

**SAN RAMON VALLEY
EDUCATION FOUNDATION**

Financial Statements

*For the years ended
June 30, 2015 and 2014*

TABLE OF CONTENTS

| | <u>Page</u> |
|--|-------------|
| Independent auditor's report..... | 1 |
| Statements of financial position | 2 |
| Statements of activities | 3-4 |
| Statements of cash flows | 5 |
| Notes to financial statements..... | 6-16 |



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, 2015 and 2014, 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, 2015 and 2014, 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

September 23, 2016
Danville, California

SAN RAMON VALLEY EDUCATION FOUNDATION

Statements of Financial Position

June 30, 2015 and 2014

| | <u>2015</u> | <u>2014</u> |
|---|---------------------|---------------------|
| <u>Assets</u> | | |
| Cash and cash equivalents | \$ 119,145 | \$ 242,847 |
| Investments, at fair value | | |
| Bank certificate of deposit | 41,451 | 41,374 |
| Endowment funds | <u>1,409,239</u> | <u>1,433,006</u> |
| Total investments | 1,450,690 | 1,474,380 |
| Cash restricted for endowment funds | 76,758 | 14,303 |
| Prepaid expenses and other assets | 21,670 | 2,680 |
| Computer equipment, net of \$1,597 (\$918 in 2013) in accumulated depreciation | - | 679 |
| | <u>\$ 1,668,263</u> | <u>\$ 1,734,889</u> |
| <u>Liabilities and Net Assets</u> | | |
| Liabilities | | |
| Accounts payable and accrued liabilities | \$ 6,528 | \$ 5,693 |
| Grants payable to San Ramon Valley Unified School District | <u>15,689</u> | <u>-</u> |
| | 22,217 | 5,693 |
| Net Assets | | |
| Unrestricted | 148,992 | 256,870 |
| Temporarily restricted | 343,625 | 417,553 |
| Permanently restricted | <u>1,153,429</u> | <u>1,054,773</u> |
| Total Net Assets | 1,646,046 | 1,729,196 |
| | <u>\$ 1,668,263</u> | <u>\$ 1,734,889</u> |

See accompanying notes to financial statements.

SAN RAMON VALLEY EDUCATION FOUNDATION

Statements of Activities

For the year ended June 30, 2015

| | <u>Unrestricted</u> | <u>Temporarily Restricted</u> | <u>Permanently Restricted</u> | <u>Total</u> |
|--|--------------------------|-----------------------------------|-----------------------------------|----------------------------|
| Revenues and Public Support | | | | |
| Contributions | \$ 22,217 | \$ 500 | \$ 15,731 | \$ 38,448 |
| Fundraising revenue | 437,939 | 4,000 | 82,925 | 524,864 |
| Program fees - Imagineering | 63,136 | - | - | 63,136 |
| Investment income | | | | |
| Net investment gains (losses) | - | (29,283) | - | (29,283) |
| Interest and dividend income | 111 | 21,996 | - | 22,107 |
| Total investment earnings | 111 | (7,287) | - | (7,176) |
| Other income | 39,629 | - | - | 39,629 |
| Net assets released from restriction | 71,141 | (71,141) | - | - |
| Total revenues | <u>634,173</u> | <u>(73,928)</u> | <u>98,656</u> | <u>658,901</u> |
| Expenditures | | | | |
| Program services | | | | |
| Grants to the school district | 278,593 | - | - | 278,593 |
| Run for education incentives | 69,955 | - | - | 69,955 |
| Imagineering | 30,590 | - | - | 30,590 |
| Slinger fund expenditures | 500 | - | - | 500 |
| | <u>379,638</u> | <u>-</u> | <u>-</u> | <u>379,638</u> |
| Supporting services | | | | |
| Management and general | 80,981 | - | - | 80,981 |
| Fundraising expenses | 281,432 | - | - | 281,432 |
| Total expenditures | <u>742,051</u> | <u>-</u> | <u>-</u> | <u>742,051</u> |
| Increase (Decrease) in Net Assets | (107,878) | (73,928) | 98,656 | (83,150) |
| Net Assets, June 30, 2014 | <u>256,870</u> | <u>417,553</u> | <u>1,054,773</u> | <u>1,729,196</u> |
| Net Assets, June 30, 2015 | <u>\$ 148,992</u> | <u>\$ 343,625</u> | <u>\$ 1,153,429</u> | <u>\$ 1,646,046</u> |

SAN RAMON VALLEY EDUCATION FOUNDATION

Statements of Activities

(continued)

For the year ended June 30, 2014

2014

| | Unrestricted | Temporarily Restricted | Permanently Restricted | Total |
|--|-------------------|---------------------------|---------------------------|---------------------|
| Revenues and Public Support | | | | |
| Contributions | \$ 55,908 | \$ 500 | \$ 49,514 | \$ 105,922 |
| Fundraising revenue | 576,023 | 50,000 | 120,403 | 746,426 |
| Investment income | | | | |
| Net investment gains (losses) | 3,395 | 126,038 | - | 129,433 |
| Interest and dividend income | 1,593 | 24,084 | - | 25,677 |
| Total investment earnings (losses) | 4,988 | 150,122 | - | 155,110 |
| Other income | 2,584 | - | - | 2,584 |
| Net assets released from restriction | 77,000 | (77,000) | - | - |
| Total revenues | <u>716,503</u> | <u>123,622</u> | <u>169,917</u> | <u>1,010,042</u> |
| Expenditures | | | | |
| Program services | | | | |
| Grants to the school district | 215,051 | - | - | 215,051 |
| Run for education incentives | 68,400 | - | - | 68,400 |
| Slinger fund expenditures | 500 | - | - | 500 |
| | <u>283,951</u> | <u>-</u> | <u>-</u> | <u>283,951</u> |
| Supporting services | | | | |
| Management and general | 63,245 | - | - | 63,245 |
| Fundraising expenses | 292,815 | - | - | 292,815 |
| Total expenditures | <u>640,011</u> | <u>-</u> | <u>-</u> | <u>640,011</u> |
| Increase (Decrease) in Net Assets | 76,492 | 123,622 | 169,917 | 370,031 |
| Net Assets, June 30, 2013 | <u>180,378</u> | <u>293,931</u> | <u>884,856</u> | <u>1,359,165</u> |
| Net Assets, June 30, 2014 | <u>\$ 256,870</u> | <u>\$ 417,553</u> | <u>\$ 1,054,773</u> | <u>\$ 1,729,196</u> |

SAN RAMON VALLEY EDUCATION FOUNDATION

Statements of Cash Flows

For the years ended June 30, 2015 and 2014

| | 2015 | 2014 |
|--|-------------|------------|
| Cash Flows From Operating Activities | | |
| Increase (decrease) in net assets | \$ (83,150) | \$ 370,031 |
| Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used in) operating activities: | | |
| Contributions restricted to permanent investment | (98,656) | (160,588) |
| Net (gains) losses on investments | 83,366 | (129,434) |
| Dividend and interest on endowment funds | (21,986) | (25,600) |
| Depreciation | 679 | 319 |
| Changes in operating assets and liabilities: | | |
| Cash restricted for endowment funds | (62,455) | 83,317 |
| Prepaid expenses and other assets | (18,990) | 3,697 |
| Accounts payable and accrued liabilities | 835 | 1,193 |
| Grants payable | 15,689 | - |
| | (184,668) | 142,935 |
| Cash Flows From Investing Activities | | |
| Purchase of investments- net | (37,690) | (228,137) |
| Cash Flows From Financing Activities | | |
| Contributions restricted to permanent investment | 98,656 | 160,588 |
| Increase (Decrease) in Cash and Cash Equivalents | (123,702) | 75,386 |
| Cash and Cash Equivalents, beginning of year | 242,847 | 167,461 |
| Cash and Cash Equivalents, end of year | \$ 119,145 | \$ 242,847 |
| SUPPLEMENTARY INFORMATION | | |
| Cash paid for interest expense | \$ - | \$ - |
| Cash paid for income taxes | \$ - | \$ - |

See accompanying notes to financial statements.

SAN RAMON VALLEY EDUCATION FOUNDATION

Notes to Financial Statements

For the years ended June 30, 2015 and 2014

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 three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Unrestricted

Net assets not subject to donor-imposed stipulations. Unrestricted net assets amounted to \$148,992 and \$256,870 at June 30, 2015 and 2014.

Temporarily Restricted

Temporarily restricted net assets represent contributions whose use is limited by donor-imposed stipulations that expire by the passage of time or can be fulfilled and removed by actions of the Foundation pursuant to those stipulations. Temporarily restricted net assets also include accumulated appreciation of permanently restricted endowment funds that have not been appropriated by the Board in accordance with the California Uniform Prudent Management of Institutional Funds Act of 2008 (UPMIFA). \$343,625 and \$417,553 at June 30, 2015 and 2014.

Permanently Restricted

Net assets subject to donor-imposed stipulations that they be maintained in perpetuity by the Foundation. Permanently restricted net assets totaled \$1,153,429 and \$1,054,773 at June 30, 2015 and 2014.

SAN RAMON VALLEY EDUCATION FOUNDATION

Notes to Financial Statements

(continued)

For the years ended June 30, 2015 and 2014

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 unrestricted support, temporarily restricted support or permanently restricted support, depending on the absence or existence of donor-imposed restrictions, as applicable. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

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.

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 (\$16,482 in 2015 and \$14,742 in 2014) 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.

Computer Equipment

Computer equipment is carried at cost. Depreciation is computed using the straight-line method over an estimated useful life of five years. Expenditure for maintenance, repairs, and minor equipment purchases are charged to expense as incurred.

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.

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.

SAN RAMON VALLEY EDUCATION FOUNDATION

Notes to Financial Statements

(continued)

For the years ended June 30, 2015 and 2014

2. Summary of Significant Accounting Policies (continued)

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.

Reclassification

Certain balances in the prior year financial statements have been reclassified for comparative purposes to the presentation in the current year financial statements.

3. Investments

Investments are recorded at fair value as of June 30, 2015 and 2014 which are summarized below:

| | <u>2015</u> | <u>2014</u> |
|---|---------------------|---------------------|
| Bank certificate of deposit | | |
| First Republic Bank, interest 0.35% maturing December 2015 | \$ 41,451 | \$ 41,374 |
| Endowment Fund Investment | | |
| Held at the East Bay Community Foundation: | | |
| SRVEF Endowment Fund | 1,125,350 | 1,180,718 |
| Marianne Gagen Endowment Fund | 194,129 | 188,768 |
| Chad Michael Petsuch Endowment Fund | 63,199 | 63,520 |
| Lynne Reardon Endowment Fund | <u>26,561</u> | <u>-</u> |
| Total Endowment Investments | <u>1,409,239</u> | <u>1,433,006</u> |
| Total Investments | <u>\$ 1,450,690</u> | <u>\$ 1,474,380</u> |

SAN RAMON VALLEY EDUCATION FOUNDATION

Notes to Financial Statements

(continued)

For the years ended June 30, 2015 and 2014

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, 2015 and 2014

3. Investments (continued)

| | Level 1 | Level 2 | Level 3 |
|---|-------------------|-------------------|-------------------|
| June 30, 2015 | | | |
| Endowment Fund Investments | | | |
| <i>Money market funds</i> | \$ - | \$ - | \$ - |
| <i>Equity</i> | | | |
| US Large Cap Equity | 282,073 | - | - |
| US Small/Mid Cap Equity | 169,244 | - | - |
| Developed Non-US Equity | 225,659 | - | - |
| Emerging Markets Equity | 84,622 | - | - |
| <i>Real Assets</i> | | | |
| Real Estate | - | - | 84,622 |
| Commodities | - | - | 28,207 |
| <i>Alternatives</i> | | | |
| Liquid Alternative Funds | - | - | 84,622 |
| Non-Liquid Hedge Funds | - | - | 154,313 |
| <i>Fixed Income</i> | | | |
| Opportunistic Credit | - | 126,933 | - |
| Govt/Corp Bonds | - | 169,244 | - |
| Bank certificate of deposit | - | 41,151 | - |
| Total Investments at Fair Value, 6/30/15 | \$ 761,598 | \$ 337,328 | \$ 351,764 |
| | | | |
| | Level 1 | Level 2 | Level 3 |
| June 30, 2014 | | | |
| Endowment Fund Investments | | | |
| <i>Money market funds</i> | \$ 14,330 | \$ - | \$ - |
| <i>Equity</i> | | | |
| US Large Cap Equity | 315,264 | - | - |
| US Small/Mid Cap Equity | 157,632 | - | - |
| Developed Non-US Equity | 214,952 | - | - |
| Emerging Markets Equity | 100,311 | - | - |
| <i>Real Assets</i> | | | |
| Real Estate | - | - | 71,651 |
| Commodities | - | - | 42,990 |
| <i>Alternatives</i> | | | |
| Liquid Alternative Funds | - | - | 85,981 |
| Non-Liquid Hedge Funds | - | - | 143,302 |
| <i>Fixed Income</i> | | | |
| Opportunistic Credit | - | 128,961 | - |
| Govt/Corp Bonds | - | 157,632 | - |
| Bank certificate of deposit | - | 41,374 | - |
| Total Investments at Fair Value, 6/30/14 | \$ 802,489 | \$ 327,967 | \$ 343,924 |

SAN RAMON VALLEY EDUCATION FOUNDATION

Notes to Financial Statements

(continued)

For the years ended June 30, 2015 and 2014

4. 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 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. The endowment funds are invested by the EBCF and are held in a long-term growth pool consisting primarily of mutual funds invested in equities and fixed income instruments. The temporarily restricted net asset balance at June 30, 2015 of \$286,083 for the SRVEF Fund, \$46,201 for the Marianne Gagen Fund and \$6,723 for the Chad Michael Petsuch Fund, and \$111 for the Lynne Reardon Fund for the endowment funds represents cumulative earnings (interest, dividends, appreciation/depreciation), which are restricted for "long-term, innovative educational programs".

As of June 30, 2015, the Foundation held cash from contributions designated by donors for the various Endowment Funds as well as net proceeds from the Night with the Stars Dinner Gala in the amount of \$82,925 (of which \$76,759 pertained to deposits in transit and \$6,166 pertained to pledges by donors made during the Gala). Such funds were subsequently remitted to First Republic for investing in December 2015 and January 2016.

In January 2015 the SRVEF Endowment Committee began the process of evaluating the East Bay Community Foundation and other financial management institutions to ensure that the Endowment was managed well with reasonable fees and timely reporting. On May 6, 2015, the SRVEF Board of Directors approved the Endowment Committee's recommendation to transfer the responsibility for overseeing the entire Endowment Fund from the East Bay Community Foundation to First Republic Wealth Management. The funds were subsequently transferred on October 2, 2015.

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.

SAN RAMON VALLEY EDUCATION FOUNDATION - ENDOWMENT FUND ACTIVITIES

| | Endowment Funds | | | | | | | | | | | | Total | | | |
|---|---------------------------------------|------------------------|------------------------|---------------------|------------------------|------------------------|---------------------------|------------------------|------------------------|----------------------------|------------------------|------------------------|--------------|------------------------|------------------------|--|
| | San Ramon Valley Education Foundation | | | Marianne Gagen Fund | | | Chad Michael Petsuch Fund | | | Lynn Reardon Memorial Fund | | | Unrestricted | Temporarily Restricted | Permanently Restricted | |
| | Unrestricted | Temporarily Restricted | Permanently Restricted | Unrestricted | Temporarily Restricted | Permanently Restricted | Unrestricted | Temporarily Restricted | Permanently Restricted | Unrestricted | Temporarily Restricted | Permanently Restricted | | | | |
| | | | | | | | | | | | | | | | | |
| June 30, 2013 | \$ 45,752 | \$ 182,741 | \$ 715,771 | \$ - | \$ 32,976 | \$ 116,405 | \$ - | \$ 1,207 | \$ 52,680 | \$ - | \$ - | \$ - | \$ 45,752 | \$ 216,924 | \$ 884,856 | |
| Contributions | - | - | 148,317 | - | - | 19,100 | - | - | 2,500 | - | - | - | - | - | 169,917 | |
| Earnings (loss), net of fees | 4,838 | 122,702 | - | - | 20,287 | - | - | 7,133 | - | - | - | - | 4,838 | 150,122 | - | |
| Disbursements | (25,100) | - | - | - | - | - | - | - | - | - | - | - | (25,100) | - | - | |
| June 30, 2014 | 25,490 | 305,443 | 864,088 | - | 53,263 | 135,505 | - | 8,340 | 55,180 | - | - | - | 25,490 | 367,046 | 1,054,773 | |
| Contributions | - | - | 7,747 | - | - | 6,150 | - | - | - | - | - | 1,450 | - | - | 15,347 | |
| Earnings (loss), net of fees | - | (6,288) | - | - | (789) | - | - | (321) | - | - | 111 | - | - | (7,287) | - | |
| Interfund Transfers | - | - | (25,000) | - | - | - | - | - | - | - | - | 25,000 | - | - | - | |
| Disbursements | (25,490) | (20,641) | - | - | - | - | - | - | - | - | - | - | (25,490) | (20,641) | - | |
| June 30, 2015 | - | 278,514 | 846,835 | - | 52,474 | 141,655 | - | 8,019 | 55,180 | - | 111 | 26,450 | - | 339,118 | 1,070,120 | |
| Cash restricted for Endowment Fund (contributions deposited after June 30, 2016). | - | - | 67,159 | - | - | 8,650 | - | - | 2,500 | - | - | 5,000 | - | - | 83,309 | |
| Interfund Reclassifications | - | 7,569 | - | - | (6,273) | - | - | (1,296) | - | - | - | - | - | - | - | |
| June 30, 2015 | - | 286,083 | 913,994 | - | 46,201 | 150,305 | - | 6,723 | 57,680 | - | 111 | 31,450 | - | 339,118 | 1,153,429 | |

SAN RAMON VALLEY EDUCATION FOUNDATION

Notes to Financial Statements

(continued)

For the years ended June 30, 2015 and 2014

4. 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 target spending policy of the endowment is to distribute annually 5% of the trailing 12-quarter average (as of fiscal end) of the portfolio inclusive of fees. No distribution will be made from the Endowment Fund if it would invade the principal value of the Endowment or if the value of the Endowment drops below \$1,000,000.

| | <u>San Ramon Valley Education Foundation Fund</u> | <u>Gagen Fund</u> | <u>Petsuch Fund</u> | <u>Reardon Fund</u> | <u>Total</u> |
|---|---|------------------------|-------------------------|-------------------------|------------------------|
| Appropriated Fund Balance at 6/30/13 | \$ 3,841 | \$ - | \$ - | \$ - | \$ 3,841 |
| Funds Appropriated for Spending at 6/30/14 | 29,510 | 4,767 | 850 | - | 35,127 |
| Release from Restriction | (25,100) | - | - | - | (25,100) |
| Appropriated Fund Balance at 6/30/14 | <u>\$ 8,251</u> | <u>\$ 4,767</u> | <u>\$ 850</u> | <u>-</u> | <u>\$ 13,868</u> |
| Funds Appropriated for Spending 6/30/15 | 33,695 | 5,445 | 1,260 | - | 40,400 |
| Release From Restriction | (36,554) | (7,000) | (1,446) | - | (45,000) |
| Appropriated Fund Balance at 6/30/15 | <u>\$ 5,392</u> | <u>\$ 3,212</u> | <u>\$ 664</u> | <u>\$ -</u> | <u>\$ 9,268</u> |

5. 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 2015 and 2014. 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 2011 for Federal (and 2010 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, 2015 and 2014

6. 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. At June 30, 2015 and 2014, the Foundation's deposits with its banking institutions did not exceed the FDIC insured limit of \$250,000 per banking institution. The Foundation's endowment investments have been placed with a major custodian, the East Bay Community Foundation. The Foundation closely monitors these endowment investments and its accounts and has not experienced significant credit losses on such accounts. As of June 30, 2015, the following endowment investments equal or exceed 5% of the fair market value of total endowment investments:

| | |
|--------------------------------|----|
| Neuberger Berman Large Cap | 6% |
| Vanguard Institutional Index | 7% |
| ClearBridge Aggressive Growth | 6% |
| MSCI Emerging Markets | 5% |
| DJ UBS Commodity Index | 5% |
| Weatherlow Offshore Fund I LTD | 5% |

7. Temporarily Restricted Net Asset Balance

Temporarily restricted net assets consist of the following activities for the years ended June 30, 2015 and 2014:

| | Endowment Funds | | | | | | |
|--|--|---------------------------|------------------------------------|--------------------------------------|----------------------|------------------------|--------------------------|
| | San Ramon Valley Education Foundation Fund | Marianne Gagen Fund | Chad Michael Petsuch Fund | Lynne Reardon Memorial Fund | Slinger Fund | Run for Education | Total |
| Temporarily Restricted Balance at June 30, 2013 | \$ 182,741 | \$ 32,976 | \$ 1,207 | \$ - | \$ 507 | \$ 76,500 | \$ 293,931 |
| Contributions | - | - | - | - | 500 | 50,000 | 50,500 |
| Earnings (loss), net | 122,702 | 20,287 | 7,133 | - | - | - | 150,122 |
| Release from Restrictions | - | - | - | - | (500) | (76,500) | (77,000) |
| Temporarily Restricted Balance at June 30, 2014 | 305,443 | 53,263 | 8,340 | - | 507 | 50,000 | 417,553 |
| Contributions | - | - | - | - | 500 | 4,000 | 4,500 |
| Earnings (loss), net of fees | (6,288) | (789) | (321) | 111 | - | - | (7,287) |
| Interfund reclassifications | 7,569 | (6,273) | (1,296) | - | - | - | - |
| Release from Restrictions | (20,641) | - | - | - | (500) | (50,000) | (71,141) |
| Temporarily Restricted Balance at June 30, 2015 | <u>\$ 286,083</u> | <u>\$ 46,201</u> | <u>\$ 6,723</u> | <u>\$ 111</u> | <u>\$ 507</u> | <u>\$ 4,000</u> | <u>\$ 343,625</u> |

SAN RAMON VALLEY EDUCATION FOUNDATION

Notes to Financial Statements

(continued)

For the years ended June 30, 2015 and 2014

8. 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 \$278,593 in 2015 and \$215,051 in 2014.

9. 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 \$69,955 in 2015 and \$68,400 in 2014.

10. 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, 2015 and 2014.

11. Fundraising

Net revenues from fundraising activities for the years ended June 30, 2015 and 2014 are as follows:

| | 2015 | | | 2014 | | |
|---------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | Gross Revenue | Expenses | Net Revenue | Gross Revenue | Expenses | Net Revenue |
| Unrestricted | | | | | | |
| Run for Education | \$ 392,510 | \$ 110,662 | \$ 281,848 | \$ 509,446 | \$ 127,665 | \$ 381,781 |
| Temporarily Restricted | | | | | | |
| Run for Education | 4,000 | - | 4,000 | 50,000 | - | 50,000 |
| Permanently Restricted | | | | | | |
| Dinner Gala | 111,292 | 28,367 | 82,925 | 120,403 | 31,420 | 88,983 |
| Unrestricted | | | | | | |
| Read-a-thon | 25 | 417 | (392) | 43,213 | 4,577 | 38,636 |
| Unrestricted | | | | | | |
| Other Fundraising Activities | 17,037 | 1,929 | 15,108 | 23,364 | 24,450 | (1,086) |
| Supporting Services | | | | | | |
| Fundraising Activities | - | 140,057 | (140,057) | - | 104,703 | (104,703) |
| | <u>\$ 524,864</u> | <u>\$ 281,432</u> | <u>\$ 243,432</u> | <u>\$ 746,426</u> | <u>\$ 292,815</u> | <u>\$ 453,611</u> |

SAN RAMON VALLEY EDUCATION FOUNDATION

Notes to Financial Statements

(continued)

For the years ended June 30, 2015 and 2014

12. **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. The program was fully implemented during the fiscal year ended June 30, 2015. Program service fee income in connection with Imagineering totaled \$63,136 and expenses totaled \$30,590 for the year ended June 30, 2015.

13. **Subsequent Events**

The Foundation's management determined that there are no material events that occurred subsequent to the statement of financial position date of June 30, 2015 and through September 23, 2016, the date of this report that would require disclosure or adjustment in the financial statements.