

**SAN RAMON VALLEY
EDUCATION FOUNDATION**

Financial Statements
*For the years ended
June 30, 2019 and 2018*

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of San Ramon Valley Education Foundation (a nonprofit organization), which comprise the statements of financial position as of June 30, 2019 and 2018, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Sweeney Kovar LLP

*October 12, 2020
Danville, California*

SAN RAMON VALLEY EDUCATION FOUNDATION

Statements of Financial Position

June 30, 2019 and 2018

	2019	2018
<u>Assets</u>		
Cash and cash equivalents	\$ 274,275	\$ 182,629
Grants receivable to San Ramon Valley Unified School District	18,761	-
Investments, at fair value	2,075,661	1,956,553
	\$ 2,368,697	\$ 2,139,182
 <u>Liabilities and Net Assets</u>		
Liabilities		
Accounts payable and accrued liabilities	\$ 26,632	\$ 71,442
Grants payable to San Ramon Valley Unified School District	-	20,760
	26,632	92,202
Net Assets		
Without Donor Restrictions	210,533	22,756
With Donor Restrictions	2,131,532	2,024,224
Total Net Assets	2,342,065	2,046,980
	\$ 2,368,697	\$ 2,139,182

See accompanying notes to financial statements.

SAN RAMON VALLEY EDUCATION FOUNDATION

Statements of Activities

For the year ended June 30, 2019

	2019		
	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and Public Support			
Contributions	\$ 21,967	\$ 26,081	\$ 48,048
Fundraising revenue	508,114	105,454	613,568
Program fees - Imagineering	245,152	-	245,152
Investment income			
Net investment gains	-	54,511	54,511
Interest and dividend income	108	57,040	57,148
Total investment earnings	108	111,551	111,659
Other income	751	-	751
Net assets released from restriction	135,778	(135,778)	-
Total revenues	<u>911,870</u>	<u>107,308</u>	<u>1,019,178</u>
Expenditures			
Program services			
Grants to the school district	182,225	-	182,225
Run for Education incentives	50,755	-	50,755
Imagineering	142,753	-	142,753
	<u>375,733</u>	<u>-</u>	<u>375,733</u>
Supporting services			
Management and general	135,724	-	135,724
Administrative expenses	212,636	-	212,636
Total expenditures	<u>724,093</u>	<u>-</u>	<u>724,093</u>
Increase in Net Assets	187,777	107,308	295,085
Net Assets, June 30, 2018	<u>22,756</u>	<u>2,024,224</u>	<u>2,046,980</u>
Net Assets, June 30, 2019	<u>\$ 210,533</u>	<u>\$ 2,131,532</u>	<u>\$ 2,342,065</u>

See accompanying notes to financial statements.

SAN RAMON VALLEY EDUCATION FOUNDATION

Statements of Activities

(continued)

For the year ended June 30, 2018

	2018		
	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and Public Support			
Contributions	\$ 21,814	\$ 68,785	\$ 90,599
Fundraising revenue	461,738	123,962	585,700
Program fees - Imagineering	172,567	-	172,567
Investment income			
Net investment gains	-	71,350	71,350
Interest and dividend income	134	47,173	47,307
Total investment earnings	134	118,523	118,657
Other income	1,590	-	1,590
Net assets released from restriction	196,700	(196,700)	-
Total revenues	854,543	114,570	969,113
Expenditures			
Program services			
Grants to the school district	356,292	-	356,292
Primo's Run incentives	104,350	-	104,350
Imagineering	182,800	-	182,800
	643,442	-	643,442
Supporting services			
Administrative expenses	116,286	-	116,286
Fundraising expenses	379,523	-	379,523
Total expenditures	1,139,251	-	1,139,251
Increase (Decrease) in Net Assets	(284,708)	114,570	(170,138)
Net Assets, June 30, 2017	307,464	1,909,654	2,217,118
Net Assets, June 30, 2018	\$ 22,756	\$ 2,024,224	\$ 2,046,980

SAN RAMON VALLEY EDUCATION FOUNDATION

Statements of Cash Flows

For the years ended June 30, 2019 and 2018

	2019	2018
Cash Flows From Operating Activities		
Increase (decrease) in net assets	\$ 295,085	\$ (170,138)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used in) operating activities:		
Contributions restricted to permanent investment	(78,085)	(126,842)
Net (gains) losses on investments	(54,511)	(71,350)
Dividend and interest on endowment funds	(57,040)	(47,173)
Changes in operating assets and liabilities:		
Cash restricted for endowment funds	-	24,706
Accounts payable and accrued liabilities	(44,810)	59,338
Grants payable	(39,521)	(65,685)
	21,118	(397,144)
Cash Flows From Investing Activities		
Purchase of investments- net	(7,557)	(63,917)
Cash Flows From Financing Activities		
Contributions restricted to permanent investment	78,085	126,842
Increase (Decrease) in Cash and Cash Equivalents	91,646	(334,219)
Cash and Cash Equivalents, beginning of year	182,629	516,848
Cash and Cash Equivalents, end of year	\$ 274,275	\$ 182,629
SUPPLEMENTARY INFORMATION		
Cash paid for interest expense	\$ -	\$ -
Cash paid for income taxes	\$ -	\$ -

See accompanying notes to financial statements.

SAN RAMON VALLEY EDUCATION FOUNDATION

Statements of Functional Expenses For the years ended June 30, 2019 and 2018

	2019							
	Programs							
	Grants to School District	Run for Education	Imagineering	Administrative	Fundraising	Total 2019 Expenses	Total 2018 Expenses	\$ Change
Grants	\$ 182,225	\$ 50,755	\$ -	\$ -	\$ -	\$ 232,980	\$ 460,642	\$ (227,662)
Salaries and payroll taxes	-	-	121,119	94,404	74,696	290,219	365,913	(75,694)
Professional fees	-	-	1,050	12,100	-	13,150	18,525	(5,375)
Advertising and promotion	-	-	-	2,346	-	2,346	3,158	(812)
Office expenses	-	-	-	1,147	-	1,147	3,395	(2,248)
Occupancy	-	-	1,458	-	-	1,458	6,680	(5,222)
Insurance	-	-	-	11,452	-	11,452	10,741	711
Special events	-	-	-	-	137,218	137,218	211,593	(74,375)
Supplies	-	-	18,232	5,964	-	24,196	35,706	(11,510)
Graphic and web design	-	-	-	2,315	-	2,315	11,173	(8,858)
Other expenses	-	-	894	5,996	722	7,612	11,725	(4,113)
Total expenses	\$ 182,225	\$ 50,755	\$ 142,753	\$ 135,724	\$ 212,636	\$ 724,093	\$ 1,139,251	\$ (415,158)

See accompanying notes to financial statements.

SAN RAMON VALLEY EDUCATION FOUNDATION

Statements of Functional Expenses For the years ended June 30, 2019 and 2018

	2018					Total 2018 Expenses	Total 2017 Expenses	\$ Change
	Programs							
	Grants to School District	Run for Education	Imagineering	Administrative	Fundraising			
Grants	\$ 356,292	\$ 104,350	\$ -	\$ -	\$ -	\$ 460,642	\$ 255,345	\$ 205,297
Salaries and payroll taxes	-	-	150,113	47,870	167,930	365,913	326,535	39,378
Professional fees	-	-	-	18,525	-	18,525	13,825	4,700
Advertising and promotion	-	-	-	3,158	-	3,158	1,378	1,780
Office expenses	-	-	-	3,395	-	3,395	4,558	(1,163)
Occupancy	-	-	1,280	5,400	-	6,680	8,312	(1,632)
Insurance	-	-	-	10,741	-	10,741	9,379	1,362
Special events	-	-	-	-	211,593	211,593	125,607	85,986
Supplies	-	-	31,407	4,299	-	35,706	19,219	16,487
Graphic and web design	-	-	-	11,173	-	11,173	-	11,173
Other expenses	-	-	-	11,725	-	11,725	19,972	(8,247)
Total expenses	\$ 356,292	\$ 104,350	\$ 182,800	\$ 116,286	\$ 379,523	\$ 1,139,251	\$ 784,130	\$ 355,121

See accompanying notes to financial statements.

SAN RAMON VALLEY EDUCATION FOUNDATION

Notes to Financial Statements

For the years ended June 30, 2019 and 2018

1. Organization

The San Ramon Valley Education Foundation (“the 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 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 and district programs. Grants are made for purposes and items which would not otherwise be funded by the District. Through partnerships with various corporations in Northern California and Nation-Wide, the Foundation raises money to support 4 major causes: Classrooms of the Future, STEM, Literacy and Professional Development.

2. Summary of Significant Accounting Policies

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 in accordance with generally accepted accounting principles for nonprofit organizations in the United States of America (“GAAP”).

Basis of Presentation

The Foundation prepares its financial statements following professional accounting standards where the organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions

Without Donor Restrictions

Net assets not subject to donor-imposed stipulations. Unrestricted net assets amounted to \$210,533 and \$22,756 at June 30, 2019 and 2018.

With Donor Restrictions

Net assets subject to donor-imposed restrictions that may or will be met by actions of the Foundation and/or passage of time. Net assets with donor restrictions amounted to \$2,131,532 and \$2,024,224 at June 30, 2019 and 2018.

Cash and Cash Equivalents

Cash is defined as cash in demand deposit accounts as well as cash on hand. Cash equivalents consist of highly liquid investments with an initial maturity of three months or less.

Investments

Investments are recorded at fair value in the statements of financial position. Net realized and unrealized gains and losses are included in the statements of activities as unrestricted, temporarily restricted or permanently restricted depending upon donor stipulations, if any.

Donated Services

Many individuals volunteer their time and perform a variety of tasks that assist the Foundation. The value of the contributed services is not reflected in these financial statements since it is not susceptible to objective evaluation or measurement.

SAN RAMON VALLEY EDUCATION FOUNDATION

Notes to Financial Statements

(continued)

For the years ended June 30, 2019 and 2018

2. Summary of Significant Accounting Policies (continued)

Revenue Recognition

Contributions are recognized as revenue when they are unconditionally communicated. Contributions consist primarily of donations from individuals and other organizations. Contributions are recorded at their fair values as either net assets with donor restrictions or net assets without donor restrictions, depending on the absence or existence of donor-imposed restrictions, as applicable. When a restriction expires, the net assets with donor restrictions are reclassified as net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Investment valuation and return is subject to fluctuations in the market performance of the underlying investment alternatives. Accordingly, investment returns may vary from period to period and in future periods depending on the performance of the underlying investments and these variations could be significant. Investment management and administrative fees for the endowment funds (\$13,651 in 2019 and \$12,992 in 2018) are included in the net gain (loss) on investments in the statement of activities. Endowment investments consist of fixed income investments, mutual fund investments, alternative investments, real estate, and cash and cash equivalent balances.

Functional Expense Allocation

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 Foundation.

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.

Recent Accounting Pronouncements

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. ASU 2016-14 eliminates the distinction between permanent and temporary restrictions and requires not-for-profit entities to report net assets under two classes (net assets with donor restrictions and net assets without donor restrictions) instead of three classes and requires enhanced disclosures regarding management's self-imposed restrictions on resources without donor restrictions, composition of net assets with donor restrictions at the end of the period and how the restrictions affect the use of resources, among other changes. The ASU is effective for years beginning after December 15, 2017.

In June 2018, the FASB issued ASU No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. ASU 2018-08 was issued to assist entities in (1) evaluating whether the transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, *Not-for-Profit Entities*, or as exchange (reciprocal transactions) subject to other guidance; and (2) determining whether the contribution is conditional. The ASU is effective for years beginning after December 15, 2018.

SAN RAMON VALLEY EDUCATION FOUNDATION

Notes to Financial Statements

(continued)

For the years ended June 30, 2019 and 2018

2. Summary of Significant Accounting Policies (continued)

Reclassifications

Certain prior year amounts have been reclassified to conform to current year financial statement presentation.

3. Investments

Investments are recorded at fair value as of June 30, 2019 and 2018, which are summarized below:

	2019	2018
Endowment Fund Investment Held at the First Republic Wealth Management:		
SRVEF Fund	\$ 1,664,945	\$ 1,564,886
Marianne Gagen Fund	274,465	258,065
Chad Michael Petsuch Fund	77,197	75,696
Lynne Reardon Memorial Fund	59,054	57,906
	2,075,661	1,956,553
Total Endowment Investments	2,075,661	1,956,553
Total Investments	\$ 2,075,661	\$ 1,956,553

The following schedule summarized the net investment returns for the years ended June 30, 2019 and 2018:

	Endowment Funds								Total	
	SRVEF Fund		Marianne Gagen Fund		Chad Michael Petsuch Fund		Lynne Reardon Memorial Fund			
	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions
June 30, 2017	\$ -	\$ 1,421,999	\$ -	\$ 231,617	\$ -	\$ 71,201	\$ -	\$ 49,296	\$ -	\$ 1,774,113
Contributions	-	110,175	-	11,417	-	-	-	5,250	-	126,842
Earnings (loss), net of fees	-	95,637	-	15,031	-	4,495	-	3,360	-	118,523
Disbursements	-	(62,925)	-	-	-	-	-	-	-	(62,925)
June 30, 2018	-	1,564,886	-	258,065	-	75,696	-	57,906	-	1,956,553
Contributions	-	67,114	-	10,971	-	-	-	-	-	78,085
Earnings (loss), net of fees	-	89,800	-	14,438	-	4,144	-	3,169	-	111,551
Disbursements	-	(56,855)	-	(9,009)	-	(2,643)	-	(2,021)	-	(70,528)
June 30, 2019	\$ -	\$ 1,664,945	\$ -	\$ 274,465	\$ -	\$ 77,197	\$ -	\$ 59,054	\$ -	\$ 2,075,661

SAN RAMON VALLEY EDUCATION FOUNDATION

Notes to Financial Statements

(continued)

For the years ended June 30, 2019 and 2018

3. Investments (continued)

The Foundation adopted guidance which defines fair value, establishes a framework for measuring fair value, and requires enhanced disclosures about fair value measurements. This guidance also allows for the estimation of the fair value of investments in investment companies for which the investment does not have a readily determinable fair value using net asset value (NAV) per share or its equivalent.

Enhanced disclosures about financial instruments that are measured and reported at fair value are required under the guidance. A fair value hierarchy has been established which prioritizes and ranks the level of market price observability used in measuring fair value. Market price observability is impacted by a number of factors, including the type of instrument, the characteristics specific to the instrument, and the state of the marketplace (including existence and transparency of transactions between market participants). Instruments with readily available actively quoted prices or for which fair value can be measured from actively quoted prices in an orderly market will generally have a higher degree of market price observability and a lesser degree of judgment used in measuring fair value.

Instruments measured and reported at fair value are classified and disclosed in one of the following categories based on inputs:

Level 1 – Quoted prices are available in active markets for identical instruments as of the reporting date. The types of instruments which would generally be included in Level 1 include mutual funds. The Foundation, to the extent that it holds such instruments does not adjust the quoted price for these instruments, even in situations where the Foundation holds a large position and a sale could reasonably impact the quoted price.

Level 2 – Pricing inputs are observable for the instruments, either directly or indirectly, as of the reporting date, but are other than quoted prices in active markets as in Level 1. Fair value is determined through observable trading activity reported at net asset value or through the use of models or other valuation methodologies. The types of instruments which would generally be included in this category include fixed income investments and unlisted derivative financial instruments.

Level 3 – Pricing inputs are unobservable for the instrument and include situations where there is little, if any, market activity for the instrument. The inputs into the determination of fair value require significant judgment or estimation by the Foundation. The types of instruments which would generally be included in this category include real estate and certain alternative investments such as hedge funds with unobserved market prices.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the determination of which category within the fair value hierarchy is appropriate for any given instrument is based on the lowest level of input that is significant to the fair value measurement. The Foundation's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the instrument.

SAN RAMON VALLEY EDUCATION FOUNDATION

Notes to Financial Statements

(continued)

For the years ended June 30, 2019 and 2018

3. Investments (continued)

	Level 1	Level 2	Level 3
June 30, 2019			
Endowment Fund Investments			
<i>Money Market Funds</i>	\$ 64,470	\$ -	\$ -
<i>Equities</i>			
Common Stocks	483,353	-	-
<i>Mutual Funds</i>			
Blend	162,705	-	53,591
Bond	59,271	394,468	-
Growth	110,076	-	-
Value	43,017	-	-
<i>Exchange-Traded Funds</i>			
Blend	523,115	-	-
Bond	-	157,560	-
Real Estate	-	-	24,035
Total Investments at Fair Value, June 30, 2018	\$ 1,446,007	\$ 552,028	\$ 77,626
	Level 1	Level 2	Level 3
June 30, 2018			
Endowment Fund Investments			
<i>Money Market Funds</i>	\$ 79,049	\$ -	\$ -
<i>Equities</i>			
Common Stocks	467,606	-	-
<i>Mutual Funds</i>			
Blend	83,525	-	94,468
Bond	58,635	362,019	-
Growth	104,889	-	-
Value	35,918	-	-
<i>Exchange-Traded Funds</i>			
Blend	497,602	-	-
Bond	-	150,443	-
Real Estate	-	-	22,399
Total Investments at Fair Value, June 30, 2018	\$ 1,327,224	\$ 512,462	\$ 116,867

4. Income Tax Status

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. The Organization is not a private foundation. In addition, there was no unrelated business income in 2019 and 2018. Accordingly, there is no provision for Federal or State income tax expense. Management believes that there are no uncertain tax positions. Income tax returns for the years prior to 2016 for Federal (and 2015 for California) are no longer subject to examination by tax authorities. The Foundation is relying on its tax-exempt status and its adherence to all applicable laws and regulations to preserve that status.

SAN RAMON VALLEY EDUCATION FOUNDATION

Notes to Financial Statements

(continued)

For the years ended June 30, 2019 and 2018

5. Concentration of Credit Risk

Financial instruments that subject the Foundation to potential concentrations of credit risk consist principally of temporary cash balances and endowment investments. The Foundation maintains cash with major financial institutions. As of June 30, 2019, the Foundation's deposits with its banking institutions did exceed the FDIC insured limit of \$250,000 per banking institution by \$24,275. The Foundation has not experienced losses in such accounts. The Foundation's endowment investments have been placed with a major custodian, First Republic Bank. The Foundation closely monitors these endowment investments and its accounts and has not experienced significant credit losses on such accounts.

6. Program Fees – Imagineering

The Foundation offers a beyond school enrichment program for SRVUSD students grades 4 to 7. The goal of Imagineering is to spark student interest in choosing STEM classes in middle and high school with the ultimate goal of identifying more STEM majors who will ultimately become highly sought after talent in the US corporate workplace. Program service fee income in connection with Imagineering totaled \$245,152 in 2019 (\$172,567 in 2018) and expenses totaled \$21,634 in 2019 (\$32,687 in 2018).

7. 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 years ended June 30th were \$182,225 in 2019 and \$356,292 in 2018.

8. 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 Run for Education. The Foundation awarded incentives of \$50,755 in 2019 and \$104,350 in 2018.

9. Affiliated Party Transactions

The Foundation is affiliated with several parent/booster groups within the San Ramon Valley Unified School District which have fundraising and other activities for individual schools. The Foundation assists with certain administrative and oversight matters including insurance coverage under its master policy. There is no affiliate receivable or payable at June 30, 2019 and 2018.

SAN RAMON VALLEY EDUCATION FOUNDATION

Notes to Financial Statements

(continued)

For the years ended June 30, 2019 and 2018

10. Endowments

The Foundation's endowment net assets consist of funds whose corpus is to remain intact and include those assets of donor-restricted funds that the Foundation must hold in perpetuity or for a donor-specified term. As required by professional accounting standards, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of the Foundation has full authority and plenary power to manage, invest and reinvest any principal of the funds and any increase or accumulations to it and any income from it; however, the Board has a fiduciary duty to maintain the principal of the 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. Contributions to the funds are permanently restricted with the earnings available for long-term, innovative educational programs for the San Ramon Valley Unified School District. Similar agreements were entered into for the Marianne Gagen Endowment Fund, the Chad Michael Petsuch Endowment Fund, and the Lynne Reardon Endowment Fund in December 2002, March 2011, and November 2014 respectively.

On October 2, 2015 the SRVEF Board of Directors approved the Endowment Committee's recommendation to transfer the responsibility for overseeing the entire Endowment Fund to First Republic Wealth Management. The endowment funds were invested by First Republic and are held primarily in equities, mutual funds invested in equities and fixed income instruments, and Exchange Traded Products.

The Foundation has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA), signed into law in California in 2008, as requiring the preservation of the fair value of the original gifts as of the respective gift dates of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the fund, (2) the purpose of the Foundation and the donor-restricted endowment fund, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation and depreciation of investments, and (6) the investment policies of the Foundation.

In 2013 East Bay Community Foundation, as requested by SRVEF, began reporting allowable distributions proportionately from each named and unnamed fund; however, neither their statements nor the SRVEF financial reports reflected this policy. We have updated the SRVEF Investment Policy to clarify that distributions should first come from any available unrestricted funds and then from each of the named and unnamed funds in the same proportion as the amount that is released from restriction. As a result SRVEF restated the Endowment Financials for the years 2012-2013 and 2013-2014 and followed this policy starting with 2014-2015. First Republic now properly reports the distributions by named and unnamed funds.

SAN RAMON VALLEY EDUCATION FOUNDATION

Notes to Financial Statements

(continued)

For the years ended June 30, 2019 and 2018

10. Endowments(continued)

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding of programs supported by its endowment while also maintaining the purchase power of the endowment assets. In establishing this policy, the Foundation considered the long-term expected investment return on its endowment assets. Approved by its Board of Directors, endowment assets are invested in a manner that is intended to produce results that exceed the respective benchmark while assuming a moderate level of investment risk. Accordingly, over the long term, the Foundation expects its endowment assets, over time, to produce the highest level of return, net investment fees, for the desired level of risk. Actual returns in any given year may vary from this amount. The Board of Directors established a spending rate of no more than 5% of the average annual fair value of the investment balance of the endowment funds for the prior three fiscal year ends. In addition, the Board of Directors also established a \$1,000,000 minimum balance from the Foundation's total endowment investment accounts before spending can be made out of these accounts. In establishing this policy, the Foundation considered the long-term expected return on its endowment assets, the nature and duration of the endowment funds, many of which must be maintained in perpetuity because of donor restrictions and possible effects of inflation. Accordingly, over the long term, the Foundation expects their spending policy to allow its endowment to grow at a rate exceeding expected inflation.

	SRVEF Fund	Marianne Gagen Fund	Chad Michael Petsuch Fund	Lynn Reardon Memorial Fund	Total
Appropriated Fund Balance at June 30, 2017	\$ -	\$ -	\$ -	\$ -	\$ -
Funds Appropriated for Spending June 30, 2018	62,925	-	-	-	62,925
Release From Restriction	(62,925)	-	-	-	(62,925)
Appropriated Fund Balance at June 30, 2018	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Funds Appropriated for Spending June 30, 2019	56,855	9,009	2,643	2,021	70,528
Release from Restriction	(56,855)	(9,009)	(2,643)	(2,021)	(70,528)
Appropriated Fund Balance at June 30, 2019	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

SAN RAMON VALLEY EDUCATION FOUNDATION

Notes to Financial Statements

(continued)

For the years ended June 30, 2019 and 2018

11. Liquidity and Availability

Financial assets available for general expenditures within one year of June 30, 2019 are as follows:

Total assets	\$ 2,368,697
Less:	
Net assets with donor restrictions	<u>2,131,532</u>
Financial assets available within one year	<u><u>\$ 237,165</u></u>

The Foundation manages its financial assets to be available as its operating expenditures, liability, and other obligations come due. If necessary, the Board has the capacity to designate a portion of any operating surplus to its liquidity reserve (\$0 reserved as of June 30, 2019).

12. Net Assets with Donor Restrictions

Net assets with donor restrictions consist of the following activities for the years ended June 30, 2019 and 2018:

	Endowment Funds						Total
	SRVEF Fund	Marianne Gagen Fund	Chad Michael Petsuch Fund	Lynn Reardon Memorial Fund	Slinger Fund	Run for Education	
Net Assets with Donor Restrictions at June 30, 2017	\$ 1,421,999	\$ 231,617	\$ 71,201	\$ 49,296	\$ 2,292	\$ 133,249	\$ 1,909,654
Contributions	110,175	11,417	-	5,250	655	65,250	192,747
Earnings (loss), net of fees	95,637	15,031	4,495	3,360	-	-	118,523
Disbursement	<u>(62,925)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(526)</u>	<u>(133,249)</u>	<u>(196,700)</u>
Net Assets with Donor Restrictions at June 30, 2018	1,564,886	258,065	75,696	57,906	2,421	65,250	2,024,224
Contributions	67,114	10,971	-	-	350	53,100	131,535
Earnings (loss), net of fees	89,800	14,438	4,144	3,169	-	-	111,551
Release from Restrictions	<u>(56,855)</u>	<u>(9,009)</u>	<u>(2,643)</u>	<u>(2,021)</u>	<u>-</u>	<u>(65,250)</u>	<u>(135,778)</u>
Net Assets with Donor Restrictions at June 30, 2019	<u><u>\$ 1,664,945</u></u>	<u><u>\$ 274,465</u></u>	<u><u>\$ 77,197</u></u>	<u><u>\$ 59,054</u></u>	<u><u>\$ 2,771</u></u>	<u><u>\$ 53,100</u></u>	<u><u>\$ 2,131,532</u></u>

SAN RAMON VALLEY EDUCATION FOUNDATION

Notes to Financial Statements

(continued)

For the years ended June 30, 2019 and 2018

13. Fundraising

Net revenues from fundraising activities for the years ended June 30, 2019 and 2018 are as follows:

	2019			2018		
	Gross Revenue	Expenses	Net Revenue	Gross Revenue	Expenses	Net Revenue
Unrestricted						
Celebrate Innovation in Education	\$ 55,360	\$ 10,957	\$ 44,403	\$ 71,858	\$ 12,157	\$ 59,701
Unrestricted						
Run for Education	371,578	102,802	268,776	431,013	258,208	172,805
Restricted						
Run for Education	53,100	-	53,100	65,250	-	65,250
Restricted						
Night with the Stars	84,699	24,161	60,538	14,530	22,668	(8,138)
Unrestricted						
Other Fundraising Activities	48,831	(110,913)	159,744	74,907	(362,743)	437,650
Supporting Services						
Fundraising Activities	-	(1,794)	1,794	-	83,089	(83,089)
	<u>\$ 613,568</u>	<u>\$ 25,213</u>	<u>\$ 588,355</u>	<u>\$ 585,700</u>	<u>\$ 1,222</u>	<u>\$ 584,478</u>

The Run for Education comprises approximately 61% of all fundraising revenues.

14. Subsequent Events

In early March 2020, the COVID-19 virus was declared a global pandemic, and it has continued to spread rapidly. Contra Costa County and the State of California announced the closure of “non-essential” businesses until deemed safe to re-open. Accordingly, San Ramon Valley Unified School District gave direction that all school sites were to be closed on March 13, 2020 and the Foundation’s office is located at Los Cerros Middle School. Since March 16, 2020, the Foundation’s management has been working remotely. In addition, the Foundation had to cancel the Night with the Stars event. The Foundation has moved the Imagineering program and Run for Education event to virtual. The overall impact on revenues and costs cannot be reasonably estimated at this time. Management is carefully monitoring the situation and evaluating options during this time. No adjustment have been made to these financial statements as a result of this uncertainty.

With the exception of the above, the Foundation’s management determined that there are no material events that occurred subsequent to the statement of financial position date of June 30, 2019 and through [REDACTED], 2020, the date of this report that would require disclosure or adjustment in the financial statements.