

Return of Organization Exempt From Income Tax

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung benefit trust or private foundation)

Department of the Treasury
Internal Revenue Service

▶ The organization may have to use a copy of this return to satisfy state reporting requirements.

A For the 2007 calendar year, or tax year beginning and ending

B Check if applicable:
 Address change
 Name change
 Initial return
 Termination
 Amended return
 Application pending

C Name of organization
THE PALO ALTO COMMUNITY FUND
 Number and street (or P.O. box if mail is not delivered to street address) Room/suite
P. O. BOX 50634
 City or town, state or country, and ZIP + 4
PALO ALTO, CA 94303

D Employer identification number
77-0483215

E Telephone number
(650) 687-5026

F Accounting method: Cash Accrual
 Other (specify) ▶

• Section 501(c)(3) organizations and 4947(a)(1) nonexempt charitable trusts must attach a completed Schedule A (Form 990 or 990-EZ).

G Website: ▶ **WWW.PALOALTOCOMMUNITYFUND.ORG**

J Organization type (check only one) ▶ 501(c) (**3**) ◀ (insert no.) 4947(a)(1) or 527

K Check here ▶ if the organization is not a 509(a)(3) supporting organization and its gross receipts are normally not more than \$25,000. A return is not required, but if the organization chooses to file a return, be sure to file a complete return.

L Gross receipts: Add lines 6b, 8b, 9b, and 10b to line 12 ▶ **769,036.**

H and I are not applicable to section 527 organizations.
H(a) Is this a group return for affiliates? Yes No
H(b) If "Yes," enter number of affiliates ▶ **N/A**
H(c) Are all affiliates included? **N/A** Yes No (If "No," attach a list.)
H(d) Is this a separate return filed by an organization covered by a group ruling? Yes No
I Group Exemption Number ▶ **N/A**
M Check ▶ if the organization is not required to attach Sch. B (Form 990, 990-EZ, or 990-PF).

Part I Revenue, Expenses, and Changes in Net Assets or Fund Balances

		1a		1b		1c		1d		1e	
1 Contributions, gifts, grants, and similar amounts received:											
Revenue	a Contributions to donor advised funds										
	b Direct public support (not included on line 1a)			315,688.							
	c Indirect public support (not included on line 1a)										
	d Government contributions (grants) (not included on line 1a)										
	e Total (add lines 1a through 1d) (cash \$ 296,306. noncash \$ 19,382.)									315,688.	
	2 Program service revenue including government fees and contracts (from Part VII, line 93)										
	3 Membership dues and assessments										
	4 Interest on savings and temporary cash investments									240.	
	5 Dividends and interest from securities									104,293.	
	6 a Gross rents	6a									
	b Less: rental expenses	6b									
	c Net rental income or (loss). Subtract line 6b from line 6a									6c	
7 Other investment income (describe ▶)									7		
8 a Gross amount from sales of assets other than inventory			(A) Securities		(B) Other						
			344,315.		8a						
	b Less: cost or other basis and sales expenses		18,798.		8b						
	c Gain or (loss) (attach schedule)		325,517.		8c						
d Net gain or (loss). Combine line 8c, columns (A) and (B)			STMT 2						8d 325,517.		
9 Special events and activities (attach schedule). If any amount is from gaming, check here ▶ <input type="checkbox"/>											
a Gross revenue (not including \$ of contributions reported on line 1b)	9a										
b Less: direct expenses other than fundraising expenses	9b										
c Net income or (loss) from special events. Subtract line 9b from line 9a									9c		
10 a Gross sales of inventory, less returns and allowances	10a										
	b Less: cost of goods sold		10b								
	c Gross profit or (loss) from sales of inventory (attach schedule). Subtract line 10b from line 10a								10c		
11 Other revenue (from Part VII, line 103)									4,500.		
12 Total revenue. Add lines 1e, 2, 3, 4, 5, 6c, 7, 8d, 9c, 10c, and 11									12 750,238.		
Expenses	13 Program services (from line 44, column (B))									153,788.	
	14 Management and general (from line 44, column (C))									62,293.	
	15 Fundraising (from line 44, column (D))									6,730.	
	16 Payments to affiliates (attach schedule)									16	
	17 Total expenses. Add lines 16 and 44, column (A)									17 222,811.	
18 Excess or (deficit) for the year. Subtract line 17 from line 12									18 527,427.		
19 Net assets or fund balances at beginning of year (from line 73, column (A))									19 3,893,048.		
20 Other changes in net assets or fund balances (attach explanation)									20 SEE STATEMENT 3 -39,683.		
21 Net assets or fund balances at end of year. Combine lines 18, 19, and 20									21 4,380,792.		

Part II Statement of Functional Expenses

All organizations must complete column (A). Columns (B), (C), and (D) are required for section 501(c)(3) and (4) organizations and section 4947(a)(1) nonexempt charitable trusts but optional for others.

<i>Do not include amounts reported on line 6b, 8b, 9b, 10b, or 16 of Part I.</i>	(A) Total	(B) Program services	(C) Management and general	(D) Fundraising
22a Grants paid from donor advised funds (attach schedule) (cash \$ <u>0</u> . noncash \$ <u>0</u> .) If this amount includes foreign grants, check here <input type="checkbox"/>			STATEMENT 5	
22b Other grants and allocations (attach schedule) (cash \$ <u>134,029</u> . noncash \$ <u>0</u> .) If this amount includes foreign grants, check here <input type="checkbox"/>	134,029.	134,029.		
23 Specific assistance to individuals (attach schedule)				
24 Benefits paid to or for members (attach schedule)				
25a Compensation of current officers, directors, key employees, etc. listed in Part V-A	27,000.	13,500.	13,500.	0.
25b Compensation of former officers, directors, key employees, etc. listed in Part V-B	0.	0.	0.	0.
25c Compensation and other distributions, not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)				
26 Salaries and wages of employees not included on lines 25a, b, and c				
27 Pension plan contributions not included on lines 25a, b, and c				
28 Employee benefits not included on lines 25a - 27				
29 Payroll taxes	3,794.	1,897.	1,897.	
30 Professional fundraising fees				
31 Accounting fees	919.		919.	
32 Legal fees				
33 Supplies	2,370.		2,370.	
34 Telephone				
35 Postage and shipping				
36 Occupancy	2,400.		2,400.	
37 Equipment rental and maintenance				
38 Printing and publications	2,117.	271.	72.	1,774.
39 Travel				
40 Conferences, conventions, and meetings				
41 Interest				
42 Depreciation, depletion, etc. (attach schedule)				
43 Other expenses not covered above (itemize):				
a				
b				
c				
d				
e				
f				
g SEE STATEMENT 4	50,182.	4,091.	41,135.	4,956.
44 Total functional expenses. Add lines 22a through 43g. (Organizations completing columns (B)-(D), carry these totals to lines 13-15)	222,811.	153,788.	62,293.	6,730.

Joint Costs. Check if you are following SOP 98-2.

Are any joint costs from a combined educational campaign and fundraising solicitation reported in (B) Program services? Yes No
 If "Yes," enter (i) the aggregate amount of these joint costs \$ N/A ; (ii) the amount allocated to Program services \$ N/A ;
 (iii) the amount allocated to Management and general \$ N/A ; and (iv) the amount allocated to Fundraising \$ N/A

Part III Statement of Program Service Accomplishments (See the instructions.)

Form 990 is available for public inspection and, for some people, serves as the primary or sole source of information about a particular organization. How the public perceives an organization in such cases may be determined by the information presented on its return. Therefore, please make sure the return is complete and accurate and fully describes, in Part III, the organization's programs and accomplishments.

What is the organization's primary exempt purpose? SEE FOOTNOTE.	Program Service Expenses (Required for 501(c)(3) and (4) orgs., and 4947(a)(1) trusts; but optional for others.)
All organizations must describe their exempt purpose achievements in a clear and concise manner. State the number of clients served, publications issued, etc. Discuss achievements that are not measurable. (Section 501(c)(3) and (4) organizations and 4947(a)(1) nonexempt charitable trusts must also enter the amount of grants and allocations to others.)	
a GRANT AWARDS RECEPTION HELD TO HONOR AWARD RECIPIENTS AND PROMOTE SUPPORT IN CONTINUOUS DEDICATION TO ENRICHING THE QUALITY OF LIFE IN THE MIDPENINSULA COMMUNITY. (Grants and allocations \$ 134,029.) If this amount includes foreign grants, check here <input type="checkbox"/>	153,788.
b (Grants and allocations \$) If this amount includes foreign grants, check here <input type="checkbox"/>	
c (Grants and allocations \$) If this amount includes foreign grants, check here <input type="checkbox"/>	
d (Grants and allocations \$) If this amount includes foreign grants, check here <input type="checkbox"/>	
e Other program services (attach schedule) (Grants and allocations \$) If this amount includes foreign grants, check here <input type="checkbox"/>	
f Total of Program Service Expenses (should equal line 44, column (B), Program services)	153,788.

Part IV Balance Sheets (See the instructions.)

Note: Where required, attached schedules and amounts within the description column should be for end-of-year amounts only.

		(A) Beginning of year		(B) End of year
Assets	45 Cash - non-interest-bearing		45	
	46 Savings and temporary cash investments	113,393.	46	232,284.
	47 a Accounts receivable	47a		
	b Less: allowance for doubtful accounts	47b		47c
	48 a Pledges receivable	48a		
	b Less: allowance for doubtful accounts	48b		48c
	49 Grants receivable		49	
	50 a Receivables from current and former officers, directors, trustees, and key employees		50a	
	b Receivables from other disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)		50b	
	51 a Other notes and loans receivable	51a		
	b Less: allowance for doubtful accounts	51b		51c
	52 Inventories for sale or use		52	
	53 Prepaid expenses and deferred charges		53	
	54 a Investments - publicly-traded securities	<input type="checkbox"/> Cost <input type="checkbox"/> FMV	54a	
	b Investments - other securities	<input type="checkbox"/> Cost <input type="checkbox"/> FMV	54b	
	55 a Investments - land, buildings, and equipment: basis	55a		
	b Less: accumulated depreciation	55b		55c
56 Investments - other	SEE STATEMENT 6	3,779,655.	56	4,148,508.
57 a Land, buildings, and equipment: basis	57a			
b Less: accumulated depreciation	57b		57c	
58 Other assets, including program-related investments (describe ►			58	
59 Total assets (must equal line 74). Add lines 45 through 58		3,893,048.	59	4,380,792.
Liabilities	60 Accounts payable and accrued expenses		60	
	61 Grants payable		61	
	62 Deferred revenue		62	
	63 Loans from officers, directors, trustees, and key employees		63	
	64 a Tax-exempt bond liabilities		64a	
	b Mortgages and other notes payable		64b	
	65 Other liabilities (describe ►		65	
66 Total liabilities. Add lines 60 through 65		0.	66	0.
Net Assets or Fund Balances	Organizations that follow SFAS 117, check here <input checked="" type="checkbox"/> and complete lines 67 through 69 and lines 73 and 74.			
	67 Unrestricted	3,893,048.	67	4,370,792.
	68 Temporarily restricted	0.	68	10,000.
	69 Permanently restricted		69	
	Organizations that do not follow SFAS 117, check here <input type="checkbox"/> and complete lines 70 through 74.			
	70 Capital stock, trust principal, or current funds		70	
	71 Paid-in or capital surplus, or land, building, and equipment fund		71	
	72 Retained earnings, endowment, accumulated income, or other funds		72	
	73 Total net assets or fund balances. Add lines 67 through 69 or lines 70 through 72. (Column (A) must equal line 19 and column (B) must equal line 21)	3,893,048.	73	4,380,792.
74 Total liabilities and net assets/fund balances. Add lines 66 and 73	3,893,048.	74	4,380,792.	

Part IV-A Reconciliation of Revenue per Audited Financial Statements With Revenue per Return (See the instructions.)

a	Total revenue, gains, and other support per audited financial statements	a	N/A
b	Amounts included on line a but not on Part I, line 12:		
1	Net unrealized gains on investments	b1	
2	Donated services and use of facilities	b2	
3	Recoveries of prior year grants	b3	
4	Other (specify):	b4	
	Add lines b1 through b4	b	
c	Subtract line b from line a	c	
d	Amounts included on Part I, line 12, but not on line a :		
1	Investment expenses not included on Part I, line 6b	d1	
2	Other (specify):	d2	
	Add lines d1 and d2	d	
e	Total revenue (Part I, line 12). Add lines c and d	e	

Part IV-B Reconciliation of Expenses per Audited Financial Statements With Expenses per Return

a	Total expenses and losses per audited financial statements	a	N/A
b	Amounts included on line a but not on Part I, line 17:		
1	Donated services and use of facilities	b1	
2	Prior year adjustments reported on Part I, line 20	b2	
3	Losses reported on Part I, line 20	b3	
4	Other (specify):	b4	
	Add lines b1 through b4	b	
c	Subtract line b from line a	c	
d	Amounts included on Part I, line 17, but not on line a :		
1	Investment expenses not included on Part I, line 6b	d1	
2	Other (specify):	d2	
	Add lines d1 and d2	d	
e	Total expenses (Part I, line 17). Add lines c and d	e	

Part V-A Current Officers, Directors, Trustees, and Key Employees (List each person who was an officer, director, trustee, or key employee at any time during the year even if they were not compensated.) (See the instructions.)

(A) Name and address	(B) Title and average hours per week devoted to position	(C) Compensation (If not paid, enter -0-.)	(D) Contributions to employee benefit plans & deferred compensation plans	(E) Expense account and other allowances
<u>OTHER BOARD MEMBERS - SEE ATTACHMENT B</u>	BOARD MEMBER			
-----	0.00	0.	0.	0.
<u>WORTH LUDWICK</u>	CHIEF FINANCIAL OFFICER			
<u>P. O. BOX 50634</u>				
<u>PALO ALTO, CA 94303</u>	2.00	0.	0.	0.
<u>CAMMIE VAIL</u>	EXECUTIVE DIRECTOR			
<u>P. O. BOX 50634</u>				
<u>PALO ALTO, CA 94303</u>	20.00	27,000.	0.	0.
<u>AMY RENALDS</u>	CO-PRESIDENT			
<u>P. O. BOX 50634</u>				
<u>PALO ALTO, CA 94303</u>	2.00	0.	0.	0.
<u>KATHY SCHNIEDWIND</u>	CO-PRESIDENT			
<u>P. O. BOX 50634</u>				
<u>PALO ALTO, CA 94303</u>	2.00	0.	0.	0.

Part VI Other Information (continued)		Yes	No
82 a	Did the organization receive donated services or the use of materials, equipment, or facilities at no charge or at substantially less than fair rental value? b If "Yes," you may indicate the value of these items here. Do not include this amount as revenue in Part I or as an expense in Part II. (See instructions in Part III.)		X
82b	N/A		
83 a	Did the organization comply with the public inspection requirements for returns and exemption applications?	X	
83b	Did the organization comply with the disclosure requirements relating to <i>quid pro quo</i> contributions?		
83b	N/A		
84 a	Did the organization solicit any contributions or gifts that were not tax deductible?		
84a	N/A		
84 b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?		
84b	N/A		
85 a	501(c)(4), (5), or (6). Were substantially all dues nondeductible by members?		
85a	N/A		
85 b	Did the organization make only in-house lobbying expenditures of \$2,000 or less? If "Yes" was answered to either 85a or 85b, do not complete 85c through 85h below unless the organization received a waiver for proxy tax owed for the prior year.		
85b	N/A		
85c	Dues, assessments, and similar amounts from members		
85c	N/A		
85d	Section 162(e) lobbying and political expenditures		
85d	N/A		
85e	Aggregate nondeductible amount of section 6033(e)(1)(A) dues notices		
85e	N/A		
85f	Taxable amount of lobbying and political expenditures (line 85d less 85e)		
85f	N/A		
85g	Does the organization elect to pay the section 6033(e) tax on the amount on line 85f?		
85g	N/A		
85h	If section 6033(e)(1)(A) dues notices were sent, does the organization agree to add the amount on line 85f to its reasonable estimate of dues allocable to nondeductible lobbying and political expenditures for the following tax year?		
85h	N/A		
86	501(c)(7) organizations. Enter: a Initiation fees and capital contributions included on line 12		
86a	N/A		
86b	Gross receipts, included on line 12, for public use of club facilities		
86b	N/A		
87	501(c)(12) organizations. Enter: a Gross income from members or shareholders		
87a	N/A		
87b	Gross income from other sources. (Do not net amounts due or paid to other sources against amounts due or received from them.)		
87b	N/A		
88 a	At any time during the year, did the organization own a 50% or greater interest in a taxable corporation or partnership, or an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? If "Yes," complete Part IX		X
88a			
88 b	At any time during the year, did the organization, directly or indirectly, own a controlled entity within the meaning of section 512(b)(13)? If "Yes," complete Part XI		X
88b			
89 a	501(c)(3) organizations. Enter: Amount of tax imposed on the organization during the year under: section 4911 0.; section 4912 0.; section 4955 0.		
89a			
89 b	501(c)(3) and 501(c)(4) organizations. Did the organization engage in any section 4958 excess benefit transaction during the year or did it become aware of an excess benefit transaction from a prior year? If "Yes," attach a statement explaining each transaction		X
89b			
89 c	Enter: Amount of tax imposed on the organization managers or disqualified persons during the year under sections 4912, 4955, and 4958		
89c	0.		
89 d	Enter: Amount of tax on line 89c, above, reimbursed by the organization		
89d	0.		
89 e	All organizations. At any time during the tax year, was the organization a party to a prohibited tax shelter transaction?		X
89e			
89 f	All organizations. Did the organization acquire a direct or indirect interest in any applicable insurance contract?		X
89f			
89 g	For supporting organizations and sponsoring organizations maintaining donor advised funds. Did the supporting organization, or a fund maintained by a sponsoring organization, have excess business holdings at any time during the year?		
89g	N/A		
90 a	List the states with which a copy of this return is filed CA		
90 b	Number of employees employed in the pay period that includes March 12, 2007		1
90b			
91 a	The books are in care of EMILY WU, EXECUTIVE DIRECTOR Telephone no. (650) 687-5026 Located at P. O. BOX 50634, PALO ALTO, CA ZIP + 4 94303		
91a			
91 b	At any time during the calendar year, did the organization have an interest in or a signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial account)? If "Yes," enter the name of the foreign country		X
91b	N/A		
91b	See the instructions for exceptions and filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts.		

Part VI Other Information (continued) Yes No

c At any time during the calendar year, did the organization maintain an office outside of the United States? 91c Yes No
 If "Yes," enter the name of the foreign country N/A

92 Section 4947(a)(1) nonexempt charitable trusts filing Form 990 in lieu of Form 1041- Check here
 and enter the amount of tax-exempt interest received or accrued during the tax year 92 Yes No

Part VII Analysis of Income-Producing Activities (See the instructions.)

	Unrelated business income		Excluded by section 512, 513, or 514		(E) Related or exempt function income
	(A) Business code	(B) Amount	(C) Exclu- sion code	(D) Amount	
93 Program service revenue:					
a					
b					
c					
d					
e					
f Medicare/Medicaid payments					
g Fees and contracts from government agencies					
94 Membership dues and assessments					
95 Interest on savings and temporary cash investments			14	240.	
96 Dividends and interest from securities			14	104,293.	
97 Net rental income or (loss) from real estate:					
a debt-financed property					
b not debt-financed property					
98 Net rental income or (loss) from personal property					
99 Other investment income					
100 Gain or (loss) from sales of assets other than inventory			18	325,517.	
101 Net income or (loss) from special events					
102 Gross profit or (loss) from sales of inventory					
103 Other revenue:					
a MISCELLANEOUS			01	4,500.	
b					
c					
d					
e					
104 Subtotal (add columns (B), (D), and (E))		0.		434,550.	0.
105 Total (add line 104, columns (B), (D), and (E))					434,550.

Note: Line 105 plus line 1e, Part I, should equal the amount on line 12, Part I.

Part VIII Relationship of Activities to the Accomplishment of Exempt Purposes (See the instructions.)

Line No.	Explain how each activity for which income is reported in column (E) of Part VII contributed importantly to the accomplishment of the organization's exempt purposes (other than by providing funds for such purposes).
▼	N/A

Part IX Information Regarding Taxable Subsidiaries and Disregarded Entities (See the instructions.)

(A) Name, address, and EIN of corporation, partnership, or disregarded entity	(B) Percentage of ownership interest	(C) Nature of activities	(D) Total income	(E) End-of-year assets
N/A	%			
	%			
	%			
	%			

Part X Information Regarding Transfers Associated with Personal Benefit Contracts (See the instructions.)

(a) Did the organization, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract? Yes No

(b) Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? Yes No

Note: If "Yes" to (b), file Form 8870 and Form 4720 (see instructions).

Part XI Information Regarding Transfers To and From Controlled Entities. Complete only if the organization is a controlling organization as defined in section 512(b)(13). **N/A**

106 Did the reporting organization **make** any transfers **to** a controlled entity as defined in section 512(b)(13) of the Code? If "Yes," complete the schedule below for each controlled entity.

Yes	No

	(A) Name, address, of each controlled entity	(B) Employer Identification Number	(C) Description of transfer	(D) Amount of transfer
a	----- ----- -----			
b	----- ----- -----			
c	----- ----- -----			
Totals				

107 Did the reporting organization **receive** any transfers **from** a controlled entity as defined in section 512(b)(13) of the Code? If "Yes," complete the schedule below for each controlled entity.

Yes	No

	(A) Name, address, of each controlled entity	(B) Employer Identification Number	(C) Description of transfer	(D) Amount of transfer
a	----- ----- -----			
b	----- ----- -----			
c	----- ----- -----			
Totals				

108 Did the organization have a binding written contract in effect on August 17, 2006, covering the interest, rents, royalties, and annuities described in question 107 above?

Yes	No

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Please Sign Here	Signature of officer _____	Date _____	
	Type or print name and title _____		
Paid Preparer's Use Only	Preparer's signature _____	Date _____	Check if self-employed <input type="checkbox"/>
	Firm's name (or yours if self-employed), address, and ZIP + 4 BROWN ADAMS LLP 2600 EL CAMINO REAL, #600 PALO ALTO, CA 94306	Preparer's SSN or PTIN (See Gen. Inst. X) EIN _____	Phone no. (650) 857-1655

SCHEDULE A
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Organization Exempt Under Section 501(c)(3)

(Except Private Foundation) and Section 501(e), 501(f), 501(k),
501(n), or 4947(a)(1) Nonexempt Charitable Trust

Supplementary Information-(See separate instructions.)
▶ **MUST be completed by the above organizations and attached to their Form 990 or 990-EZ**

OMB No. 1545-0047

2007

Name of the organization THE PALO ALTO COMMUNITY FUND	Employer identification number 77 0483215
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Part I Compensation of the Five Highest Paid Employees Other Than Officers, Directors, and Trustees
(See page 1 of the instructions. List each one. If there are none, enter "None.")

(a) Name and address of each employee paid more than \$50,000	(b) Title and average hours per week devoted to position	(c) Compensation	(d) Contributions to employee benefit plans & deferred compensation	(e) Expense account and other allowances
NONE				
Total number of other employees paid over \$50,000 ▶		0		

Part II-A Compensation of the Five Highest Paid Independent Contractors for Professional Services
(See page 2 of the instructions. List each one (whether individuals or firms). If there are none, enter "None.")

(a) Name and address of each independent contractor paid more than \$50,000	(b) Type of service	(c) Compensation
NONE		
Total number of others receiving over \$50,000 for professional services ▶		0

Part II-B Compensation of the Five Highest Paid Independent Contractors for Other Services
(List each contractor who performed services other than professional services, whether individuals or firms. If there are none, enter "None." See page 2 of the instructions.)

(a) Name and address of each independent contractor paid more than \$50,000	(b) Type of service	(c) Compensation
NONE		
Total number of other contractors receiving over \$50,000 for other services ▶		0

Part III Statements About Activities (See page 2 of the instructions.)

		Yes	No
1	During the year, has the organization attempted to influence national, state, or local legislation, including any attempt to influence public opinion on a legislative matter or referendum? If "Yes," enter the total expenses paid or incurred in connection with the lobbying activities ► \$ _____ \$ _____ (Must equal amounts on line 38, Part VI-A, or line i of Part VI-B.) Organizations that made an election under section 501(h) by filing Form 5768 must complete Part VI-A. Other organizations checking "Yes" must complete Part VI-B AND attach a statement giving a detailed description of the lobbying activities.		X
2	During the year, has the organization, either directly or indirectly, engaged in any of the following acts with any substantial contributors, trustees, directors, officers, creators, key employees, or members of their families, or with any taxable organization with which any such person is affiliated as an officer, director, trustee, majority owner, or principal beneficiary? (If the answer to any question is "Yes," attach a detailed statement explaining the transactions.)		
a	Sale, exchange, or leasing of property?	2a	X
b	Lending of money or other extension of credit?	2b	X
c	Furnishing of goods, services, or facilities?	2c	X
d	Payment of compensation (or payment or reimbursement of expenses if more than \$1,000)? SEE STATEMENT 7	2d	X
e	Transfer of any part of its income or assets?	2e	X
3 a	Did the organization make grants for scholarships, fellowships, student loans, etc.? (If "Yes," attach an explanation of how the organization determines that recipients qualify to receive payments.)	3a	X
b	Did the organization have a section 403(b) annuity plan for its employees?	3b	X
c	Did the organization receive or hold an easement for conservation purposes, including easements to preserve open space, the environment, historic land areas or historic structures? If "Yes," attach a detailed statement	3c	X
d	Did the organization provide credit counseling, debt management, credit repair, or debt negotiation services?	3d	X
4 a	Did the organization maintain any donor advised funds? If "Yes," complete lines 4b through 4g. If "No," complete lines 4f and 4g	4a	X
b	Did the organization make any taxable distributions under section 4966?	4b	N/A
c	Did the organization make a distribution to a donor, donor advisor, or related person?	4c	N/A
d	Enter the total number of donor advised funds owned at the end of the tax year	N/A	
e	Enter the aggregate value of assets held in all donor advised funds owned at the end of the tax year	N/A	
f	Enter the total number of separate funds or accounts owned at the end of the year (excluding donor advised funds included on line 4d) where donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts	0.	
g	Enter the aggregate value of assets in all funds or accounts included on line 4f at the end of the tax year	0.	

Part IV Reason for Non-Private Foundation Status (See pages 4 through 8 of the instructions.)

I certify that the organization is not a private foundation because it is: (Please check only **ONE** applicable box.)

- 5 A church, convention of churches, or association of churches. Section 170(b)(1)(A)(i).
- 6 A school. Section 170(b)(1)(A)(ii). (Also complete Part V.)
- 7 A hospital or a cooperative hospital service organization. Section 170(b)(1)(A)(iii).
- 8 A federal, state, or local government or governmental unit. Section 170(b)(1)(A)(v).
- 9 A medical research organization operated in conjunction with a hospital. Section 170(b)(1)(A)(iii). **Enter the hospital's name, city, and state** ▶ _____
- 10 An organization operated for the benefit of a college or university owned or operated by a governmental unit. Section 170(b)(1)(A)(iv). (Also complete the **Support Schedule** in Part IV-A.)
- 11a An organization that normally receives a substantial part of its support from a governmental unit or from the general public. Section 170(b)(1)(A)(vi). (Also complete the **Support Schedule** in Part IV-A.)
- 11b A community trust. Section 170(b)(1)(A)(vi). (Also complete the **Support Schedule** in Part IV-A.)
- 12 An organization that normally receives: (1) **more than 33 1/3%** of its support from contributions, membership fees, and gross receipts from activities related to its charitable, etc., functions - subject to certain exceptions, and (2) **no more than 33 1/3%** of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975. See section 509(a)(2). (Also complete the **Support Schedule** in Part IV-A.)
- 13 An organization that is not controlled by any disqualified persons (other than foundation managers) and otherwise meets the requirements of section 509(a)(3). Check the box that describes the type of supporting organization:
 Type I Type II Type III-Functionally Integrated Type III-Other

Provide the following information about the supported organizations. (See page 8 of the instructions.)

(a) Name(s) of supported organization(s)	(b) Employer identification number (EIN)	(c) Type of organization (described in lines 5 through 12 above or IRC section)	(d) Is the supported organization listed in the supporting organization's governing documents?		(e) Amount of support
			Yes	No	
Total					▶

- 14 An organization organized and operated to test for public safety. Section 509(a)(4). (See page 8 of the instructions.)

Part IV-A Support Schedule (Complete only if you checked a box on line 10, 11, or 12.) **Use cash method of accounting.**

Note: You may use the worksheet in the instructions for converting from the accrual to the cash method of accounting.

Calendar year (or fiscal year beginning in) ▶	(a) 2006	(b) 2005	(c) 2004	(d) 2003	(e) Total
15 Gifts, grants, and contributions received. (Do not include unusual grants. See line 28.)	168,345.	173,451.	259,651.	215,907.	817,354.
16 Membership fees received					
17 Gross receipts from admissions, merchandise sold or services performed, or furnishing of facilities in any activity that is related to the organization's charitable, etc., purpose					
18 Gross income from interest, dividends, amounts received from payments on securities loans (section 512(a)(5)), rents, royalties, income from similar sources, and unrelated business taxable income (less section 511 taxes) from businesses acquired by the organization after June 30, 1975	73,771.	98,313.	57,455.	51,473.	281,012.
19 Net income from unrelated business activities not included in line 18					
20 Tax revenues levied for the organization's benefit and either paid to it or expended on its behalf					
21 The value of services or facilities furnished to the organization by a governmental unit without charge. Do not include the value of services or facilities generally furnished to the public without charge					
22 Other income. Attach a schedule. Do not include gain or (loss) from sale of capital assets	9,000.	1,500.	SEE STATEMENT 8		10,500.
23 Total of lines 15 through 22	251,116.	273,264.	317,106.	267,380.	1,108,866.
24 Line 23 minus line 17	251,116.	273,264.	317,106.	267,380.	1,108,866.
25 Enter 1% of line 23	2,511.	2,733.	3,171.	2,674.	
26 Organizations described on lines 10 or 11: a Enter 2% of amount in column (e), line 24					26a N/A
b Prepare a list for your records to show the name of and amount contributed by each person (other than a governmental unit or publicly supported organization) whose total gifts for 2003 through 2006 exceeded the amount shown in line 26a. Do not file this list with your return. Enter the total of all these excess amounts					26b N/A
c Total support for section 509(a)(1) test: Enter line 24, column (e)					26c N/A
d Add: Amounts from column (e) for lines: 18 _____ 19 _____ 22 _____ 26b _____					26d N/A
e Public support (line 26c minus line 26d total)					26e N/A
f Public support percentage (line 26e (numerator) divided by line 26c (denominator))					26f N/A %
27 Organizations described on line 12: a For amounts included in lines 15, 16, and 17 that were received from a "disqualified person," prepare a list for your records to show the name of, and total amounts received in each year from, each "disqualified person." Do not file this list with your return. Enter the sum of such amounts for each year:					
(2006) 42,578. (2005) 74,952. (2004) 30,059. (2003) 85,892.					
b For any amount included in line 17 that was received from each person (other than "disqualified persons"), prepare a list for your records to show the name of, and amount received for each year, that was more than the larger of (1) the amount on line 25 for the year or (2) \$5,000. (Include in the list organizations described in lines 5 through 11b, as well as individuals.) Do not file this list with your return. After computing the difference between the amount received and the larger amount described in (1) or (2), enter the sum of these differences (the excess amounts) for each year:					
(2006) 0. (2005) 0. (2004) 0. (2003) 0.					
c Add: Amounts from column (e) for lines: 15 817,354. 16 _____ 17 _____ 20 _____ 21 _____					27c 817,354.
d Add: Line 27a total 233,481. and line 27b total 0.					27d 233,481.
e Public support (line 27c total minus line 27d total)					27e 583,873.
f Total support for section 509(a)(2) test: Enter amount on line 23, column (e)					27f 1,108,866.
g Public support percentage (line 27e (numerator) divided by line 27f (denominator))					27g 52.6550%
h Investment income percentage (line 18, column (e) (numerator) divided by line 27f (denominator))					27h 25.3423%

28 Unusual Grants: For an organization described in line 10, 11, or 12 that received any unusual grants during 2003 through 2006, prepare a list for your records to show, for each year, the name of the contributor, the date and amount of the grant, and a brief description of the nature of the grant. Do not file this list with your return. Do not include these grants in line 15.

NONE

Part V Private School Questionnaire (See page 9 of the instructions.)

N/A

(To be completed ONLY by schools that checked the box on line 6 in Part IV)

		Yes	No
29	Does the organization have a racially nondiscriminatory policy toward students by statement in its charter, bylaws, other governing instrument, or in a resolution of its governing body?		
30	Does the organization include a statement of its racially nondiscriminatory policy toward students in all its brochures, catalogues, and other written communications with the public dealing with student admissions, programs, and scholarships?		
31	Has the organization publicized its racially nondiscriminatory policy through newspaper or broadcast media during the period of solicitation for students, or during the registration period if it has no solicitation program, in a way that makes the policy known to all parts of the general community it serves? If "Yes," please describe; if "No," please explain. (If you need more space, attach a separate statement.) _____ _____ _____		
32	Does the organization maintain the following:		
a	Records indicating the racial composition of the student body, faculty, and administrative staff?	32a	
b	Records documenting that scholarships and other financial assistance are awarded on a racially nondiscriminatory basis?	32b	
c	Copies of all catalogues, brochures, announcements, and other written communications to the public dealing with student admissions, programs, and scholarships?	32c	
d	Copies of all material used by the organization or on its behalf to solicit contributions? If you answered "No" to any of the above, please explain. (If you need more space, attach a separate statement.) _____ _____	32d	
33	Does the organization discriminate by race in any way with respect to:		
a	Students' rights or privileges?	33a	
b	Admissions policies?	33b	
c	Employment of faculty or administrative staff?	33c	
d	Scholarships or other financial assistance?	33d	
e	Educational policies?	33e	
f	Use of facilities?	33f	
g	Athletic programs?	33g	
h	Other extracurricular activities?	33h	
	If you answered "Yes" to any of the above, please explain. (If you need more space, attach a separate statement.) _____ _____		
34 a	Does the organization receive any financial aid or assistance from a governmental agency?	34a	
b	Has the organization's right to such aid ever been revoked or suspended?	34b	
	If you answered "Yes" to either 34a or b, please explain using an attached statement.		
35	Does the organization certify that it has complied with the applicable requirements of sections 4.01 through 4.05 of Rev. Proc. 75-50, 1975-2 C.B. 587, covering racial nondiscrimination? If "No," attach an explanation	35	

Part VI-A Lobbying Expenditures by Electing Public Charities (See page 11 of the instructions.)
 (To be completed **ONLY** by an eligible organization that filed Form 5768)

N/A

Check **a** if the organization belongs to an affiliated group. Check **b** if you checked "a" and "limited control" provisions apply.

Limits on Lobbying Expenditures (The term "expenditures" means amounts paid or incurred.)		(a) Affiliated group totals	(b) To be completed for all electing organizations
		N/A	
36 Total lobbying expenditures to influence public opinion (grassroots lobbying)	36		
37 Total lobbying expenditures to influence a legislative body (direct lobbying)	37		
38 Total lobbying expenditures (add lines 36 and 37)	38		
39 Other exempt purpose expenditures	39		
40 Total exempt purpose expenditures (add lines 38 and 39)	40		
41 Lobbying nontaxable amount. Enter the amount from the following table -			
If the amount on line 40 is -	The lobbying nontaxable amount is -		
Not over \$500,000	20% of the amount on line 40		
Over \$500,000 but not over \$1,000,000	\$100,000 plus 15% of the excess over \$500,000		
Over \$1,000,000 but not over \$1,500,000	\$175,000 plus 10% of the excess over \$1,000,000	41	
Over \$1,500,000 but not over \$17,000,000	\$225,000 plus 5% of the excess over \$1,500,000		
Over \$17,000,000	\$1,000,000		
42 Grassroots nontaxable amount (enter 25% of line 41)	42		
43 Subtract line 42 from line 36. Enter -0- if line 42 is more than line 36	43		
44 Subtract line 41 from line 38. Enter -0- if line 41 is more than line 38	44		

Caution: If there is an amount on either line 43 or line 44, you must file Form 4720.

4-Year Averaging Period Under Section 501(h)

(Some organizations that made a section 501(h) election do not have to complete all of the five columns below. See the instructions for lines 45 through 50 on page 13 of the instructions.)

Calendar year (or fiscal year beginning in) ▶	Lobbying Expenditures During 4-Year Averaging Period				N/A
	(a) 2007	(b) 2006	(c) 2005	(d) 2004	(e) Total
45 Lobbying nontaxable amount					0.
46 Lobbying ceiling amount (150% of line 45(e))					0.
47 Total lobbying expenditures					0.
48 Grassroots nontaxable amount					0.
49 Grassroots ceiling amount (150% of line 48(e))					0.
50 Grassroots lobbying expenditures					0.

Part VI-B Lobbying Activity by Nonelecting Public Charities

(For reporting only by organizations that did not complete Part VI-A) (See page 14 of the instructions.)

N/A

During the year, did the organization attempt to influence national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of:	Yes	No	Amount
	a Volunteers		
b Paid staff or management (Include compensation in expenses reported on lines c through h .)			
c Media advertisements			
d Mailings to members, legislators, or the public			
e Publications, or published or broadcast statements			
f Grants to other organizations for lobbying purposes			
g Direct contact with legislators, their staffs, government officials, or a legislative body			
h Rallies, demonstrations, seminars, conventions, speeches, lectures, or any other means			
i Total lobbying expenditures (Add lines c through h .)			0.

If "Yes" to any of the above, also attach a statement giving a detailed description of the lobbying activities.

Schedule B
(Form 990, 990-EZ,
or 990-PF)

Department of the Treasury
Internal Revenue Service

Schedule of Contributors

Supplementary Information for
line 1 of Form 990, 990-EZ, and 990-PF (see instructions)

OMB No. 1545-0047

2007

Name of organization

Employer identification number

THE PALO ALTO COMMUNITY FUND

77-0483215

Organization type (check one):

Filers of:

Section:

Form 990 or 990-EZ

501(c)(3) (enter number) organization

4947(a)(1) nonexempt charitable trust **not** treated as a private foundation

527 political organization

Form 990-PF

501(c)(3) exempt private foundation

4947(a)(1) nonexempt charitable trust treated as a private foundation

501(c)(3) taxable private foundation

Check if your organization is covered by the **General Rule** or a **Special Rule**. (Note: Only a section 501(c)(7), (8), or (10) organization can check boxes for both the General Rule and a Special Rule-see instructions.)

General Rule-

For organizations filing Form 990, 990-EZ, or 990-PF that received, during the year, \$5,000 or more (in money or property) from any one contributor. (Complete Parts I and II.)

Special Rules-

For a section 501(c)(3) organization filing Form 990, or Form 990-EZ, that met the 33 1/3% support test of the regulations under sections 509(a)(1)/170(b)(1)(A)(vi), and received from any one contributor, during the year, a contribution of the greater of \$5,000 or 2% of the amount on line 1 of these forms. (Complete Parts I and II.)

For a section 501(c)(7), (8), or (10) organization filing Form 990, or Form 990-EZ, that received from any one contributor, during the year, aggregate contributions or bequests of more than \$1,000 for use *exclusively* for religious, charitable, scientific, literary, or educational purposes, or the prevention of cruelty to children or animals. (Complete Parts I, II, and III.)

For a section 501(c)(7), (8), or (10) organization filing Form 990, or Form 990-EZ, that received from any one contributor, during the year, some contributions for use *exclusively* for religious, charitable, etc., purposes, but these contributions did not aggregate to more than \$1,000. (If this box is checked, enter here the total contributions that were received during the year for an *exclusively* religious, charitable, etc., purpose. Do not complete any of the Parts unless the **General Rule** applies to this organization because it received nonexclusively religious, charitable, etc., contributions of \$5,000 or more during the year.) ► \$ _____

Caution: Organizations that are not covered by the General Rule and/or the Special Rules do not file Schedule B (Form 990, 990-EZ, or 990-PF), but they **must** check the box in the heading of their Form 990, Form 990-EZ, or on line 2 of their Form 990-PF, to certify that they do not meet the filing requirements of Schedule B (Form 990, 990-EZ, or 990-PF).

LHA For Paperwork Reduction Act Notice, see the Instructions
for Form 990, Form 990-EZ, and Form 990-PF.

Schedule B (Form 990, 990-EZ, or 990-PF) (2007)

Name of organization THE PALO ALTO COMMUNITY FUND	Employer identification number 77-0483215
---	---

Part I Contributors (See Specific Instructions.)

(a) No.	(b) Name, address, and ZIP + 4	(c) Aggregate contributions	(d) Type of contribution
1	BILL & CAROLYN RELER 39 CRESCENT DRIVE PALO ALTO, CA 94301	\$ 7,500.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
2	FREDERICK AND KATHRYN BARON (LAZARUS FOUNDATION) 521 LOWELL AVENUE PALO ALTO, CA 94301	\$ 5,000.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
3	JAY & MARTI DEBENEDETTI 497 STOCKBRIDGE AVENUE ATHERTON, CA 94027	\$ 20,000.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
4	MADDY & ISAAC STEIN 2301 WAVERLEY STREET PALO ALTO, CA 94301	\$ 10,000.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
5	WALTER & MARY MCCULLOUGH 1637 EMERSON STREET PALO ALTO, CA 94301	\$ 5,000.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
6	JOHN & GIOIA ARRILLAGA 500 LOS TRANCOS ROAD PORTOLA VALLEY, CA 94028	\$ 5,000.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)

Name of organization THE PALO ALTO COMMUNITY FUND	Employer identification number 77-0483215
---	---

Part II Noncash Property (See Specific Instructions.)

(a) No. from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (see instructions)	(d) Date received
8	177 SHS ABBOTT LABS _____ _____ _____	\$ 10,113.	12/04/07
_____	_____ _____ _____	\$ _____	_____
_____	_____ _____ _____	\$ _____	_____
_____	_____ _____ _____	\$ _____	_____
_____	_____ _____ _____	\$ _____	_____
_____	_____ _____ _____	\$ _____	_____
_____	_____ _____ _____	\$ _____	_____

PART III - STATEMENT OF PROGRAM SERVICE ACCOMPLISHMENTS:
THE ORGANIZATION'S PRIMARY EXEMPT PURPOSE IS TO SUPPORT
ORGANIZATIONS WHICH SERVE THE CITY OF PALO ALTO, CALIFORNIA
AND ITS NEIGHBORING COMMUNITIES, BY MAKING GRANTS AND GIFTS
FOR THE EDUCATIONAL AND CHARITABLE USES OF SUCH
ORGANIZATIONS.

FORM 990 GAIN (LOSS) FROM PUBLICLY TRADED SECURITIES STATEMENT 2

DESCRIPTION	GROSS SALES PRICE	COST OR OTHER BASIS	EXPENSE OF SALE	NET GAIN OR (LOSS)
25 SHS EXXON MOBIL CORP	2,540.	2,643.	0.	-103.
50 SHS PROCTOR & GAMBLE	3,622.	3,693.	0.	-71.
22 SHS MATTHEWS PACIFIC TIGER FUND	504.	505.	0.	-1.
10 SHS US BANKCORP COMM NEW	287.	327.	0.	-40.
20 SHS SVB FNCL GRP	1,002.	1,070.	0.	-68.
177 SHS ABBOTT LABS	9,945.	10,113.	0.	-168.
9 SHS HEWLETT PACKARD	398.	447.	0.	-49.
CFSV	326,017.	0.	0.	326,017.
TO FORM 990, PART I, LINE 8	344,315.	18,798.	0.	325,517.

FORM 990 OTHER CHANGES IN NET ASSETS OR FUND BALANCES STATEMENT 3

DESCRIPTION	AMOUNT
UNREALIZED NET GAIN/LOSS ON INVESTMENT SECURITIES	-39,683.
TOTAL TO FORM 990, PART I, LINE 20	-39,683.

FORM 990 OTHER EXPENSES STATEMENT 4

DESCRIPTION	(A) TOTAL	(B) PROGRAM SERVICES	(C) MANAGEMENT AND GENERAL	(D) FUNDRAISING
DUES & SUBSCRIPTIONS	785.		785.	
MARKETING MATERIALS & EVENTS	4,956.			4,956.
INSURANCE	2,631.		2,631.	
MANAGEMENT FEES	37,177.		37,177.	
OUTSIDE SERVICES	512.		512.	
OTHER GRANT EXPENSES	4,091.	4,091.		
BANK CHARGES	30.		30.	
TOTAL TO FM 990, LN 43	50,182.	4,091.	41,135.	4,956.

FORM 990	CASH GRANTS AND ALLOCATIONS TO OTHERS	STATEMENT	5
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CLASS OF ACTIVITY/DONEE'S NAME AND ADDRESS	AMOUNT
SEE ATTACHMENT A	134,029.
TOTAL INCLUDED ON FORM 990, PART II, LINE 22B	134,029.

FORM 990	OTHER INVESTMENTS	STATEMENT	6
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DESCRIPTION	VALUATION METHOD	AMOUNT
CENTENNIAL FUND	MARKET VALUE	744,379.
ENDOWMENT FUND	MARKET VALUE	3,403,544.
OTHER SECURITIES	MARKET VALUE	585.
TOTAL TO FORM 990, PART IV, LINE 56, COLUMN B		4,148,508.

SCHEDULE A	EXPLANATION OF TRANSACTIONS PART III, LINE 2D	STATEMENT	7
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COMPENSATION IN THE AMOUNT OF \$27,000 WAS PAID TO CAMMIE VAIL FOR HER DUTIES AS EXECUTIVE DIRECTOR OF THE ORGANIZATION.

SCHEDULE A	OTHER INCOME			STATEMENT	8
DESCRIPTION	2006 AMOUNT	2005 AMOUNT	2004 AMOUNT	2003 AMOUNT	
MISCELLANEOUS	9,000.	1,500.	0.	0.	
TOTAL TO SCHEDULE A, LINE 22	<u>9,000.</u>	<u>1,500.</u>	<u>0.</u>	<u>0.</u>	

Application for Extension of Time To File an Exempt Organization Return

▶ File a separate application for each return.

- If you are filing for an **Automatic 3-Month Extension**, complete only **Part I** and check this box **X**
- If you are filing for an **Additional (Not Automatic) 3-Month Extension**, complete only **Part II** (on page 2 of this form).

Do not complete Part II unless you have already been granted an automatic 3-month extension on a previously filed Form 8868.

Part I Automatic 3-Month Extension of Time. Only submit original (no copies needed).

A corporation required to file Form 990-T and requesting an automatic 6-month extension - check this box and complete

Part I only

All other corporations (including 1120-C filers), partnerships, REMICs, and trusts must use Form 7004 to request an extension of time to file income tax returns.

Electronic Filing (e-file). Generally, you can electronically file Form 8868 if you want a 3-month automatic extension of time to file one of the returns noted below (6 months for a corporation required to file Form 990-T). However, you cannot file Form 8868 electronically if (1) you want the additional (not automatic) 3-month extension or (2) you file Forms 990-BL, 6069, or 8870, group returns, or a composite or consolidated Form 990-T. Instead, you must submit the fully completed and signed page 2 (Part II) of Form 8868. For more details on the electronic filing of this form, visit www.irs.gov/efile and click on *e-file for Charities & Nonprofits*.

Type or print	Name of Exempt Organization THE PALO ALTO COMMUNITY FUND	Employer identification number 77-0483215
	Number, street, and room or suite no. If a P.O. box, see instructions. P. O. BOX 50634	
	City, town or post office, state, and ZIP code. For a foreign address, see instructions. PALO ALTO, CA 94303	

Check type of return to be filed (file a separate application for each return):

- | | | |
|--|---|------------------------------------|
| <input checked="" type="checkbox"/> Form 990 | <input type="checkbox"/> Form 990-T (corporation) | <input type="checkbox"/> Form 4720 |
| <input type="checkbox"/> Form 990-BL | <input type="checkbox"/> Form 990-T (sec. 401(a) or 408(a) trust) | <input type="checkbox"/> Form 5227 |
| <input type="checkbox"/> Form 990-EZ | <input type="checkbox"/> Form 990-T (trust other than above) | <input type="checkbox"/> Form 6069 |
| <input type="checkbox"/> Form 990-PF | <input type="checkbox"/> Form 1041-A | <input type="checkbox"/> Form 8870 |

• The books are in the care of ▶ **EMILY WU, EXECUTIVE DIRECTOR**
Telephone No. ▶ **(650) 687-5026** FAX No. ▶ _____

- If the organization does not have an office or place of business in the United States, check this box
- If this is for a Group Return, enter the organization's four digit Group Exemption Number (GEN) _____. If this is for the whole group, check this box . If it is for part of the group, check this box and attach a list with the names and EINs of all members the extension will cover.

1 I request an automatic 3-month (6-months for a corporation required to file Form 990-T) extension of time until **AUGUST 15, 2008**, to file the exempt organization return for the organization named above. The extension is for the organization's return for:

▶ calendar year **2007** or

▶ tax year beginning _____, and ending _____.

2 If this tax year is for less than 12 months, check reason: Initial return Final return Change in accounting period

3a If this application is for Form 990-BL, 990-PF, 990-T, 4720, or 6069, enter the tentative tax, less any nonrefundable credits. See instructions.	3a	\$	
b If this application is for Form 990-PF or 990-T, enter any refundable credits and estimated tax payments made. Include any prior year overpayment allowed as a credit.	3b	\$	
c Balance Due. Subtract line 3b from line 3a. Include your payment with this form, or, if required, deposit with FTD coupon or, if required, by using EFTPS (Electronic Federal Tax Payment System). See instructions.	3c	\$	N/A

Caution. If you are going to make an electronic fund withdrawal with this Form 8868, see Form 8453-EO and Form 8879-EO for payment instructions.

TAX RETURN FILING INSTRUCTIONS

CALIFORNIA FORM 199

FOR THE YEAR ENDING

DECEMBER 31, 2007

Prepared for	EMILY WU, EXECUTIVE DIRECTOR THE PALO ALTO COMMUNITY FUND P. O. BOX 50634 PALO ALTO, CA 94303
Prepared by	BROWN ADAMS LLP 2600 EL CAMINO REAL, #600 PALO ALTO, CA 94306
Amount due or refund	BALANCE DUE OF \$10
Make check payable to	FRANCHISE TAX BOARD
Mail tax return and check (if applicable) to	FRANCHISE TAX BOARD P.O. BOX 942857 SACRAMENTO, CA 94257-0701
Return must be mailed on or before	DECEMBER 15, 2008
Special Instructions	THE RETURN SHOULD BE SIGNED AND DATED BY AN AUTHORIZED INDIVIDUAL. INCLUDE THE ORGANIZATION'S CALIFORNIA CORPORATION/ORGANIZATION NUMBER AND "2007 FORM 199" ON THE REMITTANCE.

Part II Organizations with gross receipts of more than \$25,000 and private foundations regardless of amount of gross receipts - complete Part II or furnish substitute information. See Specific Line Instructions.

728951/12-14-07

Receipts from Other Sources	1	Gross sales or receipts from all business activities. See instructions	1	00
	2	Interest	2	240.00
	3	Dividends	3	104,293.00
	4	Gross rents	4	00
	5	Gross royalties	5	00
	6	Gross amount received from sale of assets	6	344,315.00
	7	Other income	7	4,500.00
	8	Total gross sales or receipts from other sources. Add line 1 through line 7. Enter here and on Side 1, Part I, line 1	8	453,348.00
Expenses and Disbursements	9	Contributions, gifts, grants, and similar amounts paid	9	134,029.00
	10	Disbursements to or for members	10	00
	11	Compensation of officers, directors, and trustees	11	27,000.00
	12	Other salaries and wages	12	00
	13	Interest	13	00
	14	Taxes	14	3,794.00
	15	Rents	15	2,400.00
	16	Depreciation and depletion	16	00
	17	Other	17	55,588.00
	18	Total expenses and disbursements. Add line 9 through line 17. Enter here and on Side 1, Part I, line 9	18	222,811.00

Schedule L Balance Sheets

	Beginning of taxable year		End of taxable year	
	(a)	(b)	(c)	(d)
Assets				
1 Cash		113,393.		232,284.
2 Net accounts receivable				
3 Net notes receivable				
4 Inventories				
5 Federal and state government obligations				
6 Investments in other bonds				
7 Investments in stock				
8 Mortgage loans (number of loans)				
9 Other investments STMT 10		3,779,655.		4,148,508.
10 a Depreciable assets				
b Less accumulated depreciation	()		()	
11 Land				
12 Other assets				
13 Total assets		3,893,048.		4,380,792.
Liabilities and net worth				
14 Accounts payable				
15 Contributions, gifts, or grants payable				
16 Bonds and notes payable				
17 Mortgages payable				
18 Other liabilities				
19 Capital stock or principle fund				
20 Paid-in or capital surplus. Attach reconciliation				
21 Retained earnings or income fund		3,893,048.		4,380,792.
22 Total liabilities and net worth		3,893,048.		4,380,792.

Schedule M-1 Reconciliation of income per books with income per return

Do not complete this schedule if the amount on Schedule L, line 13, column (d), is less than \$25,000

1 Net income per books	487,744.	7 Income recorded on books this year not included in this return STMT 11	-39,683.
2 Federal income tax		8 Deductions in this return not charged against book income this year	
3 Excess of capital losses over capital gains		9 Total. Add line 7 and line 8	-39,683.
4 Income not recorded on books this year		10 Net income per return.	
5 Expenses recorded on books this year not deducted in this return		Subtract line 9 from line 6	527,427.
6 Total.	487,744.		

FORM 199 CASH CONTRIBUTIONS OF \$5000 OR MORE STATEMENT 1
 INCLUDED ON PART I, LINE 3

CONTRIBUTOR'S NAME	CONTRIBUTOR'S ADDRESS	DATE OF GIFT	AMOUNT
BILL & CAROLYN RELLER	39 CRESCENT DRIVE PALO ALTO, CA 94301		7,500.
FREDERICK AND KATHRYN BARON (LAZARUS FOUNDATION)	521 LOWELL AVENUE PALO ALTO, CA 94301		5,000.
JAY & MARTI DEBENEDETTI	497 STOCKBRIDGE AVENUE ATHERTON, CA 94027		20,000.
MADDY & ISAAC STEIN	2301 WAVERLEY STREET PALO ALTO, CA 94301		10,000.
WALTER & MARY MCCULLOUGH	1637 EMERSON STREET PALO ALTO, CA 94301		5,000.
JOHN & GIOIA ARRILLAGA	500 LOS TRANCOS ROAD PORTOLA VALLEY, CA 94028		5,000.
BILL & ROBERTA CAMPBELL	305 CHURCHILL AVE. PALO ALTO, CA 94301		5,000.
FOUNDATION FOR A GLOBAL COMMUNITY	251 HIGH ST., SUITE B PALO ALTO, CA 94301		10,000.
JOHN & CYNTHIA GUNN	1651 WAVERLEY ST. PALO ALTO, CA 94301		15,000.
JACK & FRAN ROMINGER	1057 GUINDA ST. PALO ALTO, CA 94301		100,000.
TOTAL INCLUDED ON LINE 3			<u>182,500.</u>

FORM 199

EXPLANATION FOR PART I, LINE 16

STATEMENT 3

THE ORGANIZATION HAS CHANGED ITS NAME. SEE ATTACHED AMENDMENT OF ARTICLES OF INCORPORATION.

PART III - STATEMENT OF PROGRAM SERVICE ACCOMPLISHMENTS:
THE ORGANIZATION'S PRIMARY EXEMPT PURPOSE IS TO SUPPORT
ORGANIZATIONS WHICH SERVE THE CITY OF PALO ALTO, CALIFORNIA
AND ITS NEIGHBORING COMMUNITIES, BY MAKING GRANTS AND GIFTS
FOR THE EDUCATIONAL AND CHARITABLE USES OF SUCH
ORGANIZATIONS.

FORM 199

GROSS AMOUNT FROM SALE OF ASSETS

STATEMENT 5

DESCRIPTION	DATE ACQUIRED	DATE SOLD	METHOD ACQUIRED	COST OR OTHER BASIS	DEPREC.	EXPENSE OF SALE	GROSS SALES PRICE
25 SHS EXXON MOBIL CORP	02/06/07	/ /07	DONATED	2,643.	0.	0.	2,540.

DESCRIPTION	DATE ACQUIRED	DATE SOLD	METHOD ACQUIRED	COST OR OTHER BASIS	DEPREC.	EXPENSE OF SALE	GROSS SALES PRICE
50 SHS PROCTOR & GAMBLE	12/06/07	/ /07	DONATED	3,693.	0.	0.	3,622.

DESCRIPTION	DATE ACQUIRED	DATE SOLD	METHOD ACQUIRED	COST OR OTHER BASIS	DEPREC.	EXPENSE OF SALE	GROSS SALES PRICE
22 SHS MATTHEWS PACIFIC TIGER FUND	01/10/07	/ /07	DONATED	505.	0.	0.	504.

DESCRIPTION	DATE ACQUIRED	DATE SOLD	METHOD ACQUIRED	COST OR OTHER BASIS	DEPREC.	EXPENSE OF SALE	GROSS SALES PRICE
10 SHS US BANKCORP COMM NEW	12/06/07	/ /07	DONATED	327.	0.	0.	287.

DESCRIPTION	DATE ACQUIRED	DATE SOLD	METHOD ACQUIRED	COST OR OTHER BASIS	DEPREC.	EXPENSE OF SALE	GROSS SALES PRICE
20 SHS SVB FNCL GRP	06/29/07	/ /07	DONATED	1,070.	0.	0.	1,002.

DESCRIPTION	DATE ACQUIRED	DATE SOLD	METHOD ACQUIRED	
177 SHS ABBOTT LABS	12/04/07	/ /07	DONATED	
	COST OR OTHER BASIS	DEPREC.	EXPENSE OF SALE	GROSS SALES PRICE
	10,113.	0.	0.	9,945.

DESCRIPTION	DATE ACQUIRED	DATE SOLD	METHOD ACQUIRED	
9 SHS HEWLETT PACKARD	11/20/07	/ /07	DONATED	
	COST OR OTHER BASIS	DEPREC.	EXPENSE OF SALE	GROSS SALES PRICE
	447.	0.	0.	398.

DESCRIPTION	DATE ACQUIRED	DATE SOLD	METHOD ACQUIRED	
CFSV	VARIOUS	/ /07	PURCHASED	
	COST OR OTHER BASIS	DEPREC.	EXPENSE OF SALE	GROSS SALES PRICE
	0.	0.	0.	326,017.

TOTAL TO FORM 199, PAGE 2, LN 6	18,798.	0.	0.	344,315.
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FORM 199	OTHER INCOME	STATEMENT	6
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DESCRIPTION	AMOUNT
MISCELLANEOUS	4,500.
TOTAL TO FORM 199, PART II, LINE 7	4,500.

FORM 199	CASH CONTRIBUTIONS, GIFTS, GRANTS AND SIMILAR AMOUNTS PAID	STATEMENT	7
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ACTIVITY CLASSIFICATION:

DONEES NAME	DONEES ADDRESS	RELATIONSHIP	AMOUNT
SEE ATTACHMENT A		N/A	134,029.

TOTAL FOR THIS ACTIVITY	134,029.
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TOTAL INCLUDED ON FORM 199, PART II, LINE 9	134,029.
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FORM 199	COMPENSATION OF OFFICERS, DIRECTORS AND TRUSTEES	STATEMENT	8
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NAME AND ADDRESS	TITLE AND AVERAGE HRS WORKED/WK	COMPENSATION
OTHER BOARD MEMBERS-SEE ATTACHMENT B	BOARD MEMBER 0.00	0.
WORTH LUDWICK P. O. BOX 50634 PALO ALTO, CA 94303	CHIEF FINANCIAL OFFICER 2.00	0.
CAMMIE VAIL P. O. BOX 50634 PALO ALTO, CA 94303	EXECUTIVE DIRECTOR 20.00	27,000.
AMY RENALDS P. O. BOX 50634 PALO ALTO, CA 94303	CO-PRESIDENT 2.00	0.
KATHY SCHNIEDWIND P. O. BOX 50634 PALO ALTO, CA 94303	CO-PRESIDENT 2.00	0.

TOTAL TO FORM 199, PART II, LINE 11	27,000.
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FORM 199 OTHER EXPENSES STATEMENT 9

DESCRIPTION	AMOUNT
DUES & SUBSCRIPTIONS	785.
MARKETING MATERIALS & EVENTS	4,956.
INSURANCE	2,631.
MANAGEMENT FEES	37,177.
OUTSIDE SERVICES	512.
OTHER GRANT EXPENSES	4,091.
BANK CHARGES	30.
ACCOUNTING FEES	919.
SUPPLIES	2,370.
PRINTING AND PUBLICATIONS	2,117.
TOTAL TO FORM 199, PART II, LINE 17	55,588.

FORM 199 OTHER INVESTMENTS STATEMENT 10

DESCRIPTION	BEG. OF YEAR	END OF YEAR
CENTENNIAL FUND	711,476.	744,379.
ENDOWMENT FUND	3,068,179.	3,403,544.
OTHER SECURITIES	0.	585.
TOTAL TO FORM 199, SCHEDULE L, LINE 9	3,779,655.	4,148,508.

FORM 199 INCOME RECORDED ON BOOKS THIS YEAR NOT INCLUDED IN THIS RETURN STATEMENT 11

DESCRIPTION	AMOUNT
UNREALIZED GAIN/LOSS ON INVESTMENTS	-39,683.
TOTAL TO FORM 199, SCHEDULE M-1, LINE 7	-39,683.

FORM 199	FUND BALANCES	STATEMENT	12
DESCRIPTION	BEG. OF YEAR	END OF YEAR	
UNRESTRICTED ASSETS	3,893,048.	4,370,792.	
TEMPORARILY RESTRICTED ASSETS	0.	10,000.	
TOTAL TO FORM 199, SCHEDULE L, LINE 21	3,893,048.	4,380,792.	

TAX RETURN FILING INSTRUCTIONS

CALIFORNIA FORM RRF-1

FOR THE YEAR ENDING

DECEMBER 31, 2007

Prepared for	EMILY WU, EXECUTIVE DIRECTOR THE PALO ALTO COMMUNITY FUND P. O. BOX 50634 PALO ALTO, CA 94303
Prepared by	BROWN ADAMS LLP 2600 EL CAMINO REAL, #600 PALO ALTO, CA 94306
Mail tax return to	REGISTRY OF CHARITABLE TRUSTS P.O. BOX 903447 SACRAMENTO, CA 94203-4470
Return must be mailed on or before	AUGUST 15, 2008
Special Instructions	THE RETURN SHOULD BE SIGNED AND DATED BY AN AUTHORIZED INDIVIDUAL. ENCLOSE A CHECK FOR \$75 MADE PAYABLE TO ATTORNEY GENERAL'S REGISTRY OF CHARITABLE TRUSTS. INCLUDE "FORM RRF-1," THE REPORT YEAR AND THE ORGANIZATION'S STATE CHARITY REGISTRATION NUMBER AND/OR ORGANIZATION NUMBER ON THE REMITTANCE.

MAIL TO:
 Registry of Charitable Trusts
 P. O. Box 903447
 Sacramento, CA 94203-4470
 Telephone: (916) 445-2021

**ANNUAL
 REGISTRATION RENEWAL FEE REPORT
 TO ATTORNEY GENERAL OF CALIFORNIA**

Sections 12586 and 12587, California Government Code
 11 Cal. Code Regs. sections 301-307, 311 and 312

WEB SITE ADDRESS:
<http://ag.ca.gov/charities/>

Failure to submit this report annually no later than four months and fifteen days after the end of the organization's accounting period may result in the loss of tax exemption and the assessment of a minimum tax of \$800, plus interest, and/or fines or filing penalties as defined in Government Code section 12586.1. IRS extensions will be honored.

State Charity Registration Number: CT 23701 THE PALO ALTO COMMUNITY FUND <small>Name of Organization</small> P. O. BOX 50634 <small>Address (Number and Street)</small> PALO ALTO, CA 94303 <small>City or Town, State and ZIP Code</small>	Check if: <input type="checkbox"/> Change of address <input type="checkbox"/> Amended report Corporate or Organization No. <u>2105149</u> Federal Employer I.D. No. <u>77-0483215</u>
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ANNUAL REGISTRATION RENEWAL FEE SCHEDULE (11 Cal. Code Regs. sections 301-307, 311 and 312)
 Make Check Payable to Attorney General's Registry of Charitable Trusts

Gross Annual Revenue	Fee	Gross Annual Revenue	Fee	Gross Annual Revenue	Fee
Less than \$25,000	0	Between \$100,001 and \$250,000	\$50	Between \$1,000,001 and \$10 million	\$150
Between \$25,000 and \$100,000	\$25	Between \$250,001 and \$1 million	\$75	Between \$10,000,001 and \$50 million	\$225
				Greater than \$50 million	\$300

PART A - ACTIVITIES

For your most recent full accounting period (beginning 01/01/2007 ending 12/31/2007) list:
 Gross annual revenue \$ 750,238. Total assets \$ 4,380,792.

PART B - STATEMENTS REGARDING ORGANIZATION DURING THE PERIOD OF THIS REPORT

Note: If you answer "yes" to any of the questions below, you must attach a separate sheet providing an explanation and details for each "yes" response. Please review RRF-1 instructions for information required.

	Yes	No
1. During this reporting period, were there any contracts, loans, leases or other financial transactions between the organization and any officer, director or trustee thereof either directly or with an entity in which any such officer, director or trustee had any financial interest? <p align="right">SEE STATEMENT 13</p>	X	
2. During this reporting period, was there any theft, embezzlement, diversion or misuse of the organization's charitable property or funds?		X
3. During this reporting period, did non-program expenditures exceed 50% of gross revenues?		X
4. During this reporting period, were any organization funds used to pay any penalty, fine or judgment? If you filed a Form 4720 with the Internal Revenue Service, attach a copy.		X
5. During this reporting period, were the services of a commercial fundraiser or fundraising counsel for charitable purposes used? If "yes," provide an attachment listing the name, address, and telephone number of the service provider.		X
6. During this reporting period, did the organization receive any governmental funding? If so, provide an attachment listing the name of the agency, mailing address, contact person, and telephone number.		X
7. During this reporting period, did the organization hold a raffle for charitable purposes? If "yes," provide an attachment indicating the number of raffles and the date(s) they occurred.		X
8. Does the organization conduct a vehicle donation program? If "yes," provide an attachment indicating whether the program is operated by the charity or whether the organization contracts with a commercial fundraiser for charitable purposes.		X
9. Did your organization have prepared an audited financial statement in accordance with generally accepted accounting principles for this reporting period?		X

Organization's area code and telephone number (650) 687-5026

Organization's e-mail address _____

I declare under penalty of perjury that I have examined this report, including accompanying documents, and to the best of my knowledge and belief, it is true, correct and complete.

Signature of authorized officer _____	Printed Name _____	Title _____	Date _____
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FORM RRF-1

EXPLANATION OF FINANCIAL TRANSACTIONS
PART B, LINE 1

STATEMENT 13

COMPENSATION IN THE AMOUNT OF \$27,000 WAS PAID TO CAMMIE VAIL FOR HER DUTIES AS EXECUTIVE DIRECTOR OF THE ORGANIZATION.