



**INDEPENDENT AUDITOR'S REPORT**

**To the Board of Directors  
San Ramon Valley Education Foundation  
San Ramon, California**

We have audited the accompanying statements of financial position, of San Ramon Valley Education Foundation (a nonprofit organization) as of June 30, 2004 and 2003, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of San Ramon Valley Education Foundation as of June 30, 2004 and 2003, and the changes in net assets and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

March 3, 2005  
Danville, California

*Sweeney Kovar LLP*

# SAN RAMON VALLEY EDUCATION FOUNDATION

## Statements of Financial Position

June 30, 2004 and 2003

	<u>2004</u>	<u>2003</u>
<b><u>Assets</u></b>		
Cash and cash equivalents	\$ 48,193	\$ 51,005
Investments - Unrestricted	96,913	93,805
Investments - Endowment Fund	386,707	248,536
Donations receivable	42,469	3,029
	<u>\$ 574,282</u>	<u>\$ 396,375</u>
 <b><u>Liabilities and Net Assets</u></b>		
<b>Liabilities</b>		
Accounts payable	\$ 58,172	\$ 1,435
<b>Net Assets</b>		
Unrestricted	143,261	111,050
Temporarily Restricted	27,521	41,468
Permanently Restricted Endowment	345,328	242,422
<b>Total Net Assets</b>	<u>516,110</u>	<u>394,940</u>
	<u>\$ 574,282</u>	<u>\$ 396,375</u>

See accompanying notes to financial statements.

# SAN RAMON VALLEY EDUCATION FOUNDATION

## Statements of Activities

For the years ended June 30, 2004 and 2003

	2004			Total	2003 Summarized
	Unrestricted	Temporarily Restricted	Permanently Restricted		
<b>Revenues and Public Support</b>					
Contributions	\$ 25,939	\$ 7,854	\$ 102,906	\$ 136,699	\$ 261,172
Fundraising, net of expense	98,888	12,294	-	111,182	64,735
Interest and dividend income	3,272	-	-	3,272	5,915
Other income	500	-	-	500	1,000
Realized and unrealized gain/(loss) on investments	39,726	-	-	39,726	15,160
Net assets released from restriction	34,095	(34,095)	-	-	-
<b>Total revenues</b>	<b>202,420</b>	<b>(13,947)</b>	<b>102,906</b>	<b>291,379</b>	<b>347,982</b>
<b>Expenditures</b>					
Program services					
School grants	52,000	-	-	52,000	50,000
Primo's Run incentives	16,700	-	-	16,700	15,100
Special Ed and training support	30,000	-	-	30,000	32,000
School dictionary program	4,736	-	-	4,736	5,494
Slinger Fund expenditures	14,000	-	-	14,000	-
AVID grants	5,000	-	-	5,000	10,000
Anti-violence grant	30,000	-	-	30,000	40,000
	<b>152,436</b>	<b>-</b>	<b>-</b>	<b>152,436</b>	<b>152,594</b>
Supporting services					
Management and general	17,773	-	-	17,773	17,726
<b>Total expenditures</b>	<b>170,209</b>	<b>-</b>	<b>-</b>	<b>170,209</b>	<b>170,320</b>
<b>Increase (decrease) in Net Assets</b>	<b>32,211</b>	<b>(13,947)</b>	<b>102,906</b>	<b>121,170</b>	<b>177,662</b>
<b>Net Assets, beginning of year</b>	<b>111,050</b>	<b>41,468</b>	<b>242,422</b>	<b>394,940</b>	<b>217,278</b>
<b>Net Assets, end of year</b>	<b>\$ 143,261</b>	<b>\$ 27,521</b>	<b>\$ 345,328</b>	<b>\$ 516,110</b>	<b>\$ 394,940</b>

# SAN RAMON VALLEY EDUCATION FOUNDATION

## Statements of Cash Flows

For the years ended June 30, 2004 and 2003

	<u>2004</u>	<u>2003</u>
<b>Cash Flows From Operating Activities</b>		
Increase in net assets	\$ 121,170	\$ 177,662
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Unrealized (gains) losses on investments	(39,726)	(15,160)
Changes in operating assets and liabilities:		
Donations receivable	(39,440)	1,302
Accounts payable	56,737	1,435
	<u>98,741</u>	<u>165,239</u>
<b>Cash Flows From Investing Activities</b>		
Purchase of investments	<u>(101,553)</u>	<u>(159,496)</u>
<b>Increase (Decrease) in Cash and Cash Equivalents</b>	<b>(2,812)</b>	<b>5,743</b>
<b>Cash and Cash Equivalents, beginning of year</b>	<u>51,005</u>	<u>45,262</u>
<b>Cash and Cash Equivalents, end of year</b>	<u>\$ 48,193</u>	<u>\$ 51,005</u>

See accompanying notes to financial statements.

# SAN RAMON VALLEY EDUCATION FOUNDATION

## Notes to Financial Statements

For the years ended June 30, 2004 and 2003

### 1. Organization

The San Ramon Valley Education Foundation is a nonprofit California organization formed in 1982 to assist the San Ramon Valley Unified School District in its commitment to education. The Foundation sponsors local fund raising events, primarily the Primo's Run for Education held each October, and contributes the proceeds from these events to the schools in the District in the form of specific grants to individual schools, visual and performing arts and district programs. Grants are made for purposes and items which would not otherwise be funded by the District.

### 2. Summary of Significant Accounting Policies

#### a) Basis of Accounting

The financial statements of the Foundation have been prepared using the accrual basis of accounting which recognizes income in the period earned and expenses when incurred. Contributions are generally recorded as received by the Foundation since the collection of pledges is not subject to estimation.

#### b) Basis of presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, Financial Statements of Not-for-Profit Organizations. Under SFAS No. 117, the Foundation is required to report information regarding its financial position and activities according to three classes of net assets; unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Accordingly, all financial transactions have been recorded and reported in the following classes:

#### **Unrestricted**

Unrestricted net assets consist of all resources of the Foundation, which have not been specifically restricted by a donor. Unrestricted net assets may include funds, which have been designated by the Board of Directors for a specific purpose.

#### **Temporarily Restricted**

Temporarily restricted net assets consist of cash and other assets received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose of restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

# SAN RAMON VALLEY EDUCATION FOUNDATION

## Notes to Financial Statements

(continued)

For the years ended June 30, 2004 and 2003

### 2. Summary of Significant Accounting Policies (continued)

#### **Permanently Restricted**

Permanently restricted net assets consist of assets, the use of which has been restricted by the donor for investment in perpetuity. The income from these assets is available for either general operations or specific programs as specified by the donors.

#### **c) Donated services and assets**

The members of the San Ramon Valley Education Foundation and the Primo's Run for Education Committee donate their time. Their donated services have not been reflected in the financial statements since no objective basis is available to measure the value of such services.

All assets donated to the Foundation are valued at the fair market value at the date of contribution. They are recorded as a fixed asset and depreciated over the estimated useful lives of the assets using the accelerated method.

#### **d) Allocation of Expenses**

Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are charged to programs and supporting services on the basis of periodic time and expense studies. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

#### **e) Cash and Cash Equivalents**

Cash equivalents consist of highly liquid investments with an initial maturity of three months or less.

#### **f) Income Taxes**

No provisions have been made for income taxes in these financial statements. The Foundation is exempt from Federal and California income taxes under Internal Revenue Code Section 501(c) (3) and section 23701 (d) of the California Revenue and Taxation Code. This code section enables the Foundation to accept donations, which qualify as charitable contributions to the donor.

#### **g) Use of Estimates**

The preparation of financial statements in accordance with United States generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

# SAN RAMON VALLEY EDUCATION FOUNDATION

## Notes to Financial Statements

(continued)

For the years ended June 30, 2004 and 2003

### 2. Summary of Significant Accounting Policies (continued)

#### h) Functional Expenses

The Foundation has only one program, the support of schools within the San Ramon Valley Unified School District. Accordingly, no allocation of functional expenses is necessary and a statement of functional expenses is not presented.

### 3. Concentration of Credit Risk

Financial instruments that subject the Foundation to potential concentrations of credit risk consist principally of temporary cash balances and investments. The Foundation places its temporary cash balances and investments with financial institutions and limits the amount of credit exposure to any one financial institution. At June 30, 2004 and 2003, the Foundation had no significant concentrations of credit risk.

### 4. Investments

Investments are recorded at fair market value. Cost basis and unrealized appreciation (depreciation) as of June 30, 2004 and 2003 are summarized below:

	<u>Cost</u>	<u>Market</u>	<u>Unrealized Appreciation/ (Depreciation)</u>
<b>June 30, 2004</b>			
<b>Unrestricted Investments</b>			
Putnam Growth & Income Mutual Fund	\$ 12,813	\$ 14,781	\$ 1,968
Vanguard Short-Term Corporate Mutual Fund	<u>82,654</u>	<u>82,132</u>	<u>(522)</u>
	<u>\$ 95,467</u>	<u>\$ 96,913</u>	1,446
Unrealized appreciation at June 30, 2003			<u>1,403</u>
Change in unrealized appreciation (depreciation) for the year ended June 30, 2004			<u>\$ 43</u>
<b>June 30, 2003</b>			
Putnam Growth & Income Mutual Fund	\$ 12,669	\$ 12,546	\$ (123)
Vanguard Short-Term Corporate Mutual Fund	<u>79,733</u>	<u>81,259</u>	<u>1,526</u>
	<u>\$ 92,402</u>	<u>\$ 93,805</u>	1,403
Unrealized (depreciation) at June 30, 2002			<u>(8)</u>
Change in unrealized appreciation (depreciation) for the year ended June 30, 2003			<u>\$ 1,411</u>

# SAN RAMON VALLEY EDUCATION FOUNDATION

## Notes to Financial Statements

(continued)

For the years ended June 30, 2004 and 2003

### 4. Investments (continued)

	<u>Cost</u>	<u>Market</u>	<u>Unrealized Appreciation/ (Depreciation)</u>
<b>June 30, 2004</b>			
<b>Endowment Fund Investments</b>			
San Ramon Valley Education Foundation Endowment Fund, a component of the East Bay Community Foundation	\$ 224,286	\$ 259,959	\$ 35,673
Restricted cash (transferred to above Foundation in FY 2004-2005)	76,256	76,256	--
Marianne Gagen Endowment Fund; a component of the East Bay Community Foundation	<u>40,368</u>	<u>50,492</u>	<u>10,124</u>
	<u>\$ 340,910</u>	<u>\$ 386,707</u>	<u>45,797</u>
Unrealized appreciation at June 30, 2003			<u>6,114</u>
Change in unrealized appreciation (depreciation) for the year ended June 30, 2004			<u>\$ 39,683</u>
<b>June 30, 2003</b>			
San Ramon Valley Education Foundation Endowment Fund, a component of the East Bay Community Foundation	\$ 201,482	\$ 204,389	\$ 2,907
Marianne Gagen Endowment Fund; a component of the East Bay Community Foundation	<u>40,940</u>	<u>44,147</u>	<u>3,207</u>
	<u>\$ 242,422</u>	<u>\$ 248,536</u>	<u>6,114</u>
Unrealized (depreciation) at June 30, 2002			<u>(7,020)</u>
Change in unrealized appreciation (depreciation) for the year ended June 30, 2003			<u>\$ 13,134</u>

The cost of endowment fund investments, \$340,910 plus investment fees paid of \$4,418 equals \$345,328, represents principal donations which equals the permanently restricted net asset balance at June 30, 2004.

# SAN RAMON VALLEY EDUCATION FOUNDATION

## Notes to Financial Statements

(continued)

For the years ended June 30, 2004 and 2003

### 5. Fundraising

Net revenues from fundraising activities for the years ended June 30, 2004 and 2003 are as follows:

	<u>Gross Revenue</u>	<u>Expenses</u>	<u>2004 Net Revenue</u>	<u>2003 Net Revenue</u>
<b>Unrestricted</b>				
Primo's Run	\$ 96,164	\$ 55,298	\$ 40,866	\$ 28,951
Bridges Dinner	20,650	7,059	13,591	9,655
Windfest				
Garden Tour	3,650	--	3,650	5,810
School Pop	--	--	--	224
Xmas Tree Lot	38,500	--	38,500	--
Miscellaneous	3,146	865	2,281	--
<b>Temporarily Restricted</b>				
Primo's Run	<u>12,520</u>	<u>226</u>	<u>12,294</u>	<u>20,095</u>
	<u>\$ 174,630</u>	<u>\$ 63,448</u>	<u>\$ 111,182</u>	<u>\$ 64,735</u>

### 6. Grants

The Foundation awards grants annually based on its evaluation of written grant applications submitted from each of the District's schools and the district office. Criteria for funding include creativity, innovation and number of students benefiting. Grants are given for programs and purposes not funded by the District. School grants awarded during the fiscal years ended June 30, 2004 and 2003 were \$52,000 and \$50,000, respectively.

In addition, the Foundation provided grants for anti-violence, visual and performing arts programs, Special Education and Training, School Dictionary Program and the AVID (Advancement Via Individual Determination). During the year, grants were made to the anti-violence program, the visual and performing arts program, and the AVID program in the amount of \$69,736 and \$87,494 for the fiscal years ended June 30, 2004 and 2003, respectively.

### 7. Primo's Run for Education Race Incentives

In addition to the annual grants to the schools, the Foundation provides incentives to schools based on student participation in the Primo's Run for Education. The Foundation awarded incentives of \$16,700 and \$15,100 during the years ended June 30, 2004 and 2003, respectively.

# SAN RAMON VALLEY EDUCATION FOUNDATION

## Notes to Financial Statements

(continued)

For the years ended June 30, 2004 and 2003

### 8. Endowment Funds

The Foundation entered into an agreement in June 1999 with the East Bay Community Foundation (EBCF), a California nonprofit public benefit corporation, to create a charitable endowment fund, the San Ramon Valley Education Foundation Endowment Fund, for the benefit of the San Ramon Valley Education Foundation, which will be used exclusively to support the charitable goals of the Foundation. The fund's market value totaled \$259,959 at June 30, 2004.

The Foundation entered into an agreement in December 2002 with the East Bay Community Foundation (EBCF), a California nonprofit public benefit corporation, to create a charitable endowment fund, the Marianne Gagen Endowment Fund, for the benefit of the San Ramon Valley Education Foundation, which will be used exclusively to support the charitable goals of the Foundation. The fund's market value totaled \$50,492 at June 30, 2004.

The Board of Trustees of the East Bay Community Foundation shall have the power to modify any restriction or condition on the distribution of funds for any specified charitable purposes or to a specified organization if, in the sole judgment of the Board, such restriction or condition becomes, in effect, unnecessary, incapable of, fulfillment, or inconsistent with the charitable needs of the community served.

### 9. Temporarily Restricted Fund Balance

	<u>Special Needs Fund</u>	<u>Primo's Run</u>	<u>Slinger Fund</u>	<u>District Relief Fund</u>	<u>Totals</u>
Temporarily Restricted Balance as of 06/30/03	\$ --	\$ 20,095	\$ 13,097	\$ 8,276	\$ 41,468
Contributions	1,875	12,294	985	4,994	20,148
Release from restrictions	<u>--</u>	<u>(20,095)</u>	<u>(14,000)</u>	<u>--</u>	<u>(34,095)</u>
Temporarily Restricted Balance as of 06/30/04	<u>\$ 1,875</u>	<u>\$ 12,294</u>	<u>\$ 82</u>	<u>\$ 13,270</u>	<u>\$ 27,521</u>