

2009 Annual Report

Our Remarkable Mission



Front and back cover photos by Toby Perry

Mission

The Stewardship Council protects and enhances watershed lands and uses, and invests in efforts to improve the lives of young Californians through connections with the outdoors.

A Unique and Collaborative Endeavor

The Pacific Forest and Watershed Lands Stewardship Council (Stewardship Council) is a private, nonprofit foundation. Established in 2004, its mission is to protect and enhance more than 140,000 acres of PG&E-owned watershed lands, and invest in efforts to improve the lives of young Californians through connections with the outdoors.

Located across 22 counties, the land encompasses some of California's most beautiful wilderness landscapes. The parcels, almost 1,100 in total, stretch from Shasta county in the north to Kern county in the south, from the Sierra Nevada and Cascade ranges to the Eel River watershed in Mendocino County and the Carrizo Plains in San Luis Obispo County.

The Stewardship Council brings together the expertise of leading conservation, natural resource management, business, and public officials to undertake this historic conservation effort for California. Engaged in a unique and collaborative endeavor, the Stewardship Council's Board of Directors unites a broad range of interests to guide the development and execution of a Land Conservation Program and a Youth Investment Program to benefit current and future generations of Californians. Our core values are collaboration, stewardship, discovery, sustainability and leadership.



In March 2010, I was honored to be elected president of the Stewardship Council Board of Directors. When I joined the board in 2004 as one of its founding members, I realized that the opportunity that was presented to protect over 140,000 acres of California's most precious watershed lands and to connect tens of thousands of youth to the outdoors was unprecedented.

In the past few years, I have witnessed the success of the youth investment program as it has enabled programs throughout Northern California and the Central Valley to provide expanded opportunities for disadvantaged youth to connect with the beauty and power of nature. Through my involvement with organizations that have worked to broaden the number and depth of experience of visitors to Yosemite National Park, I have seen firsthand the transformational power of nature. I am pleased that there is a growing campaign in the United States by parents, educators, nonprofits leaders, and the White House to connect children and families to the great outdoors.

From the beginning, I have been impressed with the dedication of my colleagues on the Stewardship Council board. Many individuals devoted countless hours to create the organization and guide the first phases of the youth and land conservation work. The board's commitment continues to be exemplified as we have entered the important stage of selecting entities to serve as conservation easement holders and donees of fee title as well as recommending enhancements of the beneficial public values on the watershed lands.

The Stewardship Council has a remarkable mission—one that truly benefits all Californians.



Art G. Baggett Jr., Board President
State Water Recourses Control Board



Reflecting on the past year, the Stewardship Council has made progress on a number of fronts in furthering its dual mission.

In 2009, the Stewardship Council began selecting organizations to recommend as conservation easement holders and donees of fee title of PG&E's watershed lands. Outreach to stakeholders and the public as well as promoting collaboration have remained key elements of the land conservation program.

The Council has continued to fund organizations that connect underserved youth to the outdoors, and has facilitated the sharing of best practices among very committed program leaders in the field. To ensure our youth investment program's important contributions will be sustained over time, the board of directors authorized the creation of a new nonprofit called the Foundation for Youth Investment. Its mission is to generate ongoing resources for programs that connect California youth to the outdoors. The foundation's first three board members were appointed by the Stewardship Council to provide expertise and continuity, and they have been instrumental in overseeing the nonprofit's nascent activities.

Over the past year, it has been a privilege to work with the Council's dedicated board of directors as well as the Council's outstanding staff. In February 2010, our board president, Mike Chrisman, resigned from the board when he left his post as Secretary of the California Natural Resources Agency. We are grateful for Mr. Chrisman's exemplary leadership during the Council's initial years, and wish him well in his new position with the National Fish and Wildlife Foundation. Art Baggett, the newly elected president of our board, likewise possesses the experience, dedication, and passion required to lead an effort of this magnitude.

I look forward to continuing to meet with the diverse stakeholders in the land conservation and conveyance effort and to seeing again and again the positive impact our youth program funding is making in the lives of countless Californians.



Allene Zanger, Executive Director
Stewardship Council

Conserving Land, Connecting Youth to The Outdoors

Providing More Resources for Youth Foundation for Youth Investment

The Stewardship Council has had tremendous success funding programs that connect youth to the outdoors. To date, we have provided more than \$8.2 million in grant dollars to 130 organizations, making us one of the largest private foundation contributors to outdoor youth programming in California. In a few short years, we have begun to establish ourselves as a leader in the field by providing not only funds but also other forms of support to outdoor youth organizations. To build on this success and expand our current reach, the Stewardship Council has created a new nonprofit organization, the Foundation for Youth Investment (FYI). FYI's creation was approved by the Stewardship Council Board on November 19, 2009 and the foundation was officially incorporated on February 1, 2010.

FYI was established to increase the breadth and longevity of funding to youth organizations. Whereas the Youth Investment Program is bound by certain funding limitations and stipulations in the order from the California Public Utilities Commission, which created the program, the new foundation has the freedom to fund a wider variety of organizations beyond the Stewardship Council's geographic reach.

Still in its infancy, the foundation operates out of the Stewardship Council's offices in San Mateo and shares staff with the Youth Investment Program. Steve Hagler, the Stewardship Council's director of youth investment, leads the foundation's efforts while the founding board members are: Chuck Bonham and Luis Arteaga, members of the Stewardship Council's Youth Investment Committee; and Larry Goldzband, PG&E's Charitable Giving Manager.

FYI has the power to expand both our capacity and reach and fund youth programs for years to come. We are thrilled to be increasing our role in supporting the youth of California.



Youth Investment Program



The Foundation for Youth Investment has the power to expand both our capacity and reach and fund youth programs for years to come. We are thrilled to be increasing our role in supporting the youth of California.



Introducing the New President of the Board

Art G. Baggett Jr.

In January 2010, Mike Chrisman, then president of the Stewardship Council Board of Directors, announced he would be retiring from California state government and resigning from the board to take on the role of director of the Southwestern Partnership Office of the National Fish and Wildlife Foundation. While he left big shoes to fill, there is no better successor than Art Baggett of the State Water Resources Control Board, who's been an active Stewardship Council board member (having served as both treasurer and vice president) since the Council's inception.

Environmental advocate, scientist, attorney, teacher, outdoorsman, and bluegrass musician—Art Baggett is a Renaissance man of the Sierra. A long-time resident of El Portal, just outside of Yosemite National Park, Art has spent the greater part of his adult life advocating for the environment around his home and throughout California.

Before receiving a gubernatorial appointment to the State Water Resources Control Board in 1999, Art co-founded the Merced Canyon Committee, which successfully advocated for protection of the upper Merced River and its tributaries under the federal Wild and Scenic River Act; served two terms as a member of the Mariposa County Board of Supervisors and Mariposa County Water Agency; and practiced water, environmental, business, and family law in Mariposa.

As a scientist and teacher, he has worked as a guide for the Yosemite Mountaineering School, and served as a faculty member at the Yosemite Institute, the University of California's Sierra Institute, San Joaquin College of Law, and Fresno State University's Department of Chemistry. Art holds a MS in Environmental Studies & Ecosystem Management from Antioch University in Ohio and a JD from San Joaquin College of Law in Fresno.

An avid outdoorsman, Art once hiked all 2040 miles of Appalachian Trail and continues to enjoy Nordic skiing with his family each winter. When he's not working tirelessly to preserve California's precious natural resources or experiencing the beauty of the Sierra, he can be found playing the banjo or mandolin in his family's bluegrass band.

But perhaps Art's greatest asset as the Stewardship Council's new president is his enthusiasm for the Council's mission and his respect for his fellow board members. In his words, "It's a great, great board, an incredibly dedicated board of incredibly busy people. It's just an amazing group who've spent a lot of time creating a whole new organization from scratch. That's exciting."

It's a great, great board, an incredibly dedicated board
of incredibly busy people.



Funding Outdoor Programs for Youth

2009 Catalyst Fund Awards

\$114,000 was awarded to grassroots organizations that connect underserved youth with outdoor experiences within or near their communities.

- Alliance Equine Rescue and Youth Educational Foundation
- Balanced Rock Foundation
- CommunityGrows (formerly Hayes Valley Neighborhood Parks Group, a project of Tides Center)
- Escuela Popular Accelerated Family Learning Center
- Healing Waters
- Living Arts Kinetic Experience
- Movimiento
- North Roseville R.E.C. Center
- Project Great Outdoors
- Southern Humboldt Youth and Community Services
- Synergia Learning Center
- Take Out Until Completely Healed
- WildPlaces
- Willie Brown Jr. Academy Garden Program

2009 Impact Fund Awards

\$474,000 was awarded to established organizations that connect underserved youth to the outdoors.

- Adventure, Risk, Challenge
- Aim High

Impact Fund continued

- Central California Consortium of the US Forest Service
- Community Alliance with Family Farmers
- East Oakland Boxing Association
- Environmental Traveling Companions
- Girl Scouts of California's Central Coast
- GirlVentures
- Literacy for Environmental Justice (LEJ)
- Mid Klamath Watershed Council
- The Mosaic Project
- Project Avary
- Project WISE of the Golden Gate National Parks Conservancy
- Real Options for City Kids
- Seven Tepees
- Sierra Institute for Community and the Environment
- WildLink a program of NatureBridge
- Youth Community Services

2009 Initiative Fund Awards

\$425,000 was awarded to collaborative ventures that eliminate frequently-cited barriers to connecting young people with the outdoors.

- Bay Area Open Space Council
- Bay Area Wilderness Training, Presidio Trust, and National Park Service
- California State Parks Foundation and Pacific Leadership Institute

Initiative Fund continued

- East Bay Regional Parks Foundation
- Redwood City 2020
- Monterey Bay Aquarium and Watsonville Wetlands Watch

2009 Infrastructure Fund Awards

\$956,000 was awarded to improve community parks and open spaces to make them more accessible, viable, and safe for children and youth.

- City of Oakland: Lincoln Square Outdoor Recreation Corridor
- City of Oroville: Youth Build for Youth Basketball
- City of Merced Parks and Community Services Department: City of Merced Ray Flanagan Neighborhood Park Restoration
- County of Santa Cruz Parks, Open Space, and Cultural Services Department: Pinto Lake County Park Children's Playground and Accessible Pathway Project
- Spanish Speaking Unity Council: Oakland Schoolyard Initiative Phase II
- Westside Community Park: Westside Community Park Phase II



Our Approach to Grantmaking

Transparent. Fair. Responsive.

Here at the Youth Investment Program, we take pride both in what we do and how we do it. Our focus is not just on the end goal—funding programs that connect youth to the outdoors. It's also on the process, which we adjust annually in response to what we've learned from our grantseekers. How we fund is as important to us as what we fund. To that end, we work to make our funding process as transparent and equitable as possible.

At the Stewardship Council, every application we receive is fully reviewed by staff and one of our advisory panels. The playing field is level—each application receives full attention. We also work to make our funding process as transparent as possible by providing resources to grantseekers at every stage. Our website provides detailed information, including an annually updated grantmaking plan that describes our funding objectives, applicant qualifications, and a summary of the application and review process. Grant applicants can also register on our site for email updates.

But, our efforts are not limited to electronic communication. In 2009 in an effort to provide equal access to organizations across our funding area, we hosted six regional grant application workshops: in San Francisco, Oakland, Fresno, Sacramento, Bakersfield, and Red Bluff. These workshops helped organizations prepare for the funding application process. For those organizations that were not able to attend, we hosted two teleconferences and posted the PowerPoint presentation on our website.

At the Stewardship Council, we believe that successful philanthropy requires listening and responding to our community of applicants and grantees.

And the Survey Says...

Results of the 2009 Stakeholder Survey Are In

In the fall of 2009, the Youth Investment Program actively sought to improve our funding process by listening to our community of applicants. We surveyed organizations that had applied for grants in the 2008 and 2009 funding cycles. Of the 73 organizations that completed the survey, 46% of the respondents had received grants whereas 54% had not. Here are a few of the most significant findings:

On the Right Track

- 86% of the applicants believe that the Stewardship Council is on the right track with our efforts to connect underserved youth with the outdoors.
- 82% believe we are addressing an important need in the community.
- 73% see us as a knowledge center for developing the field of youth programming.

Clear & Responsive

- More than 90% believe that we were clear in communicating our grant guidelines while also responding helpfully to questions and requests.
- 94% percent felt comfortable approaching our staff if they had a problem.

Simple Application & Useful Resources

- Close to three quarters of respondents were satisfied with the grant application process and found applying simple.
- 84% of the organizations who sought out resources on our website found them useful.

While the survey findings confirmed that we are doing well in many areas, they've also helped us target areas for improvement. We'll continue to work on communicating clearly with grantseekers, streamlining our application process, and offering useful resources and support.

Building Outdoor Connections through Pools, Playgrounds, Living Classrooms, and More

Infrastructure Funds at Work

The Stewardship Council Infrastructure Fund supports projects that improve community parks and open spaces, making them more accessible, viable, and safe for youth. Since 2006, we have funded 20 projects across California in urban and rural settings. These projects range from pools and ball fields to urban gardens, skate parks, and playgrounds. In 2009, we checked in with our grant recipients on the status of their projects. See all the projects listed below with updates on the EcoCenter at Heron's Head Park, Empire Community Pool, and Nuksa Te Playground.

2009 Infrastructure Fund Awards

1. City of Oakland
\$200,000 is building the Lincoln Square Outdoor Recreation Corridor – a youth-centered recreation area with a multi-purpose playing field, ball courts, community stage, and game tables.
2. City of Oroville
\$61,000 is helping the City of Oroville (in partnership with the Private Industry Council youth construction crew) build three new basketball courts and refurbish another.
3. City of Merced Parks and Community Services Department
\$200,000 is renovating the Ray Flanagan Neighborhood Park.
4. County of Santa Cruz Parks, Open Space, and Cultural Services Department
\$95,000 is building an accessible playground and pathway at Pinto Lake County Park.
5. The Unity Council
\$200,000 is converting asphalt into green schoolyards at two Oakland schools.
6. Westside Community Park
\$200,000 is constructing playing fields at a regional park in Lakeport.

2008 Infrastructure Fund Awards

7. Bay Area Outreach & Recreation Program
\$200,000 renovated a previously abandoned city owned recreation facility at Berkeley's Aquatic Park.

8. Boys & Girls Club of Fresno County
\$130,000 renovated a 30-year old, neglected East Fresno sports and recreation field.
9. Burney Water District
\$200,000 refurbished the community swimming pool.
10. City of San Joaquin
\$200,000 built a new community playing field.
11. City Slicker Farms
\$70,000 converted two neighboring city parks into a community urban farm.

12. Plumas Rural Services: Nuksa Te Playground
Plumas Rural Services received a \$167,000 grant to build a playground in the Indian Valley community of Plumas County. Even though the area is rural, before the playground's opening, there were few safe places for young children to play outdoors in the local community.

Because nearly a third of all the local youth are overweight and living below the poverty line, the free, outdoor recreation the playground offers is essential. Completed in the summer of 2009, the Nuksa Te ("jolly child" in Maidu) Playground is being enthusiastically used by the community, even in the winter. Families use the space for birthday parties and picnics while teens gather there after school. The playground has also generated a lot of interest in the Greenville Community Center, currently being built on the same site. Because the playground draws parents to the site, many are now volunteering to help with the construction of the center. The Nuksa Te Playground is bringing the community together (parents, teens, and children alike) in the great outdoors.

2007 Infrastructure Fund Awards

13. City of Firebaugh
\$200,000 is building a top-of-the-line soccer facility and expanding an existing park.
14. City of Fresno
\$200,000 funded a 6.58-acre accessible park.

The EcoCenter, a model of sustainable construction.

15. Literacy for Environmental Justice: EcoCenter at Heron's Head Park, San Francisco

Literacy for Environmental Justice received a \$200,000 Infrastructure Grant towards the construction of a 1500-square-foot, self-sustaining environmental education and community center, which opened to the public on April 18, 2010. The center's home is Heron's Head Park, 23-acres of restored wetlands in Hunter's Point, a San Francisco neighborhood plagued by poverty and environmental challenges. The EcoCenter—a model of sustainable construction, boasting a green living roof and native gardens—is a magnet for underserved youth in the community through its environmental education programs. Once there, youth can learn about ecology and green living or engage with nature in the park's open space, a stopover point for migrating birds such as snowy egrets and great blue herons. Though it's just a stone's throw from the urban streets of Hunter's Point, the EcoCenter provides youth with a chance to live and learn in nature.

16. Stanislaus County Department of Parks and Recreation: Empire Community Pool

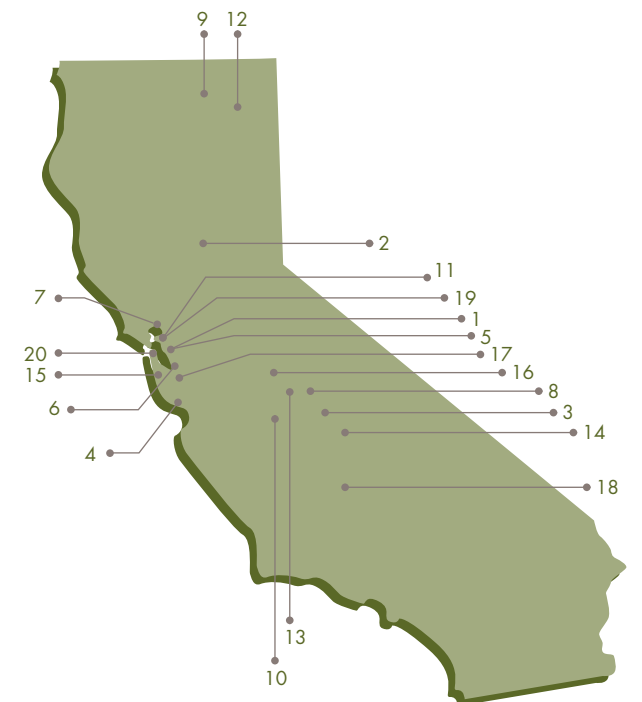
Stanislaus County Department of Parks and Recreation received a \$200,000 grant to build a water-spray playground at the Empire Community Pool. In the Central Valley town of Empire near Modesto, the temperature is often over 100 degrees in the summer. Before the opening of the community pool, many local young people swam in the nearby Tuolumne River or local canals. Following the tragic deaths of three young brothers in 2003, the community mobilized to build a pool, where local families could swim safely. The pool and water-spray playground were well attended during the summer and fall of 2009, the first season of operations. Local families used the facility for general recreation, swimming lessons, birthday parties, and picnics. In a community where many families are living in poverty, the pool complex is a welcome asset, providing an affordable, safe place to swim and play during the sweltering summer months.



17. The Unity Council and East Bay Asian Youth Center
\$200,000 transformed existing schoolyards at Garfield Elementary School and Urban Promise Academy.

2006 Partnership (now known as Infrastructure) Fund Awards

18. Bear Mountain Recreation & Park District
\$100,000 built a new community pool in Lamont.
19. East Bay Asian Local Development Corporation – Lions Creek Crossing
\$175,000 planted vegetation and installed lighting in East Oakland's Lion Creek Crossings Park.
20. San Francisco Parks Trust
\$100,000 created streetscapes and open space out of undeveloped land in southeast San Francisco neighborhoods.



Learning through Nature

Young People from Seven Tepees Talk about Outdoor Education

Seven Tepees, a recipient of a 2009 Stewardship Council grant, is a youth development organization that works with young people ages 11–18. Its mission is to help urban youth develop the skills they need to make lifelong positive choices and create their own opportunities for success. Seven Tepees works with at-risk youth year-round for seven years, providing outdoor education, academic tutoring, mentoring, enrichment programs, job training, and counseling. Every Seven Tepees graduate earns a scholarship to college or trade school. It's the breadth, duration, and intensity of the contact with participants that make the program so successful.

Among the program's many strengths is its ongoing effort to connect youths to the outdoors through multi-day, overnight trips including backpacking, river rafting, kayaking, cross-country skiing, and snowboarding. We had the opportunity to interview two of the program's participants about their outdoor adventures with Seven Tepees and here's what they had to say.



Nestor Cerda

Nestor attended Seven Tepees from ages 11 to 18. He's currently studying at City College of San Francisco and plans to transfer to a four-year university to earn a BA in child development. He works part-time for Seven Tepees as a literacy coach and youth facilitator. Over the years, Nestor has been on 35 outdoor adventures with Seven Tepees.

Tell us about the work you're doing for Seven Tepees.

As a literacy coach, I help kids with English, science, and history homework. On trips, I am a youth facilitator. I facilitate games and lectures that would be better heard from a young person's point of view.

Why do you think it's important for kids to spend time outdoors in nature?

The most important thing is that kids get out of the city. There are a lot of stresses that happen in the city, especially for inner-city youth. It's about growing as a community and developing leadership skills.

What did you learn from your experiences as a participant on outdoor trips?

It's a whole new world out there. It's definitely nothing you can imagine in the city. You really do get a chance to breathe and collect your thoughts. I've learned to be more social. In the city, when you have so many people around, it's easy to feel lost and overwhelmed. But out in nature, you have the opportunity to really know a person. And you learn about the environment: geologic terms, water sources, plants and trees that are native to California and why they are important to the ecosystem. I've also become more aware of what I do: I carry a metal water bottle with me, I recycle a lot more, I watch which products I buy, I try to leave as little footprint as I can.

Could you learn the same lessons on a field trip in the city?

No, because going to a park is not the same as going to a forest. When you go to a park, you do get to see nature, but you don't get to see nature the way it was intended, before we made big cities. The force that you feel when you are out in nature—I think it's life-changing.

When you look into the future, say ten years from now, what role do you think outdoor activities will play in your life?

I want to grow up and work for an organization like Seven Tepees. I would like to be a program director. I love going camping, backpacking, river rafting—if I get to do that when I grow up, I'll be the happiest person on earth.



Joi Rubit

Joi is a seventh-grader from San Francisco, who's been attending Seven Tepees for a year and a half.

Tell us about the outdoor trips you've attended.

I went on the mentor backpacking trip, Big Sur, Angel Island, and white-water rafting. The mentor backpacking trip to Point Reyes was my favorite. We had fun with our mentors and learned about nature. We went to the beach and played games. We saw some whales; they didn't come all the way out, just the arch of it. We saw a lot of birds and bugs. I wasn't afraid to be out in the wilderness because I had a lot of friends on the trip. I learned to leave no trace, about the ocean, and how to work in groups.

Do you like spending time outdoors?

Yes. I like the air. I like to see a lot of greenery and animals.

Do you think it's important for kids to camp, hike, and be in nature?

Yes. You want people to get a feeling of nature, and just, like... life. You don't want to always have to spend life inside.

What do you think kids learn from being outside?

They learn more about nature, what to do and what not to do. You learn how to keep yourself and others safe. You learn how to have fun and have a good attitude.

When you think of yourself in the future, as an adult, what role do you think outdoor activities will play in your life?

I'd like to be a mentor. If I have kids, I'd like to take them hiking and backpacking, so they can learn about what happens outside and that there is more to life than TV. I would make sure my kids come to Seven Tepees to get the experience.

The force that you feel when you are out in nature—I think it's life-changing.

Protecting California Lands

The overarching goal of the land conservation program is to preserve and enhance PG&E's watershed lands for the following six beneficial public values: wildlife habitat protection, preservation of open space, outdoor public recreation, sustainable forestry, agriculture uses, and cultural and historical resources. As part of this process, the Stewardship Council is seeking qualified organizations interested in becoming involved in the future stewardship of these lands as a recipient of a donation of fee title to specific parcels of watershed lands, as a holder of a conservation easement over the lands, or as a conservation partner working with one of the new landowners. For planning purposes, the 140,000 acres of watershed lands currently owned by PG&E, located across 22 counties, were divided into 47 planning units.

In 2009, work continued on identifying the organizations that will become involved in the future stewardship of the four pilot planning units: Bucks Lake, Doyle Springs, Kennedy Meadows, and McArthur Swamp. Last year, the Stewardship Council began the process of selecting conservation easement holders and future landowners for planning units in the Pit-McCloud River, Feather River, and Upper Mokelumne River watersheds. In the fall, we held a series of public meetings in these watershed areas to hear stakeholder ideas about future uses and protections for the lands and their thoughts about the desired qualifications of the organizations that will become the future stewards of these properties.

In 2009, the Stewardship Council board adopted a funding policy to guide the expenditure of its funding for the land conservation program, and we refined our land conservation and conveyance process. By January 2010, we had opened a new more centrally-located office in Sacramento and hired three new members of the land staff.

The land program's new deputy director is Elizabeth Wroblicka. She is working with the land conservation program director, Ric Notini, to provide program management, strategic planning, and leadership to an internal and consultant team engaged in the land conservation program effort. Elizabeth has spent her career specializing in land conservation acquisitions and stewardship. She has worked with land trusts, governmental agencies, foundations, and coalitions on a wide

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Land Conservation Program

array of land conservation issues. She earned her Bachelor of Science from Cornell, a law degree from the University of San Francisco, and a Masters of Environmental Law from Vermont Law School. Allison Henderson is the new program assistant, and Vanessa Parker-Geisman was hired as a regional land conservation manager to help manage the development of land conservation plans for a variety of planning units.

The groundwork laid during the past two years is helping us to more effectively and efficiently carry out our mandate of recommending land stewards and measures to protect forever many of California's most beautiful natural areas.



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Statement of Financial Position

Assets	2009	2008
Cash and cash equivalents	1,953,245	1,890,494
Investments	42,071,559	36,041,180
Grants receivable	37,301,116	45,625,414
Property and equipment, net	126,896	111,290
Other current assets	275,938	398,337
Total Assets	81,728,754	84,066,715
Liabilities and Net Assets		
Accounts payable and accrued expenses	477,932	375,961
Grants payable	2,044,559	2,304,559
Total liabilities	2,522,491	2,680,520
Temporarily restricted net assets	79,206,263	81,386,195
Total liabilities and net assets	81,728,754	84,066,715

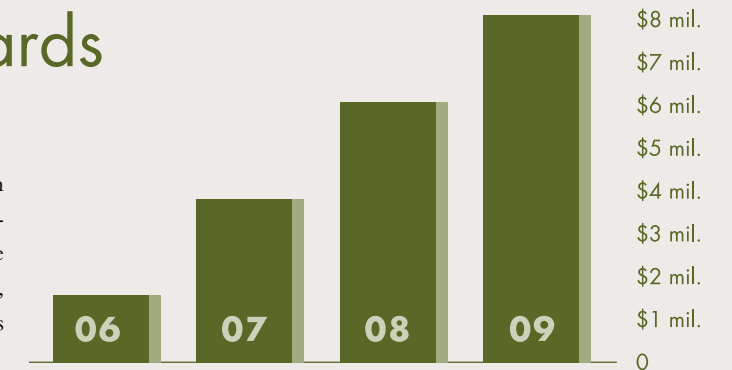
Statement of Activities

Support and Revenue	2009	2008
Grants	1,675,702	2,041,321
Investment income	1,393,316	1,841,705
Total support and revenue	3,069,018	3,883,026
Expenses		
Land Conservation Services	2,319,112	2,447,531
Youth Investment Services	2,929,838	3,033,380
Total expenses	5,248,950	5,480,911
Change in net assets	(2,179,932)	(1,597,885)
Net assets, beginning of year	81,386,195	82,984,080
Net assets, end of year	79,206,263	81,386,195

The Stewardship Council's most recent audited financial statements are available for download at the Web site or via hard copy by calling 650.344.9072

Cumulative Grant Awards

The Youth Investment Program awards approximately \$2 million in grants to qualified nonprofit organizations and public entities annually. Actual grant payments are made upon the satisfaction of the terms and conditions of the grant awards. As of December 31, 2009, the Stewardship Council has approved \$8.2 million of grant awards and made actual cash payments of \$6.2 million.



	2006	2007	2008	2009
Grant Awards	2,110,000	2,110,900	1,981,500	1,999,000
Grant Payments	1,560,000	944,900	1,421,941	2,254,000
Cumulative Grant Awards	2,110,000	4,220,900	6,202,400	8,201,400
Cumulative Grant Payments	1,560,000	2,504,900	3,926,841	6,180,841

Ending Cash and Investments

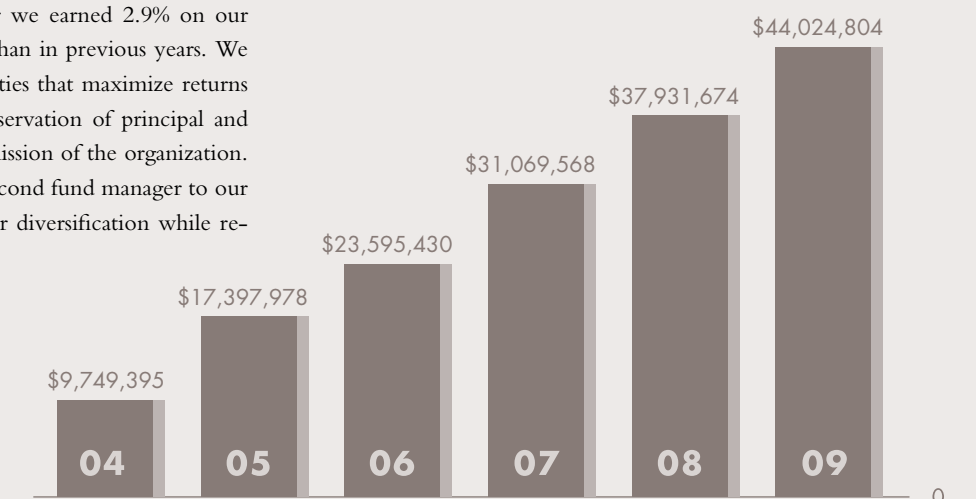
Managing our Investments

The Stewardship Council takes great care in the management of funds. To ensure that funds are preserved for future land planning and youth investment program needs, we work to minimize risk while earning a return that outpaces inflation. To achieve this goal, the Stewardship Council invests in a diversified pool of high quality fixed income securities.

Returns on fixed income investments fell during 2009, as a result of historically low federal funds rates, and investors' flight to quality, which reduced yields on high-quality, short-term fixed income investments. As a result, during the year we earned 2.9% on our investments, net of fees, which is lower than in previous years. We continue to pursue investment opportunities that maximize returns while ensuring our primary goals of preservation of principal and maintaining liquidity for support of the mission of the organization. In 2009, this included the addition of a second fund manager to our investment portfolio, which increased our diversification while reducing investment management fees.

Financing Our Efforts

The Stewardship Council is funded by a \$100 million commitment from PG&E, paid annually in ten \$10 million installments through 2013. The Land Conservation Program receives \$7 million annually while the Youth Investment Program receives \$3 million annually. Future installments from PG&E (adjusted for inflation) are shown in the Statement of Financial Position under the heading "grants receivable." A substantial amount of the annual funding is reserved for land conveyance and enhancement costs, which is reflected in the increasing annual cash and investments balance in the following table.



Board of Directors

Officers

President – **Art Baggett Jr.**
State Water Resources Control Board

Secretary – **Randy Livingston**
Pacific Gas & Electric Company

Treasurer – **Karen Norene Mills**
California Farm Bureau Federation

Vice Presidents

Chair, Youth Investment Committee – **Rich Gordon**
California Public Utilities Commission Appointed

Chair, Fiduciary Committee – **Truman Burns**
Division of Ratepayers Advocates

Chair, Watershed Planning Committee –
Soapy Mulholland
Central Valley Regional Water Quality Control Board



Board Members

Association of California Water Agencies
Mark Rentz
Dave Bolland (alternate)

California Department of Fish and Game
Board Member: Kevin Hunting
Alternate: Nancee Murray

California Farm Bureau Federation
Board Member: Karen Mills (Treasurer)
Alternate: Noelle Cremers

California Forestry Association
Board Member: David A. Bischel

California Hydropower Reform Coalition
Board Member: Richard Roos-Collins
Alternate: Chuck Bonham

California Public Utilities Commission
Board Member: Paul Clanon

California Public Utilities Commission Appointed
Board Member: Luis Arteaga
Board Member: Rich Gordon (Vice President)
Board Member: Steve Larson

California Natural Resources Agency
Board Member: Lester Snow
Alternate: Todd Ferrara

Central Valley Regional Water Quality Control Board
Board Member: Soapy Mulholland (Vice President)
Alternate: Dan B. Odenweller

Division of Ratepayer Advocates
Board Member: Truman Burns (Vice President)
Alternate: Bernard Ayanruoh

Pacific Gas & Electric Company
Board Member: Randy Livingston (Secretary)
Alternate: Mike Schonherr

Regional Council of Rural Counties
Board Member: Robert A. Meacher
Alternate: Lee Adams

State Water Resources Control Board
Board Member: Art Baggett Jr. (President)
Alternate: Charlie Hoppin

California Tribal Interests
Board Member: Larry Myers
Alternate: Ken Tipon

Trust for Public Land
Board Member: David Sutton

U.S. Forest Service/Bureau of Land Management
Board Member: Chris Nota
Board Member: Karla D. Norris

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