

**CALIFORNIA COASTAL RURAL
DEVELOPMENT CORPORATION**

**(A CALIFORNIA NON-PROFIT
PUBLIC BENEFIT CORPORATION)**

**ANNUAL FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITORS' REPORTS**

JUNE 30, 2010 AND 2009

CALIFORNIA COASTAL RURAL DEVELOPMENT CORPORATION
(A CALIFORNIA NON-PROFIT PUBLIC BENEFIT CORPORATION)

June 30, 2010 and 2009

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INDEPENDENT AUDITORS' REPORT

Board of Directors
California Coastal Rural Development Corporation
Salinas, California

We have audited the accompanying statements of financial position of California Coastal Rural Development Corporation (Cal Coastal), a California non-profit public benefit corporation, as of June 30, 2010 and 2009, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Cal Coastal'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 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 our audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the 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 opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of California Coastal Rural Development Corporation as of 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 8, 2010, on our consideration of California Coastal Rural Development Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and 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 assessing the results of our audits.

The unaudited supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion.

Rancho Cucamonga, California
November 8, 2010

CALIFORNIA COASTAL RURAL DEVELOPMENT CORPORATION
(A CALIFORNIA NON-PROFIT PUBLIC BENEFIT CORPORATION)

STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2010 AND 2009

	2010	2009
ASSETS		
Cash and cash equivalents - undesignated	\$ 5,277,159	\$ 3,199,774
Cash and cash equivalents - designated	1,719,457	1,692,486
Accounts receivable	131,567	134,055
Interest receivable	317,538	213,081
Investments	323,481	1,319,893
Loans receivable, net	7,047,440	10,034,050
Fixed assets, net	19,471	42,245
Other real estate owned	-	652,543
Other assets	108,440	120,898
TOTAL ASSETS	\$ 14,944,553	\$ 17,409,025
LIABILITIES AND NET ASSETS		
Accounts payable and other accrued expenses	\$ 12,845	\$ 20,194
Resold commercial loans payable	2,877,655	2,936,916
Accrued compensation and benefits	188,755	232,281
Interest payable	298,558	316,873
Other liabilities	247,404	234,691
Trust funded loans	1,600,653	2,233,569
Farm Service Agency/U.S. Department of Agriculture payables	388,204	388,204
Bank lines of credit	-	834,577
Notes payable	6,599,973	7,415,293
TOTAL LIABILITIES	12,214,047	14,612,598
NET ASSETS		
Unrestricted Net Assets		
Undesignated	2,911,971	2,971,820
Designated	(181,465)	(175,393)
TOTAL UNRESTRICTED NET ASSETS	2,730,506	2,796,427
TOTAL LIABILITIES AND NET ASSETS	\$ 14,944,553	\$ 17,409,025

See the accompanying notes to financial statements.

CALIFORNIA COASTAL RURAL DEVELOPMENT CORPORATION
(A CALIFORNIA NON-PROFIT PUBLIC BENEFIT CORPORATION)

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

	2010	2009
REVENUES		
Contract support State OSB	\$ 242,302	\$ 539,450
Technical assistance contract income	331,504	305,340
CDFI grant income	-	1,000,000
Loan origination and guarantee fees	438,842	764,639
Loan late fees	31,965	38,782
Loan interest income	2,321,349	2,544,497
Investment income	4,121	3,947
Interest on deposit accounts	32,002	67,804
CDC income	89,114	98,894
Other income	24,571	33,989
TOTAL REVENUES	3,515,770	5,397,342
EXPENSES		
Salaries and wages	1,290,805	1,471,403
Payroll taxes and employee benefits	287,721	374,203
Interest expense	1,121,850	1,240,208
Provision for loan losses	126,996	584,496
California Capital Access Program contribution	8,920	14,240
Advertising and promotion	2,552	12,524
Meetings, education, and travel	52,005	86,097
Communication	58,698	81,555
Occupancy	178,494	208,845
Professional services	137,624	112,139
Office	40,230	50,626
Equipment repair and maintenance	28,216	20,577
Depreciation	22,775	33,928
Miscellaneous expenses	83,840	46,129
Loan expenses	140,965	278,302
TOTAL EXPENSES	3,581,691	4,615,272
 Change in Net Assets	 (65,921)	 782,070
 NET ASSETS, Beginning of Year	 2,796,427	 2,014,357
NET ASSETS, End of Year	\$ 2,730,506	\$ 2,796,427

See the accompanying notes to financial statements.

CALIFORNIA COASTAL RURAL DEVELOPMENT CORPORATION
(A CALIFORNIA NON-PROFIT PUBLIC BENEFIT CORPORATION)

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

	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (65,921)	\$ 782,070
Adjustments to Reconcile Change in Net Assets to Net Cash Flows from Operating Activities		
Depreciation	22,775	33,928
Provision for loan losses	126,996	584,496
(Increase) Decrease in Assets		
Accounts receivable	2,488	249,770
Interest receivable	(104,457)	83,301
Other assets	12,458	(38,774)
Increase (Decrease) in Liabilities		
Accounts payable and other accrued expenses	(7,350)	(39,108)
Resold commercial loans payable	(59,261)	(530,602)
Accrued compensation and benefits	(43,526)	(193,736)
Interest payable	(18,315)	44,951
Deferred revenue	-	116,712
Other liabilities	12,713	(4,239)
Net Cash Flows from Operating Activities	(121,400)	1,088,769
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	-	(2,730)
Net (increase) decrease in loans receivable	2,859,614	(2,548,124)
Proceeds from sale of OREO	652,543	-
Net sales (purchase) of investments	996,412	(995,042)
Net Cash Flows from Investing Activities	4,508,569	(3,545,896)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net decrease in trust funded loans payable	(632,916)	(135,508)
Net increase (decrease) in lines of credit	(834,577)	149,545
Net increase (decrease) in notes payable	(815,320)	580,622
Net Cash Flows from Financing Activities	(2,282,813)	594,659
NET CHANGE IN CASH AND CASH EQUIVALENTS	2,104,356	(1,862,468)
CASH AND CASH EQUIVALENTS, Beginning of Year	4,892,260	6,754,728
CASH AND CASH EQUIVALENTS, End of Year	\$ 6,996,616	\$ 4,892,260
SUPPLEMENTAL DISCLOSURES		
Interest paid	\$ 1,140,165	\$ 1,195,257
NON CASH TRANSACTIONS		
Other real estate acquired in the settlement of loans	\$ 796,999	\$ 652,543

See the accompanying notes to financial statements.

CALIFORNIA COASTAL RURAL DEVELOPMENT CORPORATION
(A CALIFORNIA NON-PROFIT PUBLIC BENEFIT CORPORATION)

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010 and 2009

NOTE 1 - NATURE OF ORGANIZATION

California Coastal Rural Development Corporation (Cal Coastal or the Corporation) is a non-profit public benefit corporation serving the financial needs of small businesses and farmers. The Corporation was chartered in 1982 by the California Technology, Trade, and Commerce Agency (the program is now with the California Business, Transportation, and Housing Agency (the BTHA)) to provide direct loans and loan guarantees to rural businesses located on the Central California Coast. Cal Coastal provides additional loan services to farmers and public jurisdictions in rural areas from offices in Salinas, Santa Barbara, Ventura, Monterey, and Santa Maria. Cal Coastal is not a Voluntary Health and Welfare Organization (VHWO).

Cal Coastal has agreements with Monterey County and the Cities of Hollister and Guadalupe to provide the above-mentioned services on a pass-through basis for these jurisdictions. As Cal Coastal does not own the loans, they are not recorded on Cal Coastal's financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accounting and reporting policies of Cal Coastal conform to accounting principles generally accepted in the United States of America (US GAAP). The financial statements are prepared on the accrual basis of accounting.

A summary of the significant accounting and reporting policies used in the preparation of the accompanying financial statements follows.

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 that 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 revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates that are particularly susceptible to significant change relate to the determination of the allowance for losses on loans. While management uses available information to recognize losses on loans, future additions to the allowance may be necessary based on changes in local economic conditions.

Fund Accounting

In order to ensure observance of limitations and restrictions placed on the use of the resources available, the Corporation's accounts are maintained in accordance with the principles of "fund accounting". This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into funds that are in accordance with activities or specified objectives. Separate accounts are maintained for each fund. Accordingly, all financial transactions have been recorded and reported by fund group and are disclosed in detail in the supplemental schedules.

CALIFORNIA COASTAL RURAL DEVELOPMENT CORPORATION
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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010 and 2009

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

The **Corporate Fund** accounts for the revenues and expenses of Cal Coastal, which are not otherwise accounted for in other funds. The functions financed through this fund are primarily contracts with the BTHA; loan originations and servicing with the U.S. Small Business Administration's 504 loan program; contracts to provide loan origination and servicing with local agency jurisdictions; and other programmatic functions financed with Corporation-generated funds.

The **Direct Loan Program Fund** accounts for the resources generated and used by Cal Coastal's direct farm lending operations (i.e. loans made with Cal Coastal controlled funds). The Farm Services Agency (the FSA), a Department of the United States Department of Agriculture (USDA), guarantees a portion of this loan portfolio (90 percent).

Combined, these two funds represent the undesignated assets, liabilities, and net earnings of the Corporation. Operating results of the Direct Loan Program are used to support the Corporate Expenses, and these operating transfers are shown on the Combining Statement of Activities. The remaining individual funds, described below, represent designated funds for specific loan programs.

The **Intermediary Relending Program (IRP-1, IRP-2, and IRP-3) Funds** account for the receipt and subsequent disbursement of loan proceeds from the Rural Economic and Community Development Service (the RECDS). These funds are provided to the Corporation for the purpose of relending to small businesses engaged in non-agricultural industries and may be used as operating capital or for the purchase of equipment.

The **Small Business Administration (SBA) Fund** accounts for the resources generated and used by microloans funded through funds advanced from the SBA. These funds are provided to the Corporation for the purpose of relending to small businesses and may be used as operating capital, purchases of equipment, inventory, leasehold improvements, and real estate acquisitions.

The **North American Development Bank Program (NADBank) Fund** accounts for the advance and subsequent disbursement of loans made through the NADBank Program. The proceeds of such advances are used to fund portions of certain loans meeting the eligibility requirements of the United States Community Adjustment and Investment Program. The Rural Business-Cooperative Services (RBS), a Department of the United States Department of Agriculture, guarantees 90 percent of these loans.

The **California Economic Development Lending Initiative (CEDLI) Fund** accounts for the advance and subsequent disbursement of loans made through the California Economic Development Lending Initiative. These funds are provided to the Corporation for the purpose of relending to small businesses and may be used as operating capital, purchases of equipment, inventory, leasehold improvements, and real estate acquisitions.

In November 2009, CEDLI performed an audit of its Cal Coastal Loans to Lenders portfolio. As a result of the audit, Cal Coastal was notified in January 2010 that the remaining Cal Coastal CEDLI loans should be assigned back to CEDLI. In addition, Cal Coastal will remit \$165,000 to CEDLI, the full contractual amount of the limited recourse, in exchange for CEDLI acknowledging that Cal Coastal has no further liability for the related loans.

CALIFORNIA COASTAL RURAL DEVELOPMENT CORPORATION
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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010 and 2009

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Accounts Receivable

Accounts receivable consist primarily of amounts owed from grants and contracts. Grant and contract receivables are subject to review by the issuing agencies and, consequently, certain costs could be disallowed. Management is of the opinion that any adjustments made due to these reviews would be immaterial. Due to the nature of these receivables, such adjustments relating to prior year are taken against income in the year in which the amounts are determined to be uncollectible.

Loans Receivable

Loans receivable are stated at the unpaid principal balance, less the allowance for loan losses and deferred loan fees net of deferred loans costs. Loan origination fees, offset by certain direct loan origination costs, are deferred and recognized over the contractual life of the loan as a yield adjustment. During the years ended June 30, 2010 and 2009, there were no deferred loan fees.

Non-Accrual Loans - Loans on which the accrual of interest has been discontinued are designated as non-accrual loans. The accrual of interest on loans is discontinued when principal or interest is past due 90 days or when, in the opinion of management, there is reasonable doubt as to collectibility. When loans are placed on non-accrual status, all interest previously accrued but not collected is reversed against current period interest income. Income on non-accrual loans is subsequently recognized only to the extent that cash is received and the loan's principal balance is deemed collectible.

Cal Coastal has adopted accounting guidance that generally requires those loans identified as "impaired" to be measured at the present value of expected future cash flows discounted at the loans' effective interest rate, except that as a practical expedient, a creditor may measure impairment based on a loan's observable market price, or the fair value of the collateral if the loan is collateral dependent. A loan is impaired when it is probable the creditor will not be able to collect all contractual principal and interest payments due in accordance with the terms of the loan agreement.

Cal Coastal considers a loan to be impaired when it is probable that the Corporation will be unable to collect all amounts due (principal and interest) according to the contractual terms of the loan agreement. Measurement of impairment is based on the expected future cash flows of an impaired loan, which are to be discounted at the loan's effective interest rate, or measured by reference to an observable market value, if one exists, or the fair value of the collateral for a collateral-dependent loan. The Corporation selects the measurement method on a loan-by-loan basis except that collateral-dependent loans for which foreclosure is probable are measured at the fair value of the collateral. The Corporation recognizes interest income on impaired loans based on its existing methods of recognizing interest income on non-accrual and troubled debt restructured loans.

Allowance for Loan Losses

The allowance for loan losses is established through provisions for loan losses charged against income. Loans deemed to be uncollectible are charged against the allowance for loan losses, and subsequent recoveries, if any, are credited to the allowance.

CALIFORNIA COASTAL RURAL DEVELOPMENT CORPORATION
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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010 and 2009

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

The allowance for loan losses is maintained at a level believed adequate by management to absorb estimated probable loan losses. Management's periodic evaluation of the adequacy of the allowance is based on Cal Coastal's past loan loss experience, known and inherent risks in the portfolio, adverse situations that may affect the borrower's ability to repay (including the timing of future payments), the estimated value of any underlying collateral, composition of the loan portfolio, current economic conditions, and other relevant factors. This evaluation is inherently subjective, as it requires estimates, including the amounts and timing of future cash flows expected to be received on impaired loans that may be susceptible to significant change.

Fixed Assets

Fixed assets are stated at cost, less accumulated depreciation and amortization. Depreciation on furniture, fixtures, and equipment is computed using the straight-line method over the estimated useful lives of the related assets, which range from three to five years. Leasehold improvements are amortized over the term of the lease or the estimated useful lives of the improvements, whichever is shorter, and computed on the straight-line method.

Other Real Estate Owned

Other real estate owned includes real estate and other property acquired in full or partial settlement of loan obligations. When property is acquired, any excess of the recorded investment in the loan balance and accrued interest income over the appraised fair market value of the property, net of estimated selling costs, is charged against the allowance for loan and lease losses. A valuation allowance for losses on foreclosed assets is maintained to provide for temporary declines in value. The allowance is established through a provision for losses on foreclosed assets which is included in other non-interest expense. Subsequent gains or losses on sales or writedowns resulting from permanent impairments are recorded in other income or expense as incurred.

Compensated Absences

Cal Coastal employees are credited twelve to thirty days of vacation and twelve days sick leave annually depending on seniority, to a maximum of thirty days vacation. The unused portion of vacation is payable to the employee at termination of employment. As of June 30, 2010 and 2009, the accrued vacation balance was \$111,614 and \$151,533, respectively, and is recorded as accrued compensation and benefits. Sick leave is not vested and, therefore, is not paid nor is it accrued.

Revenues

Cal Coastal's principle sources of revenue are interest income, loan origination and guarantee fees, and a contract between the Corporation and the BTHA. The contract provides for the Corporation to be reimbursed for authorized expenditures from interest earned by the California Small Business Financial Development Corporation Loan Guarantee Fund (the Trust Fund) and also from State General Fund. Cal Coastal further earns service fees for making loan guarantees. Contract revenue is recorded when a contract is awarded or when earned under the terms and conditions of the contract.

In August 2008, Cal Coastal was awarded a grant from Community Development Financial Institutions Fund (CDFI) for \$1 million. As of June 30, 2009, the funds were invested in the Small Business Guarantee Program Trust Fund (see Note 8 for further discussion of the Trust Fund) and were recorded in investments. The funds were removed and returned to Cal Coastal on August 28, 2009, for the intended use.

CALIFORNIA COASTAL RURAL DEVELOPMENT CORPORATION
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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010 and 2009

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Allocation of Expenditures

Cal Coastal charges all direct expenditures to the appropriate lending program. Indirect expenditures eligible to be charged to cost reimbursement programs are allocated to all funds, subject to contractual limits. Indirect costs which are not eligible to be charged to cost reimbursement programs are allocated prorata among the remaining funds.

Income Taxes

Cal Coastal is exempt from Federal income and California franchise taxes under Section 501(c)(3) of the Internal Revenue Code and corresponding California provisions. Accordingly, no provision for income taxes has been recorded in the financial statements. The Corporation annually files Forms 990, 199, and RRF-1 with the appropriate agencies. The Corporation has also been classified as an entity that is not a private foundation within the meaning of Section 509(a).

Concentrations of Credit and Market Risk

Financial instruments that potentially expose the Corporation to concentrations of credit and market risk consists primarily of cash equivalents and investments. Cash equivalents are maintained at well-capitalized financial institutions and credit exposure is limited to any one institution. At June 30, 2010 and 2009, the total amount of cash and cash equivalents in excess of the Federal Deposit Insurance Corporation (FDIC) insured limits at all financial institutions totaled approximately \$6,417,625 and \$4,394,046, respectively. The Corporation has not experienced any losses on its cash equivalents. The funds held at financial institutions are closely monitored.

Fair Value of Financial Instruments

Cal Coastal determines the fair market values of certain financial instruments based on the fair value hierarchy established in Statement of Financial Accounting Standards, *Fair Value Measurements*, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value.

The following provides a summary of the hierarchical levels used to measure fair value:

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2: Significant other observable inputs (other than Level 1 prices) such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3: Significant unobservable inputs that reflect an entity's own assumptions about the factors that market participants would use in pricing an asset or liability.

All of Cal Coastal's investments as disclosed in Note 4 are considered to be Level 1 investments.

CALIFORNIA COASTAL RURAL DEVELOPMENT CORPORATION
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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010 and 2009

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Cash and Cash Equivalents

For purposes of presentation in the Statement of Cash Flows, the Corporation considers all highly liquid financial instruments, with initial maturities of three months or less, to be cash equivalents. Investments include CDs maturing January 2010 and January 2009. These deposits are made to satisfy regulatory requirements to maintain a certain percentage of loan balances.

Reclassifications

Certain prior year financial statement balances may have been reclassified to conform to the current year presentation.

Changes in Accounting Principles

Subsequent Events

In May 2009, the Financial Accounting Standards Board (FASB) issued guidance which requires the effects of events that occur subsequent to the balance sheet date be evaluated through the date the financial statements are either issued or available to be issued. Entities are to disclose the date through which subsequent events have been evaluated and whether that date is the date the financial statements were issued or the date the financial statements were available to be issued. Entities are required to reflect in their financial statements the effects of subsequent events that provide additional evidence about conditions at the balance sheet date (recognized subsequent events). Entities are also prohibited from reflecting in their financial statements the effects of subsequent events that provide evidence about condition that arose after the balance sheet date (nonrecognized subsequent events), but requires information about those events to be disclosed if the financial statements would otherwise be misleading. This guidance was effective for annual financial periods ended after June 15, 2009, with prospective application. The Corporation adopted the guidance for the year ended June 30, 2010, by including the required disclosures in Note 12 to the financial statements.

Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles

In June 2009, accounting standards were revised to establish the Accounting Standards Codification (the Codification) as the source of authoritative accounting principles recognized by the FASB to be applied by nongovernmental entities in the preparation of financial statements in conformity with Generally Accepted Accounting Principles (GAAP). The Codification does not change current GAAP, but is intended to simplify user access to all authoritative GAAP by providing all the authoritative literature related to a particular topic in one place. The Codification is effective for annual periods ended after September 15, 2009, and as of the effective date, all existing accounting standard documents were superseded. Adoption of the Codification in 2009-2010 did not have a material impact on the Corporation's financial statements.

CALIFORNIA COASTAL RURAL DEVELOPMENT CORPORATION
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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010 and 2009

NOTE 3 - CASH IN BANKS

	June 30, 2010	
	Balance in Bank	Carrying Value
Cash - undesignated	\$ 5,487,444	\$ 5,277,159
Cash - designated	1,721,703	1,719,457
Total Cash and Cash Equivalents	\$ 7,209,147	\$ 6,996,616

	June 30, 2009	
	Balance in Bank	Carrying Value
Cash - undesignated	\$ 3,445,448	\$ 3,199,774
Cash - designated	1,692,487	1,692,486
Total Cash and Cash Equivalents	\$ 5,137,935	\$ 4,892,260

NOTE 4 - INVESTMENTS

Investments are carried at fair market value as follows:

	June 30, 2010		
	Adjusted Cost	Fair Value	Unrealized Appreciation (Depreciation)
Certificates of Deposit	\$ 321,656	\$ 321,656	\$ -
FmAc Equity Securities	1,825	1,825	-
	\$ 323,481	\$ 323,481	\$ -

Investment return is summarized as follows:

Interest income on certificates of deposit	\$ 4,121
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Investments are restricted to fund activities for loan loss reserves as follows: NADBank, \$160,466 and CEDLI, \$161,190.

CALIFORNIA COASTAL RURAL DEVELOPMENT CORPORATION
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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010 and 2009

NOTE 4 - INVESTMENTS, continued

Investments are carried at fair market value as follows:

	June 30, 2009		
	Adjusted Cost	Fair Value	Unrealized Appreciation (Depreciation)
Certificates of Deposit	\$ 318,139	\$ 318,139	\$ -
FmAc Equity Securities	8,909	1,825	(7,084)
Small Business Guarantee Program Trust Fund	999,929	999,929	-
	\$ 1,326,977	\$ 1,319,893	\$ (7,084)

Investment return is summarized as follows:

Interest income on certificates of deposit	\$ 3,947
Net unrealized loss	(7,084)
	\$ (3,137)

Investments are restricted to fund activities for loan loss reserves as follows: NADBank, \$158,506 and CEDLI, \$159,633.

NOTE 5 - LOANS RECEIVABLE

Loans receivable at June 30, 2010 and 2009, consist of the following:

	June 30, 2010					Total
	Direct Loan Program	IRP-1, IRP-2, and IRP-3 Relending Programs	SBA-1 and SBA-2 Loan Programs	NADBank Loan Program	CEDLI Loan Program	
Commercial loans, gross	\$ 27,724,406	\$ 2,057,354	\$ 1,193,190	\$ 3,126,932	\$ 1,400,045	\$ 35,501,927
Resold commercial loans	(24,612,840)	-	-	(2,489,519)	-	(27,102,359)
Commercial loans, net	3,111,566	2,057,354	1,193,190	637,413	1,400,045	8,399,568
Allowance for loan losses	(538,394)	(225,459)	(386,275)	(37,000)	(165,000)	(1,352,128)
	\$ 2,573,172	\$ 1,831,895	\$ 806,915	\$ 600,413	\$ 1,235,045	\$ 7,047,440

CALIFORNIA COASTAL RURAL DEVELOPMENT CORPORATION
(A CALIFORNIA NON-PROFIT PUBLIC BENEFIT CORPORATION)

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010 and 2009

NOTE 5 - LOANS RECEIVABLE, continued

	June 30, 2009					
	Direct Loan Program	IRP-1, IRP-2, and IRP-3 Relending Programs	SBA-1 and SBA-2 Loan Programs	NADBank Loan Program	CEDLI Loan Program	Total
Commercial loans, gross	\$ 32,310,011	\$ 2,422,993	\$ 1,220,862	\$ 3,159,705	\$ 1,654,942	\$ 40,768,513
Resold commercial loans	<u>(26,669,607)</u>	-	-	<u>(2,518,360)</u>	-	<u>(29,187,967)</u>
Commercial loans, net	5,640,404	2,422,993	1,220,862	641,345	1,654,942	11,580,546
Allowance for loan losses	<u>(393,790)</u>	<u>(389,281)</u>	<u>(208,593)</u>	<u>(27,004)</u>	<u>(527,828)</u>	<u>(1,546,496)</u>
	<u>\$ 5,246,614</u>	<u>\$ 2,033,712</u>	<u>\$ 1,012,269</u>	<u>\$ 614,341</u>	<u>\$ 1,127,114</u>	<u>\$ 10,034,050</u>

The Corporation's loan portfolio is collateralized predominantly by farm equipment, real estate, and crops throughout the Central Coast area of California. As a result, these portfolios consist of similar collateral types in the same region. Although the Corporation has a diversified portfolio, a substantial portion of its debtors' ability to honor their contracts is dependent upon the economy of this region of California.

The Corporation assesses loans individually and classifies a loan as supervised (impaired) when it has been restructured, the accrual of interest has been discontinued, or management has serious doubts about the future collectibility of principal and interest, even though the loan may be currently performing. Collection procedures may be pursued either through foreclosure, demand on the FSA or RBS guarantee, or both.

At June 30, 2010, the Corporation had supervised loans, in gross, in the Direct Loan Program, the IRP-1, IRP-2, and IRP-3 Relending Programs, NADBank, SBA, and CEDLI of \$4,952,606, \$135,287, \$365,063, \$390,130, and \$496,213, respectively. At June 30, 2009, the Corporation had supervised loans, in gross, in the Direct Loan Program, the IRP-1 and IRP-2 Relending Programs, NADBank, and CEDLI of \$4,218,101, \$323,188, \$365,063, \$184,593, and \$509,587, respectively.

At June 30, 2010 and 2009, the total recorded investment in impaired loans, all of which has allowances determined in accordance with SFAS No. 114 and No. 118, amounted to \$6,339,299 and \$5,600,532, respectively. For the years ended June 30, 2010 and 2009, the average recorded investment related to impaired loans totaled approximately \$3,465,000 and \$3,255,615, respectively. The allowance for loan losses totaled approximately \$1,352,000 and \$1,546,000, respectively. The Corporation has no commitments to lend additional funds to borrowers whose loans have been modified. For the years ended June 30, 2010 and 2009, interest income from loans on non-accrual status would have been \$263,000 and \$248,502, respectively, had those loans been performing in accordance with their original terms and been outstanding throughout the period.

The total recorded investment in loans past due 90 days or more, and still accruing interest at June 30, 2010 and 2009, amounted to approximately \$1,355,000 and \$1,295,000, respectively.

Resold commercial loan payables at June 30, 2010 and 2009, were \$2,877,656 and \$2,936,916, respectively, and represent principal payments which were collected prior to June 30 and remitted subsequent to year end.

CALIFORNIA COASTAL RURAL DEVELOPMENT CORPORATION
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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010 and 2009

NOTE 5 - LOANS RECEIVABLE, continued

The following schedule summarizes the activity in the allowance for loan losses:

	Direct Loan Program	IRP-1 and IRP-2 Relending Programs	SBA-1 and SBA-2 Loan Programs	NADBank Loan Program	CEDLI Loan Program	Total
Balance, June 30, 2008	\$ 316,551	\$ 399,281	\$ 92,918	\$ 30,008	\$ 217,620	\$ 1,056,378
Loan loss provision	60,000	24,000	155,500	9,996	335,000	584,496
Charge-offs	(54,636)	-	(39,825)	-	(50,792)	(145,253)
Recoveries	50,875	-	-	-	-	50,875
Reclassifications	21,000	(34,000)	-	(13,000)	26,000	-
Balance, June 30, 2009	393,790	389,281	208,593	27,004	527,828	1,546,496
Loan loss provision	60,000	24,000	18,000	9,996	15,000	126,996
Charge-offs	(722,053)	(187,822)	-	-	(58,146)	(968,021)
Recoveries	646,657	-	-	-	-	646,657
Reclassifications	160,000	-	159,682	-	(319,682)	-
Balance, June 30, 2010	<u>\$ 538,394</u>	<u>\$ 225,459</u>	<u>\$ 386,275</u>	<u>\$ 37,000</u>	<u>\$ 165,000</u>	<u>\$ 1,352,128</u>

At June 30, 2010, Cal Coastal maintained restricted cash and investment accounts at financial institutions in the amount of \$247,877 for the SBA Loan Program, \$160,466 for NADBank, and \$161,190 for CEDLI. Such reserves are in addition to the above reserves for loan loss.

In addition, Cal Coastal has enrolled certain of its SBA loans into the California Capital Access Program (Cal Cap), administered by the California Pollution Control Financing Authority. Under this program, Cal Coastal contributes four percent of an enrolled loan's initial principal balance to a Trust Fund held by the Deutsche Bank. For the first \$500,000 of enrolled loans, Cal Cap matched Cal Coastal's contribution 150 percent; contributions for enrolled loans in excess of the first \$500,000 are matched 100 percent. Losses on enrolled loans are paid by the Trust, with Cal Cap's approval. Cal Coastal recorded contribution expenses of \$10,320 in the fiscal year ended June 30, 2010. At June 30, 2010, the principal balance of enrolled loans aggregated \$848,733 and reserves of \$46,278 were held by the Trust. Cal Coastal recorded contribution expenses of \$14,240 in the fiscal year ended June 30, 2009. At June 30, 2009, the principal balance of enrolled loans aggregated \$1,659,433 and reserves of \$32,203 were held by the Trust.

NOTE 6 - FIXED ASSETS

Fixed assets and related depreciation consists of the following:

	2010	2009
Furniture, fixtures, and equipment	\$ 673,278	\$ 673,278
Leasehold improvements	67,353	67,353
	<u>740,631</u>	<u>740,631</u>
Less: accumulated depreciation	(721,160)	(698,386)
	<u>\$ 19,471</u>	<u>\$ 42,245</u>

Depreciation expenses of \$22,775 and \$33,928 were recorded in the fiscal years ended June 30, 2010 and 2009, respectively.

CALIFORNIA COASTAL RURAL DEVELOPMENT CORPORATION
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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010 and 2009

NOTE 7 - EMPLOYEE BENEFIT PLAN

Cal Coastal has adopted a Simplified Employee Pension Plan (SEP-IRA) which covers all eligible employees age 21 and over. The Board of Directors determines annual fringe benefits at the beginning of each year. The SEP-IRA contribution is based on employee salaries, with quarterly payment. Included in employee benefits for the fiscal years ended June 30, 2010 and 2009, was \$45,537 and \$116,642, respectively, which was contributed to the Cal Coastal SEP-IRA plan.

NOTE 8 - STATE OF CALIFORNIA, OFFICE OF SMALL BUSINESS TRUST FUND

The Loan Guarantee Trust Fund (the Trust), managed by First Northern Bank's Asset Management and Trust Department, allows Cal Coastal to guarantee loans to small businesses up to a limit of 90 percent of a qualified loan and \$500,000 per borrower. The investment portfolio of the Trust is divided into two different accounts: income and managed. Cal Coastal is allowed to specify the investments of the managed account.

At June 30, 2010, the Trust net assets were \$3,362,117. The balance, which approximated fair value, with outstanding Cal Coastal loan guarantee liabilities of \$16,414,285, and farm loan liabilities of \$3,648,555, resulted in an encumbrance level of 5.97 percent of trust balance. Direct farm loans sold to the Trust at June 30, 2010, were \$2,923,729. The direct farm loans were approximately 90 percent guaranteed by the FSA. Cal Coastal's liability at June 30, 2010, was \$1,600,653.

At June 30, 2009, the Trust net assets were \$5,933,514. The balance, which approximated fair value, with outstanding Cal Coastal loan guarantee liabilities of \$22,515,584, and farm loan liabilities of \$3,895,034, resulted in an encumbrance level of 4.45 percent of trust balance. Direct farm loans sold to the Trust at June 30, 2009, were \$3,402,681. The direct farm loans were approximately 90 percent guaranteed by the FSA. Cal Coastal's liability at June 30, 2009, was \$2,233,569.

In August 2008, Cal Coastal was awarded a grant from CDFI for \$1 million. As of June 30, 2009, the funds were invested in the Small Business Guarantee Program Trust Fund for the sole purpose of providing direct farm loans and loan guarantees to eligible small businesses. Such funds shall remain separate and sole funds of Cal Coastal. At June 30, 2010, none of these funds on deposit were encumbered by any farm loans. The funds were removed and returned to Cal Coastal on August 28, 2009.

A schedule of the Loan Guarantee Trust Fund – Fund Activity is presented on page 21.

CALIFORNIA COASTAL RURAL DEVELOPMENT CORPORATION
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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010 and 2009

NOTE 9 - NOTES PAYABLE

	2010	2009
Note payable to Opportunity Finance Network (formerly National Community Capital Association), unsecured, maturing on December 15, 2015. Principal is due and payable upon maturity. Interest accrues at a rate of 4.75% per annum and is payable in arrears on a quarterly basis.	\$ 1,000,000	\$ 1,000,000
Note payable to The Domestic and Foreign Missionary Society of the Protestant Episcopal Church in the United States of America, unsecured, the principle amount of sum of \$350,000, together with interest on the unpaid principle balance at a simple interest rate 4.0%. Outstanding principal was paid in full in September 2009.	-	350,000
Note payable to the United States Department of Agriculture, Rural Economic and Community Development Service (RECDs), secured by the Intermediary Relending Program Fund and all collateral obtained as a result of such relending activity. Annual payments of \$79,800, including interest of 1.0% per annum, maturing December 2020. The maximum amount available to borrow under the note is \$2,000,000, and as of June 30, 2010, Cal Coastal had drawn all of the available funds under this note.	816,698	887,597
Note payable to the RECDs, secured by the Intermediary Relending Program Fund and all collateral obtained as a result of such relending activity. Annual payments of \$79,800, including interest of 1.0% per annum, maturing June 2025. The maximum amount available to borrow under the note is \$2,000,000, and as of June 30, 2010, Cal Coastal had drawn all of the available funds under this note.	1,098,798	1,166,929
Note payable to the United States Department of Agriculture, Rural Economic and Community Development Service (RECDs), secured by the Intermediary Relending Program Fund and all collateral obtained as a result of such relending activity. Annual payments for the first three years consist of interest only payments, following year and, thereafter, principal and interest payments in an to fully amortize the loan 30 years from the date of the note until principle and interest are fully paid, 1.0% per annum, maturing March 2035. The maximum amount available to borrow under the note is \$750,000, and as of June 30, 2010, Cal Coastal had not drawn all available funds under this note.	312,046	340,479
Note payable to the United States Small Business Administration (SBA), secured by the SBA Fund and all collateral obtained as a result of related relending activity. Monthly payments of \$18,720, including interest of 2.75% per annum, maturing in August 2010. The maximum amount available to borrow under the note is \$500,000. As of June 30, 2010, Cal Coastal had drawn all of the available funds under this note.	18,622	185,923
Note payable to the United States Small Business Administration (SBA), secured by the SBA Fund and all collateral obtained as a result of related relending activity. Monthly payments of \$5,712 are required including interest of 1.5% per annum. The note will mature in September 2013. The maximum amount available to borrow under the note is \$500,000, and as of June 30, 2010, Cal Coastal had drawn all of the available funds under this note.	217,305	282,622

CALIFORNIA COASTAL RURAL DEVELOPMENT CORPORATION
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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010 and 2009

NOTE 9 - NOTES PAYABLE, continued

	2010	2009
<p>Note payable to the United States Small Business Administration (SBA), secured by the SBA Fund and all collateral obtained as a result of related relending activity. Monthly payments of \$2,848 including interest of 2.375% per annum, assuming certain conditions were met, began June 2005. The note will mature in April 2015. The maximum amount available to borrow under the note is \$250,000, and as of June 30, 2010, Cal Coastal had drawn all of the funds available under this note.</p>	\$ 155,945	\$ 185,887
<p>Note payable to the United States Small Business Administration (SBA), secured by the SBA Fund and all collateral obtained as a result of related relending activity. Monthly payments of \$5,387 including interest of 2.375% per annum maturing July 1016. The maximum amount available to borrow under the note is \$500,000, and as of June 30, 2010, Cal Coastal had drawn all of the available funds.</p>	353,758	400,468
<p>Note payable to the United States Small Business Administration (SBA), secured by the SBA Fund and all collateral obtained as a result of related relending activity. Monthly payments of \$4,167 including interest of 1.625% per annum, maturing April 2019. The maximum amount available to borrow under the note is \$500,000, and as of June 30, 2010, Cal Coastal had drawn down \$200,000.</p>	200,000	-
<p>Line of credit to North American Development Bank, secured by all collateral obtained as a result of related relending activity. The line was originally approved December 31, 1999. The agreement has been amended to extend the terms. The current amendment was approved for the period to March 31, 2009. The terms call for payments of principal and interest in arrears. Interest is due in an amount equal to 50% of the interest received per program loan up to a maximum of 5% for any one loan. The maximum amount available is \$1,250,000.</p>	958,372	972,214
<p>Note payable to California Economic Development Lending Initiative (CEDLI), under a \$2,000,000 revolving line of credit. The agreement has been amended to extend the terms. The current amendment was approved for the period to April 30, 2008. Individual notes are secured by collateral obtained as a result of relending activity. The notes are payable in monthly installments, based upon the receipt of principal from relent advances, including interest of prime less 3.00% per annum. The notes have varying maturities not exceeding an 84 month term.</p>	<u>1,468,429</u> <u>\$ 6,599,973</u>	<u>1,643,174</u> <u>\$ 7,415,293</u>

Maturities as of June 30, 2010, on the notes payable are as follows:

Fiscal Year Ended June 30,	
2011	\$ 536,990
2012	517,578
2013	514,909
2014	1,438,742
2015	426,117
Thereafter	3,165,637
	\$ 6,599,973

CALIFORNIA COASTAL RURAL DEVELOPMENT CORPORATION
(A CALIFORNIA NON-PROFIT PUBLIC BENEFIT CORPORATION)

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010 and 2009

NOTE 10 - LINE OF CREDIT

As of June 30, 2010, Cal Coastal has a \$6 million line of credit with a bank to be drawn down upon as needed, with an interest rate of prime plus ½ percent. The line expires on January 15, 2011. As of June 30, 2010 and 2009, the Corporation had no amounts outstanding on the line. On April 17, 2009, Cal Coastal entered into a \$900,000 line of credit agreement with a credit union to be drawn down as needed, with an interest rate of prime plus one percent. The line was closed in December 2009. As of June 30, 2009, Cal Coastal had \$834,577 outstanding on the line. As of June 30, 2010, the line of credit had been closed.

NOTE 11 - COMMITMENTS AND CONTINGENCIES

Program Funding

Cal Coastal's use of the Trust Fund's interest and principal for administrative support is determined on a year-to-year basis by negotiations between the OSB and the Corporation. The State retains a residual interest in the Trust Funds held by First Northern Bank. A cancellation of the administrative support agreement with the State would have an adverse effect on the Corporation's operations.

At June 30, 2010 and 2009, Cal Coastal was involved in several instances in which loans in default were not called for the guarantee. Management believes that any adjustments necessary for these loans will not have a material effect on the financial statements.

Litigation

Cal Coastal may be involved in various pending or threatened litigation. In the opinion of management and legal counsel, the disposition of all litigation pending will not have a material effect on the financial statements.

Federal and State Program Audits

Cal Coastal receives funds from Federal and State sources which may be used only for specified purposes that are subject to review and audit by the grantor agencies. Although such audits could generate comments of noncompliance or expenditure disallowances under terms of the funding source, in the opinion of management, any required adjustments would not be material to the financial statements.

CALIFORNIA COASTAL RURAL DEVELOPMENT CORPORATION
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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010 and 2009

NOTE 11 - COMMITMENTS AND CONTINGENCIES, continued

Operating Leases

Cal Coastal has entered into various non-cancelable operating leases for its facilities and equipment. Minimum rental commitments under these leases are as follows:

	Fiscal Year Ended				Total
	June 30,				
	2011	2012	2013	2014	
Facilities	\$ 102,180	\$ 105,246	\$ 108,402	\$ 111,654	\$ 427,482
Equipment	5,775	-	-	-	5,775
Total	\$ 107,955	\$ 105,246	\$ 108,402	\$ 111,654	\$ 433,257

Rental expense for the years ended June 30, 2010 and 2009, was \$131,032 and \$162,898, respectively.

NOTE 12 - SUBSEQUENT EVENTS

Cal Coastal has evaluated subsequent events for recognition and disclosure through November 8, 2010, which is the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION
(UNAUDITED)

CALIFORNIA COASTAL RURAL DEVELOPMENT CORPORATION
(A CALIFORNIA NON-PROFIT PUBLIC BENEFIT CORPORATION)

GUARANTEE LOAN PORTFOLIO ACCOUNTABILITY REPORT
FOR THE YEARS ENDED JUNE 30, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
Balance of Loan Guarantee, Beginning of Year	\$ 22,515,584	\$ 25,194,738
Loans Guaranteed	2,384,551	9,429,297
Loan Payoffs	<u>(8,485,850)</u>	<u>(12,108,451)</u>
Balance of Loan Guarantee, End of Year	<u>\$ 16,414,285</u>	<u>\$ 22,515,584</u>

Unaudited - see accompanying note to additional supplementary information.

CALIFORNIA COASTAL RURAL DEVELOPMENT CORPORATION
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LOAN GUARANTEE TRUST FUND – FUND ACTIVITY REPORT
FOR THE YEAR ENDED JUNE 30, 2010

	Managed Account		Total
	Cash and Securities	Farm Loans	
Balance at July 1, 2009	\$ 1,420,789	\$ 3,402,682	\$ 4,823,471
Receipts			
Interest - investments	11,061	-	11,061
Interest on farm loans	31,926	-	31,926
Recoveries received	7,081	-	7,081
Principal farm loan repayments	1,444,190	(1,444,190)	-
Total Receipts	<u>1,494,258</u>	<u>(1,444,190)</u>	<u>50,068</u>
Disbursements			
Farm loan advances	(965,238)	965,238	-
Capital gains (losses)	(3,015)	-	(3,015)
Fixed contract payment	-	-	-
Trustee and bank fees	-	-	-
Loss payouts	(1,139,688)	-	(1,139,688)
Return of private funds	-	-	-
Revision to State general fund	(384,037)	-	(384,037)
Total Disbursements	<u>(2,491,978)</u>	<u>965,238</u>	<u>(1,526,740)</u>
Intrafund transfers	(42,988)	-	(42,988)
Ending Balance at June 30, 2010	<u>\$ 380,081</u>	<u>\$ 2,923,730</u>	<u>\$ 3,303,811</u>

Unaudited - see accompanying note to additional supplementary information.

<u>Income Account</u>	<u>CCRDC Managed Account</u>	<u>Total</u>
<u>\$ 110,114</u>	<u>\$ 999,929</u>	<u>\$ 5,933,514</u>
1,774	83	12,918
-	-	31,926
-	-	7,081
-	-	-
<u>1,774</u>	<u>83</u>	<u>51,925</u>
-	-	-
140	-	(2,875)
(88,933)	-	(88,933)
(7,777)	(200)	(7,977)
-	-	(1,139,688)
-	(999,812)	(999,812)
-	-	(384,037)
<u>(96,570)</u>	<u>(1,000,012)</u>	<u>(2,623,322)</u>
42,988	-	-
<u>\$ 58,306</u>	<u>\$ -</u>	<u>\$ 3,362,117</u>

CALIFORNIA COASTAL RURAL DEVELOPMENT CORPORATION
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SCHEDULE OF LOAN GUARANTEE BALANCES
JUNE 30, 2010

Loan Number	Guarantee Liability	Loan Number	Guarantee Liability	Loan Number	Guarantee Liability	Loan Number	Guarantee Liability
CC1013	\$ -	CC1334	\$ 13,318	CC1448	\$ 27,933	CC1514	\$ 351,655
CC1050	-	CC1335	134,457	CC1450	39,565	CC1516	27,000
CC1101	-	CC1337	14,076	CC1451	25,203	CC1517	327,509
CC1117	73,207	CC1338	9,346	CC1453	21,760	CC1518	-
CC1142	295,918	CC1341	122,537	CC1455	-	CC1523	81,087
CC1157	-	CC1342	7,065	CC1456	45,520	CC1526	26,345
CC1199	-	CC1351	126,509	CC1457	32,309	CC1528	14,839
CC1220	45,866	CC1353	68,009	CC1458	-	CC1529	8,904
CC1230	362,527	CC1357	50,976	CC1459	-	CC1530	137,022
CC1232	200,275	CC1361	58,395	CC1460	18,676	CC1531	-
CC1233	-	CC1362	72,233	CC1461	-	CC1532	-
CC1241	34,517	CC1363	69,854	CC1465	9,467	CC1533	136,021
CC1248	33,131	CC1372	242,669	CC1466	197,485	CC1534	72,398
CC1251	-	CC1377	-	CC1469	260,529	CC1537	-
CC1270	-	CC1378	96,516	CC1472	192,713	CC1539	188,729
CC1277	-	CC1383	69,795	CC1473	109,909	CC1540	96,965
CC1280	223,029	CC1387	-	CC1477	33,486	CC1541	130,144
CC1283	34,460	CC1392	186,217	CC1479	-	CC1542	-
CC1290	147,593	CC1393	-	CC1480	-	CC1543	170,845
CC1291	5,797	CC1395	-	CC1482	161,282	CC1544	-
CC1296	5,141	CC1396	433,255	CC1483	-	CC1545	362,267
CC1297	13,735	CC1407	10,563	CC1486	-	CC1546	-
CC1304	2,672	CC1410	-	CC1489	-	CC1547	56,565
CC1306	455,539	CC1411	-	CC1490	85,803	CC1548	31,286
CC1308	-	CC1412	14,450	CC1492	44,158	CC1549	24,632
CC1309	10,407	CC1414	77,032	CC1493	47,769	CC1550	-
CC1315	-	CC1418	52,129	CC1494	-	CC1551	62,711
CC1316	411,964	CC1420	-	CC1496	52,078	CC1552	-
CC1319	2,474	CC1423	69,606	CC1498	-	CC1553	-
CC1320	3,536	CC1424	23,927	CC1499	33,606	CC1554	475,914
CC1321	69,876	CC1427	233,168	CC1500	149,337	CC1555	67,070
CC1322	137,638	CC1430	34,651	CC1501	12,516	CC1556	-
CC1323	329,930	CC1432	25,469	CC1503	-	CC1557	10,276
CC1324	8,678	CC1433	27,359	CC1504	37,146	CC1558	-
CC1325	158,860	CC1437	389,943	CC1506	61,556	CC1559	28,052
CC1329	18,818	CC1439	475,233	CC1507	35,485	CC1560	96,874
CC1330	84,994	CC1442	77,212	CC1509	59,681	CC1561	-
CC1332	73,998	CC1444	83,318	CC1511	104,769	CC1562	-
CC1333	188,245	CC1446	-	CC1512	480,890	CC1563	-

Unaudited - see accompanying note to additional supplementary information.

CALIFORNIA COASTAL RURAL DEVELOPMENT CORPORATION
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SCHEDULE OF LOAN GUARANTEE BALANCES, CONTINUED
JUNE 30, 2010

Loan Number	Guarantee Liability	Loan Number	Guarantee Liability
CC1564	\$ 13,087	CC1605	\$ -
CC1565	-	CC1606	-
CC1566	43,461	CC1607	-
CC1567	-	CC1608	-
CC1568	149,495	CC1609	15,108
CC1569	35,431	CC1610	2,943
CC1570	63,000	CC1611	29,691
CC1571	134,368	CC1612	54,987
CC1572	13,848	CC1613	37,500
CC1573	-	CC1614	41,716
CC1575	29,394	CC1615	-
CC1576	12,701	CC1616	91,760
CC1577	217,892	CC1617	21,000
CC1578	147,939	CC1618	51,287
CC1579	138,756	CC1620	49,569
CC1580	196,299	CC1621	17,619
CC1581	-	CC1622	10,725
CC1582	-	CC1623	375,000
CC1583	48,522	CC1624	90,001
CC1584	-	CC1625	45,415
CC1585	3,500	CC1626	114,855
CC1586	350,311	CC1627	49,302
CC1587	21,237	CC1628	250,000
CC1588	406,774	CC1629	50,000
CC1589	46,326	CC1630	25,000
CC1590	-	CC1631	20,000
CC1592	53,117		\$ 16,414,285
CC1593	-		
CC1594	-		
CC1595	-		
CC1596	200,000		
CC1597	37,499		
CC1598	125,111		
CC1599	138,986		
CC1600	-		
CC1601	-		
CC1602	151,389		
CC1603	24,511		
CC1604	-		

Unaudited - see accompanying note to additional supplementary information.

CALIFORNIA COASTAL RURAL DEVELOPMENT CORPORATION
(A CALIFORNIA NON-PROFIT PUBLIC BENEFIT CORPORATION)

SCHEDULE OF LOANS ORIGINATED
FOR THE YEARS ENDED JUNE 30, 2010 AND 2009

<u>2010</u>	<u>Gross Loans Originated</u>	<u>Number of Loans</u>	<u>Net Loans Originated</u>
Direct Farm Loan Program - Farm Ownership	\$ 625,000	2	\$ 625,000
Direct Farm Loan Program - Operating Loans	13,764,996	32	13,764,996
Guaranteed Loans	2,384,551	15	1,233,460
Intermediary Relending Program - 1	94,000	1	94,000
Intermediary Relending Program - 2	50,000	1	50,000
Monterey County EDA	270,000	3	270,000
Small Business Administration (SBA)	293,000	10	293,000
Direct Loan Program - Workout Loans	3,583,748	18	3,583,748
Total Loans by Product	<u>\$ 21,065,295</u>	<u>82</u>	<u>\$ 19,914,204</u>
<u>2009</u>	<u>Gross Loans Originated</u>	<u>Number of Loans</u>	<u>Net Loans Originated</u>
California Economic Development Lending Initiative	\$ 550,000	5	\$ 550,000
Direct Farm Loan Program - Farm Ownership	875,000	1	875,000
Direct Farm Loan Program - Operating Loans	26,077,500	72	26,077,500
Guaranteed Loans	9,429,297	53	6,087,729
Intermediary Relending Program - 1	-	-	-
Intermediary Relending Program - 2	485,000	4	485,000
Monterey County EDA	355,000	5	355,000
Monterey County Revolving Loan Fund	235,000	2	235,000
Small Business Administration (SBA)	366,000	13	366,000
SBA 504 Loan Program	-	-	-
Direct Loan Program - Workout Loans	1,975,904	11	1,975,904
Other programs	158,000	3	158,000
Rust Program	57,570	1	57,570
Total Loans by Product	<u>\$ 40,564,271</u>	<u>170</u>	<u>\$ 37,222,703</u>

Unaudited - see accompanying note to additional supplementary information.

CALIFORNIA COASTAL RURAL DEVELOPMENT CORPORATION
(A CALIFORNIA NON-PROFIT PUBLIC BENEFIT CORPORATION)

NOTE TO SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2010

NOTE 1 - PURPOSE OF SCHEDULES

Guarantee Loan Portfolio Accountability Report

This schedule provides detail information related to the Loan Guarantees Portfolio maintained by the State of California on behalf of the Corporation. The schedule is required by State agencies providing funding to the Corporation.

Loan Guarantee Trust Fund - Fund Activity Report

This schedule provides detail information related specifically to Farm Loan advances, repayments, and activity within the Farm Loan Program. This schedule is required by State agencies providing Farm Loan funding to the Corporation.

Schedule of Loan Guarantee Balances

This schedule provides information related to the Guaranteed Loans administered through the Corporation about the total activity regarding the specific Loans and the balance held in the Guarantee Loan Portfolio. This schedule is required by State agencies providing funding to the Corporation.

Schedule of Loans Originated

This schedule provides information regarding the loan activity by 'product' line. This information is provided to satisfy reporting requirements of various funding agencies.



INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Directors
California Coastal Rural Development Corporation
Salinas, California

We have audited the financial statements of California Coastal Rural Development Corporation as of and for the years ended June 30, 2010 and 2009, and have issued our report thereon dated November 8, 2010. 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.

Internal Control over Financial Reporting

In planning and performing our audits, we considered California Coastal Rural Development Corporation's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the California Coastal Rural Development Corporation's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of California Coastal Rural Development Corporation's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the organization's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the organization's financial statements that is more than inconsequential will not be prevented or detected by the organization's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether California Coastal Rural Development Corporation's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, the audit committee, Board of Directors, and Federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Vaurinek, Irine, Day & Co. LLP

Rancho Cucamonga, California
November 8, 2010