovery Center and North Tahoe Family Resource Center) in an effort to provide feedback to agencies on human needs within our community and to involve the Hispanic community in non-profit leadership. This
partnership would not have been possible without the DWR Center providing a focal point for service and participation.

Once again this past year, the DWR Center was the location of various non-profit trainings, workshops and educational seminars. The PTCF, PCC, Truckee Tahoe Community Collaborative and Truckee Tahoe Community Foundation worked together to bring informative events to the Lake Tahoe area. These trainings ranged in scope from designing productive meetings, to grant writing, fundraising and effective non-profit marketing techniques. These, as well as the sample of collaborative events listed below, show how integral to the community the DWR Center has become.

- Ageless Wisdom event – an all day event for seniors covering topics ranging from diet and exercise to tax planning and adult education.
- Holiday Giving Program – provided clothing and toys to 171 families in need, including 365 children
- Halloween Trail of Treats and Terror event – 775 community members participated in a collaborative program held consecutively at the DWR Center, IVGID Recreation Center, Lake Tahoe School and Sierra Nevada College
- PCC Awards Night – recognized individuals, agencies and businesses that have collaboratively contributed to our community; over 150 people participated
- Defensible Space Forum – in the aftermath of the Angora Fire, Parasol brought together fire officials, and Forest Service, Park Service and local public agency personnel to present information on defensible space and answer community member’s questions and concerns. Approximately 175 community members attended.
- Washoe County Schools: community meetings and discussions with county school administrators
- American Red Cross Disaster Preparedness Trainings: volunteers trained during these sessions were utilized in opening and staffing shelters during the Angora Fire
- Youth Engaged in Service (YES Club) activities: middle school volunteer club that provides service to various PCC organizations

### Parasol Community Collaboration Statistics

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<td><strong>Program Statistics</strong></td>
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<tr>
<td>Clients/Participants Served</td>
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<td>143,090</td>
<td>146,209</td>
<td>120,137</td>
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<td>Collaborative Programs</td>
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<td>170</td>
<td>152</td>
<td>117</td>
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<td>Collaborative Fundraising Events</td>
<td>59</td>
<td>25</td>
<td>18</td>
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<td><strong>Volunteer Statistics</strong></td>
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<td>Volunteers</td>
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<td>Volunteer Hours</td>
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<td>124,796</td>
<td>74,352</td>
<td>77,122</td>
<td>80,431</td>
</tr>
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</table>
Parasol Tahoe Community Foundation Programs and Events

PTCF continues to fulfill its mission as a community foundation through convening groups in the interest of providing community leadership and hosting events that focus on charitable giving and philanthropy. Examples of new and continuing programs held within the DWR Center are listed below.

- Estate planning workshops and seminars: in addition to past seminar formats, new topics this year included all-women estate planning and value-based estate planning which focuses on family values.
- Leadership Forum: we hosted and participated on the panel for the non-profit workshop segment of the local chamber’s leadership series. The purpose of the Leadership Forum is to educate future community leaders.
- Watershed Sustainability Indicators Project meetings: the goal of this program is to create basin wide community indicators that measure the community’s ability to meet today’s needs without endangering the ability of future generations to meet their needs.
- Various donor meetings: these meetings involved individuals, families and businesses in discussions on charitable giving.

New developments at Parasol

The PTCF continues to grow and evolve. At their retreat in March 2008, the PTCF Board of Directors adopted a new three year strategic plan for the Foundation. The plan places emphasis on two major areas: growing the community foundation element of its mission and defining a new relationship with the PCC.

To meet the first objective, PTCF has changed and expanded its staffing structure. Over the past year we have added a Development Director and a Donor Services Manager. The intent is to grow managed funds held at the community foundation in an effort to provide more funding to the community, create a sustainable community foundation and engage the community through leadership.

The Parasol Community Collaboration moved from being a program of the PTCF to become an independent charitable organization. This positive step in the group’s evolution allows for continued organic growth of collaboration among member organizations and their partners, as well as affording the PCC the opportunity to become self-sustaining through applying for outside grant funding. The PTCF is committed to the PCC’s success and will continue to provide funding for the PCC in the foreseeable future. PTCF funding for the PCC includes office space, storage space, meeting room use, one AmeriCorps member, annual Foundation Center dues, and a grant totaling $62,500 paid over five quarters. All grants will be reviewed annually. In addition, PTCF allocated over $5000 to assist the PCC in start up costs. As an organization, the PCC is committed to increasing collaboration and reporting on their outcomes to the community at large.

Lastly, the PTCF has updated its business plan for the DWR Center. While there are no material changes to mission or use, the Foundation is now prepared to provide increased leadership through convening community members on issues affecting our area. The Foundation will continue its educational programs as they pertain to philanthropy and charitable giving. In addition, new programs and events that bring in new participants – PCC partners, non-PCC member non-profits as well as appropriate for-profit entities – will be hosted in an effort to engage more people in supporting our community.
Arts, Culture, & Heritage

Lake Tahoe Music Festival
Lake Tahoe Shakespeare Festival
Placer Arts
Red, White & Tahoe Blue
Sierra Nevada Ballet
Sierra Nevada Classical Guitar Society
Tahoe Chamber Music Society
Thunderbird Lodge Preservation Society

Environment

IVGID-Waste NOT
League to Save Lake Tahoe
Nevada Tahoe Conservation District
North Lake Tahoe Demonstration Garden
North Lake Tahoe Fire Protection District
Tahoe Rim Trail Association
UC Davis-TERC
UNR Cooperative Extension

Social Services

American Cancer Society
American Red Cross-Northern NV Chapter
Children's Cabinet at Incline Village
Incline Village Community Hospital Foundation
IVGID-Senior Program
JOIN, Inc.
Knights of Columbus
Lions Club of North Tahoe
Mothers Offering Mothers Support
North Lake Tahoe Health Care Auxiliary
North Tahoe Family Resource Center
Pet Network
Project MANA
Rotary Club of Incline Village
Rotary Club of Tahoe Incline
Saint Joseph Community Land Trust
Saint Patrick's Episcopal Church
Sierra Recovery Center
Tahoe Women's Services
The Leukemia & Lymphoma Society
The Santa Claus Foundation
Washoe County Senior Services
WCSO Incline Marine Auxiliary
Wylie Animal Rescue Foundation

Education & Youth Development

American Association of University Women
American Youth Soccer Organization
Boys and Girls Club of North Lake Tahoe
Diamond Peak Ski Education Foundation
Great Basin Outdoor School
Incline Boosters Club
Incline Schools Academic Excellence Foundation
Incline Star Follies
Incline Village Library
IVGID-Parks & Recreation
Kings Beach Parents' Co-op, Inc.
Lake Tahoe School
Sierra Nevada College
Sierra Nevada Journeys
Space Science for Schools
Tahoe Children's Foundation
Truckee Meadows Community College
United Nations Association - Sierra Nevada Chapter
Washoe County School District-Incline Village Schools

DWR Community Non-Profit Center Residents

For more information, contact the PCC at 775-298-0118
THE PARASOL TAHOE COMMUNITY FOUNDATION, INC.

FINANCIAL STATEMENTS

JUNE 30, 2008
TABLE OF CONTENTS

INDEPENDENT AUDITORS' REPORT

FINANCIAL STATEMENTS
- Statement of Financial Position ........................................ 2
- Statement of Activities .................................................. 3
- Statement of Cash Flows .................................................. 4
- Notes to Financial Statements ............................................ 5-14
INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
The Parasol Tahoe Community
Foundation, Inc.

We have audited the accompanying statement of financial position of The Parasol Tahoe Community Foundation, Inc. (a non-profit organization) as of June 30, 2008, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Organization’s 2007 financial statements and, in our report dated August 2, 2007, we expressed an unqualified opinion on those 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 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 Organization'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 and assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Parasol Tahoe Community Foundation, Inc. as of June 30, 2008, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Reno, Nevada
October 1, 2008
THE PARASOL TAHOE COMMUNITY FOUNDATION, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2008
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2007)

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<td><strong>ASSETS</strong></td>
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<td><strong>CURRENT ASSETS</strong></td>
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<td>Cash and cash equivalents</td>
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<td>Accounts receivable</td>
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<td>Grants receivable</td>
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<td>Prepaid expenses</td>
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<td><strong>Total current assets</strong></td>
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<td><strong>NONCURRENT ASSETS</strong></td>
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<tr>
<td>Property and equipment, net of accumulated depreciation of $1,280,461</td>
<td>5,707,847</td>
<td>5,866,135</td>
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<tr>
<td><strong>OTHER ASSETS</strong></td>
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<td>Investments</td>
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<td>Artwork</td>
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<td><strong>LIABILITIES AND NET ASSETS</strong></td>
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<td><strong>CURRENT LIABILITIES</strong></td>
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<td>Accounts payable</td>
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</tr>
<tr>
<td>Accrued expenses</td>
<td>14,786</td>
<td>23,495</td>
</tr>
<tr>
<td>Deferred revenue</td>
<td>7,200</td>
<td>6,350</td>
</tr>
<tr>
<td>Funds held as agency endowments</td>
<td>390,285</td>
<td>91,895</td>
</tr>
<tr>
<td>Charitable gift annuity</td>
<td>339,264</td>
<td>59,877</td>
</tr>
<tr>
<td><strong>Total current liabilities / total liabilities</strong></td>
<td>762,248</td>
<td>309,758</td>
</tr>
<tr>
<td><strong>NET ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unrestricted</td>
<td>14,309,319</td>
<td>14,183,051</td>
</tr>
<tr>
<td>Temporarily restricted</td>
<td>10,861,149</td>
<td>10,882,419</td>
</tr>
<tr>
<td>Permanently restricted</td>
<td>7,254,446</td>
<td>8,227,039</td>
</tr>
<tr>
<td><strong>Total net assets</strong></td>
<td>32,424,914</td>
<td>33,292,509</td>
</tr>
<tr>
<td><strong>Total liabilities and net assets</strong></td>
<td>$33,187,162</td>
<td>$33,602,267</td>
</tr>
</tbody>
</table>

See accompanying notes
THE PARASOL TAHOE COMMUNITY FOUNDATION, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2008
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2007)

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Unrestricted</td>
<td>Temporarily Restricted</td>
</tr>
<tr>
<td>PUBLIC SUPPORT, REVENUE AND</td>
<td></td>
<td></td>
</tr>
<tr>
<td>RECLASSIFICATIONS</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Donations</td>
<td>$2,610,755</td>
<td>$409,936</td>
</tr>
<tr>
<td>Grants</td>
<td>184,069</td>
<td>-</td>
</tr>
<tr>
<td>Interest and dividend income</td>
<td>434,084</td>
<td>415,932</td>
</tr>
<tr>
<td>Net realized and unrealized</td>
<td>(1,254,974)</td>
<td>(277,376)</td>
</tr>
<tr>
<td>(losses) on investments</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Program service fees</td>
<td>211,316</td>
<td>-</td>
</tr>
<tr>
<td>Miscellaneous income</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Net assets released</td>
<td>553,238</td>
<td>(567,045)</td>
</tr>
<tr>
<td>Total public support, revenue</td>
<td>2,738,488</td>
<td>(18,553)</td>
</tr>
<tr>
<td>and reclassifications</td>
<td></td>
<td></td>
</tr>
<tr>
<td>EXPENSES AND LOSSES</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Program services</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Grants paid (donor-advised)</td>
<td>1,302,064</td>
<td>-</td>
</tr>
<tr>
<td>AmeriCorps program</td>
<td>280,826</td>
<td>-</td>
</tr>
<tr>
<td>Building operations</td>
<td>522,274</td>
<td>-</td>
</tr>
<tr>
<td>Collaboration</td>
<td>81,203</td>
<td>-</td>
</tr>
<tr>
<td>Volunteer center</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Fourth of July fireworks</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total program services</td>
<td>2,186,367</td>
<td>-</td>
</tr>
<tr>
<td>Support services</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Administrative support</td>
<td>338,748</td>
<td>-</td>
</tr>
<tr>
<td>Development and fund raising</td>
<td>103,728</td>
<td>-</td>
</tr>
<tr>
<td>Total support services</td>
<td>442,476</td>
<td>-</td>
</tr>
<tr>
<td>Other losses</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loss on disposal of property</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total expenses and losses</td>
<td>2,628,843</td>
<td>-</td>
</tr>
<tr>
<td>CHANGE IN NET ASSETS</td>
<td>109,645</td>
<td>(18,553)</td>
</tr>
<tr>
<td>NET ASSETS, beginning of year</td>
<td>14,183,051</td>
<td>10,882,419</td>
</tr>
<tr>
<td>as previously reported</td>
<td></td>
<td></td>
</tr>
<tr>
<td>PRIOR PERIOD ADJUSTMENT,</td>
<td>16,623</td>
<td>(2,717)</td>
</tr>
<tr>
<td>to reclassify funds held as</td>
<td></td>
<td></td>
</tr>
<tr>
<td>agency endowments as liabilities as opposed to net assets to the</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Foundation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>NET ASSETS, beginning of year</td>
<td>14,199,674</td>
<td>10,879,702</td>
</tr>
<tr>
<td>as restated</td>
<td></td>
<td></td>
</tr>
<tr>
<td>NET ASSETS, end of year</td>
<td>$14,309,319</td>
<td>$10,861,149</td>
</tr>
</tbody>
</table>

See accompanying notes
THE PARASOL TAHOE COMMUNITY FOUNDATION, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2008
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 20, 2007)

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2007 (Memorandum Only)</th>
</tr>
</thead>
<tbody>
<tr>
<td>CASH FLOWS FROM OPERATING ACTIVITIES</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Change in net assets</td>
<td>$ (572,203)</td>
<td>$ 4,889,103</td>
</tr>
<tr>
<td>Adjustments to reconcile change in net assets to net cash provided by operating activities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation</td>
<td>215,251</td>
<td>178,716</td>
</tr>
<tr>
<td>Realized and unrealized (gain) loss on investments, net</td>
<td>2,336,396</td>
<td>(3,072,025)</td>
</tr>
<tr>
<td>Loss on disposal of property</td>
<td>-</td>
<td>10,131</td>
</tr>
<tr>
<td>Changes in certain components of working capital (Increase) decrease in:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>29,406</td>
<td>43,068</td>
</tr>
<tr>
<td>Grants receivable</td>
<td>(5,544)</td>
<td>(40,977)</td>
</tr>
<tr>
<td>Pledges receivable</td>
<td>-</td>
<td>520,600</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>(2,566)</td>
<td>(1,234)</td>
</tr>
<tr>
<td>Increase (decrease) in:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable</td>
<td>(66,279)</td>
<td>22,206</td>
</tr>
<tr>
<td>Grants payable</td>
<td>(51,349)</td>
<td>51,349</td>
</tr>
<tr>
<td>Accrued expenses</td>
<td>(8,709)</td>
<td>98,843</td>
</tr>
<tr>
<td>Deferred revenue</td>
<td>850</td>
<td>53,727</td>
</tr>
<tr>
<td>Funds held as agency endowments</td>
<td>2,998</td>
<td>-</td>
</tr>
<tr>
<td>Charitable gift annuity</td>
<td>279,587</td>
<td>6,350</td>
</tr>
<tr>
<td>Net cash provided by operating activities</td>
<td>2,157,838</td>
<td>2,759,857</td>
</tr>
</tbody>
</table>

CASH FLOWS FROM INVESTING ACTIVITIES

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proceeds from sale of investments</td>
<td>2,006,430</td>
<td>25,477,000</td>
</tr>
<tr>
<td>Purchase of investments</td>
<td>(3,148,657)</td>
<td>(27,824,135)</td>
</tr>
<tr>
<td>Purchase of furniture and equipment</td>
<td>(56,962)</td>
<td>(109,609)</td>
</tr>
<tr>
<td>Net cash used by investing activities</td>
<td>(1,199,189)</td>
<td>(2,456,744)</td>
</tr>
</tbody>
</table>

NET INCREASE IN CASH AND CASH EQUIVALENTS

958,649  303,113

CASH AND CASH EQUIVALENTS, beginning of year

603,045  299,932

CASH AND CASH EQUIVALENTS, end of year

$ 1,561,694  $ 603,045

NONCASH INVESTING AND FINANCING ACTIVITIES

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prior period adjustment to record funds held as agency endowments as liabilities instead of net assets</td>
<td>$ 295,392</td>
<td>$</td>
</tr>
</tbody>
</table>

See accompanying notes
NOTES TO FINANCIAL STATEMENTS
NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The Parasol Tahoe Community Foundation, Inc. (Foundation) was formed in 1996 as a tax-exempt, non-profit organization to benefit the Lake Tahoe community. The Foundation’s mission is to be a unique foundation that serves the Lake Tahoe community by promoting non-profit collaboration and invigorating local philanthropy.

The vision of Parasol is simple: Free non-profits to focus on service, not survival. The Foundation established three goals to accomplish this vision:

- Provide the space to non-profits to allow agencies to reduce overhead and redirect resources to services
- Encourage independent agencies to work together on innovative and effective programs
- Invigorate community altruism and promote non-profit sustainability

Through the generosity of the Donald W. Reynolds Foundation and the Incline Village community, the Foundation built a 32,000-square-foot, state-of-the-art community non-profit center. The building houses eight non-profits full time and hosts hundreds of meetings and events each year. Accommodations and services are provided to non-profits at little or no cost.

Under the auspices of the Foundation, local non-profits created the Parasol Community Collaboration (PCC). The purpose of the PCC is to help non-profits deliver services more effectively, efficiently, economically, and in a timely response to community needs. The Foundation supports the PCC through staffing, equipment and facilities.

The Foundation also serves its mission to promote local philanthropy by offering and managing endowments and donor-advised funds. Experienced Foundation staff provides donors with assistance in determining the best charitable options to meet their philanthropic goals, as well as knowledge of local non-profits and successful community programs.

By drawing together charitable agencies, donors, volunteers, community leaders and visionaries under one umbrella, the Foundation encourages groundbreaking approaches to community problems and possibilities. By helping non-profits move from survival to sustainability, Parasol strengthens the core of the Lake Tahoe community. By guiding donors to their philanthropic passions and growing their gifts into legacies, Parasol expands the heart of our region.

Basis of Accounting

The Foundation prepares its financial statements using the accrual method of accounting, which recognizes revenue as earned and expenses as incurred, in accordance with accounting principles generally accepted in the United States of America.

Basis of Presentation

The Foundation reports information regarding its financial position and activities according to the three classes of net assets:

Unrestricted net assets – Net assets that are not subject to stipulations.

Temporarily restricted net assets – Net assets subject to stipulations that will be met either by actions of the Foundation and/or the passage of time.
NOTE 1 -  NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(Continued)

Basis of Presentation (Continued)

Permanently restricted net assets – Net assets subject to stipulations that they be maintained permanently by the Foundation.

Donor-advised funds (DAF) are gifts to the Foundation which are held and administered by the Foundation pursuant to written agreements with the donors. These agreements include the consideration of grants advised or requested by the donor. While ultimate responsibility for disposition of these funds rests with the Foundation, every effort is made to seek the ongoing advice of the donor in order to effectuate the donor’s intentions most closely. Donor-advised funds are subject to a variance power which provides the Foundation a way to administer funds that are no longer in a position to continue being used as originally intended. The Foundation plans to follow the intentions of the donor requests, except when the purpose for which the funds were created has become obsolete or incapable of fulfillment. Most of the Foundation’s donor-advised funds are classified as unrestricted because they do not have specific restrictions on purpose or time. Current year contributions of donor-advised funds are reflected in the statement of activities in the accompanying financial statements.

The Foundation’s temporarily restricted net assets are primarily composed of the following as of June 30:

<table>
<thead>
<tr>
<th>Fund Description</th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Donald W. Reynolds Community Non-Profit Center</td>
<td>$ 5,380,904</td>
<td>$ 5,514,352</td>
</tr>
<tr>
<td>Capital replacement fund, established as part of the</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Donald W. Reynolds Foundation construction grant</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Agreement</td>
<td>1,324,300</td>
<td>1,324,300</td>
</tr>
<tr>
<td>Other contributions with specific purpose restrictions</td>
<td>4,155,945</td>
<td>4,043,767</td>
</tr>
<tr>
<td></td>
<td>$10,861,149</td>
<td>$10,882,419</td>
</tr>
</tbody>
</table>

The Donald W. Reynolds Community Non-Profit Center, less accumulated depreciation, and the capital replacement fund are considered temporarily restricted by virtue of a grant agreement for the construction of the building which states that the organization cannot sell, lease, or use it for any purpose other than those approved by the grant. See Note 8. All reimbursements from the building’s collaborators are considered program fees.

Pursuant to the construction grant agreement between the Parasol Tahoe Community Foundation and the Donald W. Reynolds Foundation, Parasol was obliged to commit $1,324,300 to a temporarily restricted fund for the maintenance and upkeep of the non-profit center building and equipment such that it is kept in “first-class” condition. The capital replacement fund, totaling $1,700,467, can not be used to operate the building or for its routine custodial services; however, $376,167 of this amount is in excess of the amount required by the Donald W. Reynolds Foundation but is also reflected as temporarily restricted since these amounts are restricted by donors.

Permanently restricted net assets are subject to restrictions that will be maintained in perpetuity. The Foundation’s permanently restricted funds are comprised of the Carla Hanson Memorial Endowment Fund, which was established by the Foundation in support of the Donald W. Reynolds Community Non-Profit Center.
NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Basis of Presentation (Continued)

The Foundation set a goal to raise $15,000,000 for this endowment. This level of endowment is intended to cover operating expenses of the Non-Profit Center (which are effectively in-kind grants to the community’s non-profits in the form of facilities, shared services and amenities) and Foundation’s operating costs. Income from the endowment that exceeds the needs of the Center and Foundation operating costs may be used to augment cash grants to collaboration agencies.

Cash and Cash Equivalents

For purposes of financial reporting, the Foundation considers all money market investments and highly liquid investments purchased with an initial maturity of three months or less that are utilized for operations to be cash equivalents.

Investments

Investments in debt funds and equity funds with readily determinable market values are recorded at fair market value with gains and losses included in the statement of activities. The fair value of investments in securities traded on national securities exchanges is valued at the closing price on the last business day of the fiscal year. Securities are held in custodial investment accounts administered by certain financial institutions.

Fund investments are made according to the investment objectives and policies adopted by the Foundation's Board. These guidelines provide for investment in equities and fixed income securities with performance measured against the appropriate indices. A spending policy, adopted by the Board, determines the funds available for grant making.

In general, fund investments are exposed to various risks such as interest rate, credit and overall market volatility. Due to the level of risk associated with certain long-term investments, it is reasonably possible that changes in the values of these investments will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position.

Investments revenues are reported net of their related expense. In most cases the information on investment expense is not available and is reported directly to the Foundation net.

Accounts Receivable and Grants Receivable

Accounts receivable consists of fees billed to various agencies for use of the copiers and postage machine. Grants receivable consists of requested expense reimbursements pertaining to the AmeriCorps program. Both accounts are considered fully collectible by management; therefore, no allowance for doubtful accounts is included in the financial statements.

Property and Equipment

Property and equipment are recorded at cost or, if donated, at the approximate fair value at the date of donation. Such gifts of assets are reported as unrestricted unless specific donor stipulations specify how the donated assets must be used. The basis of property and equipment sold or otherwise disposed of and the accumulated depreciation thereon are eliminated and any gain or loss is reported in operations.
NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment (Continued)

Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their useful lives on a straight-line basis. The estimated useful lives for office furniture, computers and program equipment range from three to ten years, and twenty to fifty years for buildings, service equipment and improvements.

Artwork

Artwork is recorded at fair market value at the date of receipt for donated items.

Grants Payable

The Parasol Tahoe Community Foundation records grants payable when the grants are approved under procedures established by the Board. All grants are made in accordance with the terms of the various governing instruments and are subject to approval by the Board. These grants can only be given to public charities, government agencies and schools. In particular, the Parasol Tahoe Community Foundation cannot provide grants to "partially-exempt" organizations such as social clubs and homeowner associations, private foundations or individuals.

Deferred Revenue

Funds received which relate to future events have been recorded as deferred revenue. The revenue will be recognized in the period in which the event takes place. Any expenses related to the event have been recorded as prepaid. As of June 30, 2008 there was $7,200 in deferred revenue and no prepaid expenses related to events.

Funds Held as Agency Endowments

Statement of Financial Accounting Standards No. 136 (SFAS No. 136), Transfers of Assets to a Not-for-Profit Organization or Charitable Trust that Raises or Holds Contributions for Others, establishes standards for transactions in which a community foundation accepts a contribution from a donor and agrees to transfer those assets, the return on investment of those assets or both to another entity that is specified by the donor. SFAS No. 136 specifically requires that, if a not-for-profit organization (NPO) establishes a fund at a community foundation with its own funds and specifies itself as the beneficiary of that fund, that community foundation must account for the transfer of such assets as a liability rather than as a contribution. The Foundation refers to such funds as agency endowments.

Contributions

Contributions, which include unconditional promises to give (pledges), are recognized as revenue in the period received. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value. Pledges are reported net of an allowance for uncollectible amounts and a discount to the present value of the future cash flows. Uncollectible promises are expected to be insignificant. For the year ended June 30, 2008, one donor provided approximately 41% of the contributions.
NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(Continued)

In-Kind Contributions

Contributed professional services are recognized if the services received (a) create or enhance 
non-financial 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.

Services requiring specialized skills are those provided by accountants, architects, carpenters, 
doctors, electricians, lawyers, nurses, plumbers, teachers, and other professionals. The Parasol 
Tahoe Community Foundation, Inc. reports as revenue the fair value of contributed services that 
would have been purchased had they not been donated.

In-kind contributions of equipment and rent are recorded when there is an objective basis upon 
which to value these contributions, and when the contributions are an essential part of the 
Foundation's activities.

Functional Allocation of Expenses

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

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting 
principles requires management to make estimates and assumptions that affect certain reported 
amounts and disclosures. Accordingly, actual results could differ from those estimates.

Income Taxes

The Parasol Tahoe Community Foundation is exempt from federal income taxes under Internal 
Revenue Code 501(c)(3) and has been classified as a non-private foundation. Accordingly, no 
 provision for federal income tax is reflected in the financial statements.

Reclassifications

Certain items on the 2007 financial statements have been reclassified to conform to the 2008 
presentation.

Memorandum Only – Total Columns

Total columns in the financial statements are captioned “memorandum only” to indicate that they 
are presented only to facilitate financial analysis. Data in these columns do not present financial 
position, changes in net assets or cash flows in conformity with generally accepted accounting 
principles. Data in these columns have not been adjusted for the change from the prior period 
adjustment.
NOTE 2 - INVESTMENTS

The market value of investments as of June 30 is as follows:

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Domestic Equity Funds/Common Stock</td>
<td>$ 9,928,226</td>
<td>$ 9,964,634</td>
</tr>
<tr>
<td>International Equity Funds</td>
<td>4,368,637</td>
<td>5,206,905</td>
</tr>
<tr>
<td>Bonds and Treasury Funds</td>
<td>7,028,140</td>
<td>7,009,981</td>
</tr>
<tr>
<td>Alternate Investment Funds</td>
<td>4,527,485</td>
<td>4,865,138</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$ 25,852,488</strong></td>
<td><strong>$ 27,046,658</strong></td>
</tr>
</tbody>
</table>

Investment Return for the year ended June 30 is:

- Interest and dividends: **$ 850,016**  (**$ 625,124**

- Net realized and unrealized gains (losses): **$(2,336,396)**  (**$ 3,072,025**

During the year ended June 30, 2007, the Foundation implemented an investment policy which resulted in a substantial reallocation of funds. To achieve this reallocation, almost all funds were sold and reinvested. This is considered to be an infrequent, if not unique, occurrence affecting the accompanying financial statements.

NOTE 3 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Building</td>
<td>$ 6,229,869</td>
<td>$ 6,229,869</td>
</tr>
<tr>
<td>Equipment</td>
<td>494,383</td>
<td>484,098</td>
</tr>
<tr>
<td>Computers</td>
<td>264,056</td>
<td>236,333</td>
</tr>
<tr>
<td></td>
<td>6,988,308</td>
<td>6,950,300</td>
</tr>
<tr>
<td>Less: accumulated depreciation</td>
<td><em>(1,280,461)</em></td>
<td><em>(1,084,165)</em></td>
</tr>
<tr>
<td></td>
<td><strong>$ 5,707,847</strong></td>
<td><strong>$ 5,866,135</strong></td>
</tr>
</tbody>
</table>

Depreciation expense for the year ended June 30, 2008, totaled $215,251.

NOTE 4 - FUNDS HELD AS AGENCY ENDOWMENTS

All financial activities related to the agency endowment funds are recorded in liability account in accordance with SFAS 136 and, therefore, are not included in the statement of activities for the year ended June 30, 2008. The agency fund transactions are as follows:

- Donations: **$ 51,899**
- Miscellaneous income: **$ 67,388**
- Interest and dividend income: **$ 11,839**
- Net realized and unrealized gains (losses): **$(34,178)**
- Less: Distributions to agencies: **$(89,866)**
- Fees for administration: **$(4,084)**
- Net change: **$ 2,998**
THE PARASOL TAHOE COMMUNITY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2008

NOTE 5 - CHARITABLE GIFT ANNUITY

The Foundation has been the beneficiary since July 25, 2006, of a charitable gift trust under which $61,103 of assets was received for temporarily restricted use. The Foundation also has been the beneficiary since February 25, 2008 of a charitable remainder unitrust under which $296,686 of assets was received for temporarily restricted use. The assets held in the trusts are recorded at fair value on the date of initial recognition. Under terms of the agreement, the Foundation is required to pay a quarterly annuity to individuals specified by the donors. The Foundation is unable to reasonably estimate at what date the annuity payments will cease, therefore, the balance of the trust is recognized as a liability to the beneficiaries. At the time the liability ceases to exist, the remaining assets will be released to unrestricted funds. The balance of the trusts at June 30, 2008 totaled $339,264 and quarterly payments totaled $11,179 for the year then ended.

NOTE 6 - RELEASE AND TRANSFERS OF NET ASSETS

Net assets released from restrictions by satisfying the restricted purposes, are as follows:

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unrestricted:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net restricted interfund contributions</td>
<td>$72,800</td>
<td>$(177,289)</td>
</tr>
<tr>
<td>Resources for administrative support</td>
<td>57,599</td>
<td>55,280</td>
</tr>
<tr>
<td>Resources for grant expenses</td>
<td>434,992</td>
<td>537,052</td>
</tr>
<tr>
<td>Resources for building operations</td>
<td>133,447</td>
<td>87,795</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$553,238</td>
<td>$502,838</td>
</tr>
<tr>
<td>Temporarily restricted:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net restricted interfund contributions</td>
<td>$53,295</td>
<td>$177,289</td>
</tr>
<tr>
<td>Resources for administrative support</td>
<td>(51,901)</td>
<td>(55,140)</td>
</tr>
<tr>
<td>Resources for grant expenses</td>
<td>434,992</td>
<td>(537,052)</td>
</tr>
<tr>
<td>Resources for building operations</td>
<td>(133,447)</td>
<td>(87,795)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$(557,045)</td>
<td>$(502,698)</td>
</tr>
<tr>
<td>Permanently restricted:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net restricted interfund contributions</td>
<td>$19,505</td>
<td>$(140)</td>
</tr>
<tr>
<td>Resources to pay administration fees</td>
<td>$(6,698)</td>
<td>$(140)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$13,807</td>
<td>$(140)</td>
</tr>
</tbody>
</table>

NOTE 7 - CONCENTRATION OF CREDIT RISK

The Foundation's cash equivalents consist primarily of money market and checking accounts in two commercial banks and one brokerage account. These financial instruments may subject the Foundation to concentrations of credit risk as, from time to time, cash balances may exceed amounts insured by the Federal Deposit Insurance Corporation. The market value of equity and fixed income funds is dependent on the valuation of the underlying fund investments which fluctuate with market conditions, and are subject to changes in market values.

The cash maintained in the commercial banks are insured by the Federal Deposit Insurance Corporation (FDIC) up to $100,000. The account maintained in the brokerage firm is not insured. In the event that these institutions were to encounter severe financial difficulties, the Foundation would be at risk for uninsured cash of $1,514,686 as of June 30, 2008. Subsequent to year end, the U.S. Treasury modified the FDIC coverage and allowed for money market balances held at September 19, 2008. If this coverage were in effect as of June 30, 2008, only $33,499 would be at risk.
NOTE 8 - IN-KIND RENT

The Foundation bills the collaborators (tenants) for their share of telephone, copier, postage and depreciation. Since the Foundation does not charge the tenants rent, the Organization must calculate what the rent would be if the building were fully leased out, then prorate this calculation based on actual occupancy to determine the in-kind rent of $649,202. This amount is not reflected in the accompanying financial statements, but is for informational purposes only.

NOTE 9 - DEFINED CONTRIBUTION RETIREMENT PLAN

The Foundation has established the Parasol Tahoe Community Foundation Plan, a money purchase retirement plan, which covers all the employees who meet the plan's eligibility requirements. The Organization contributed $8,050 to the retirement plan for the year ended June 30, 2008. Employees are eligible to receive a benefit of $350 per month which they use toward insurance or contributions to the retirement plan.

NOTE 10 - COMMITMENTS

Lease and Restrictions

The building (Donald W. Reynolds Community Non-Profit Center) for the Foundation (lessee) is located on property that is leased from the Incline Village General Improvement District (IVGID) (lessor). The lease was effective January 12, 2000, for thirty years at one dollar per year, due on the first day of each year. There are three additional twenty-three year options available (extending the lease on the same terms) if the Foundation is not in default on any material obligations, and if notice of Foundation's intent to exercise the option to extend the lease is given in accordance with this lease.

The Donald W. Reynolds Community Non-Profit Center must be operated on a not-for-profit basis. The lessor has the right to terminate the lease if this status changes. The lessee must use the premises for the purpose of conducting a non-profit center and related facilities, activities, seminars, workshops, lectures, and occasional fund-raising events. Any other activity must have the prior approval of the lessor.

The lease requires that the Foundation maintain a capital replacement fund of at least $1,324,300 as required by the Donald W. Reynolds Foundation which provided the funds for the construction of the Donald W. Reynolds Community Non-Profit Center. On January 24, 2002, the agreement was amended to require the Foundation to develop a business plan which, in part, sets up a program endowment through the Carla Hanson Memorial Endowment Fund.

Grant Restrictions

The grant from the Donald W. Reynolds Foundation, which provided the funds for the construction of the non-profit center, contains restrictions similar to those in the lease, and in addition provides that the non-profit center may not be used for certain other purposes, such as child care.

Land Restrictions

IVGID obtained the land via the November 16, 1977, deed from Boise Cascade Home & Land Corporation, a Delaware corporation. The deed contains a restrictive covenant which affects the realty being leased. The deed's covenants, conditions and restrictions restrict IVGID's use of the realty to the following: "...parks and recreational and related purposes and for no other purposes." The restrictions have been amended twice and the relevant amendment, executed July 1, 1999,
NOTE 10 - COMMITMENTS (Continued)

Land Restrictions (Continued)

was signed by Irving Littman, President of Gardena Service Company, a California corporation, which is the successor corporation of Boise Cascade Home & Land Corporation. The amendment reiterates the previous restrictions but allows "...the construction of a building for the use of The Parasol Foundation, Parasol Foundation collaborators, or The Parasol Foundation legal successors."

Other Restrictions

The Boise Cascade land restriction, the IVGID lease, and the grant from the Donald W. Reynolds Foundation, together largely restrict the Foundation's use of the land and building to the non-profit activities described herein. Taken together, these documents also require the Foundation to comply with the requirements of the Internal Revenue Code and the laws of the State of Nevada to maintain its non-profit tax-exempt status. Among other effects, the Foundation is prohibited from providing any form of benefit to any party other than a qualified IRC Section 501(c)(3) charitable organization or similarly qualified entity.

Lease of Equipment

The Foundation leases three copiers and a postage machine for use in the non-profit center. The leases are operating leases and do not include a purchase option. Usage fees can also be charged for certain levels of copy volume. The leases expire at various times over the next five years. Lease expenses for these items totaled $26,825 for the year ended June 30, 2008.

The Foundation updated the three copiers in July 2008. Minimum future rental payments under the non-cancelable operating leases having remaining terms in excess of one year as of June 30, 2008 are as follows:

<table>
<thead>
<tr>
<th>Year Ended</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>$20,873</td>
</tr>
<tr>
<td>2010</td>
<td>20,873</td>
</tr>
<tr>
<td>2011</td>
<td>20,873</td>
</tr>
<tr>
<td>2012</td>
<td>20,873</td>
</tr>
<tr>
<td>2013</td>
<td>20,873</td>
</tr>
</tbody>
</table>

NOTE 11 - RELATED PARTY

For the year ending June 30, 2008, the Board of Directors contributed $2,211,185 to the Foundation. An investment account valued at $2,736,784, in an international equity fund, is held in a financial services account on which a Board member is the account representative. The fee arrangements are modified to eliminate compensation to the Board member. The Foundation has no other material financial relationship with any member of the Board of Directors or employees (except normal compensation). Members of the Board of Directors serve without compensation.

NOTE 12 - PRIOR PERIOD ADJUSTMENT

In accordance with SFAS 136, the Foundation has reclassified funds received directly from agencies that have named themselves as beneficiaries (agency funds). The adjustment reclassifies $295,392 from net assets to a liability account at June 30, 2007.