

**SAN RAMON VALLEY  
EDUCATION FOUNDATION**

**Financial Statements**

*For the years ended  
June 30, 2016 and 2015*

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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, 2016 and 2015, 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, 2016 and 2015, 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*

February 10, 2017  
Danville, California

# SAN RAMON VALLEY EDUCATION FOUNDATION

## Statements of Financial Position

June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
<b><u>Assets</u></b>		
Cash and cash equivalents	\$ 444,165	\$ 119,145
Cash restricted for endowment funds	93,390	76,758
Accounts Receivable	-	21,670
Investments, at fair value		
Bank certificate of deposit	-	41,451
Endowment funds	<u>1,525,782</u>	<u>1,409,239</u>
Total investments	<u>1,525,782</u>	<u>1,450,690</u>
	<u><u>\$ 2,063,337</u></u>	<u><u>\$ 1,668,263</u></u>
 <b><u>Liabilities and Net Assets</u></b>		
<b>Liabilities</b>		
Accounts payable and accrued liabilities	\$ 32,946	\$ 6,528
Grants payable to San Ramon Valley Unified School District	<u>122,000</u>	<u>15,689</u>
	<u>154,946</u>	<u>22,217</u>
<b>Net Assets</b>		
Unrestricted	199,214	148,992
Temporarily restricted	439,396	343,625
Permanently restricted	<u>1,269,781</u>	<u>1,153,429</u>
Total Net Assets	<u>1,908,391</u>	<u>1,646,046</u>
	<u><u>\$ 2,063,337</u></u>	<u><u>\$ 1,668,263</u></u>

See accompanying notes to financial statements.

# SAN RAMON VALLEY EDUCATION FOUNDATION

## Statements of Activities

For the year ended June 30, 2016

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>Revenues and Public Support</b>				
Contributions	\$ 22,257	\$ 500	\$ 22,962	\$ 45,719
Fundraising revenue	551,316	89,000	93,390	733,706
Program fees - Imagineering	248,508	-	-	248,508
Investment income				
Net investment gains (losses)	-	358	-	358
Interest and dividend income	125	28,502	-	28,627
Total investment earnings	125	28,860	-	28,985
Other income	20,527	-	-	20,527
Net assets released from restriction	22,589	(22,589)	-	-
Total revenues	<u>865,322</u>	<u>95,771</u>	<u>116,352</u>	<u>1,077,445</u>
<b>Expenditures</b>				
Program services				
Grants to the school district	241,135	-	-	241,135
Primo's Run incentives	67,580	-	-	67,580
Imagineering	123,778	-	-	123,778
Slinger fund expenditures	-	-	-	-
Total program services	<u>432,493</u>	<u>-</u>	<u>-</u>	<u>432,493</u>
Supporting services				
Management and general	104,096	-	-	104,096
Fundraising expenses	278,511	-	-	278,511
Total expenditures	<u>815,100</u>	<u>-</u>	<u>-</u>	<u>815,100</u>
<b>Increase (Decrease) in Net Assets</b>	<b>50,222</b>	<b>95,771</b>	<b>116,352</b>	<b>262,345</b>
<b>Net Assets, June 30, 2015</b>	<b>148,992</b>	<b>343,625</b>	<b>1,153,429</b>	<b>1,646,046</b>
<b>Net Assets, June 30, 2016</b>	<b><u>\$ 199,214</u></b>	<b><u>\$ 439,396</u></b>	<b><u>\$ 1,269,781</u></b>	<b><u>\$ 1,908,391</u></b>

# SAN RAMON VALLEY EDUCATION FOUNDATION

## Statements of Activities

(continued)

For the year ended June 30, 2015

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>Revenues and Public Support</b>				
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 (losses)	111	(7,287)	-	(7,176)
Other income	39,629	-	-	39,629
Net assets released from restriction	71,141	(71,141)	-	-
Total revenues	634,173	(73,928)	98,656	658,901
<b>Expenditures</b>				
Program services				
Grants to the school district	278,593	-	-	278,593
Primo's Run incentives	69,955	-	-	69,955
Imagineering	30,590	-	-	30,590
Slinger fund expenditures	500	-	-	500
	379,638	-	-	379,638
Supporting services				
Management and general	80,981	-	-	80,981
Fundraising expenses	281,432	-	-	281,432
Total expenditures	742,051	-	-	742,051
<b>Increase (Decrease) in Net Assets</b>	(107,878)	(73,928)	98,656	(83,150)
<b>Net Assets, June 30, 2014</b>	256,870	417,553	1,054,773	1,729,196
<b>Net Assets, June 30, 2015</b>	\$ 148,992	\$ 343,625	\$ 1,153,429	\$ 1,646,046

# SAN RAMON VALLEY EDUCATION FOUNDATION

## Statements of Cash Flows

For the years ended June 30, 2016 and 2015

	2016	2015
<b>Cash Flows From Operating Activities</b>		
Increase (decrease) in net assets	\$ 262,345	\$ (83,150)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used in) operating activities:		
Contributions restricted to permanent investment	(116,352)	(98,656)
Net (gains) losses on investments	358	83,366
Dividend and interest on endowment funds	(28,502)	(21,986)
Depreciation	-	679
Changes in operating assets and liabilities:		
Cash restricted for endowment funds	(16,632)	(62,455)
Prepaid expenses and other assets	21,670	(18,990)
Accounts payable and accrued liabilities	26,418	835
Grants payable	106,311	15,689
	255,616	(184,668)
<b>Cash Flows From Investing Activities</b>		
Purchase of investments- net	(46,948)	(37,690)
<b>Cash Flows From Financing Activities</b>		
Contributions restricted to permanent investment	116,352	98,656
<b>Increase (Decrease) in Cash and Cash Equivalents</b>	325,020	(123,702)
<b>Cash and Cash Equivalents, beginning of year</b>	119,145	242,847
<b>Cash and Cash Equivalents, end of year</b>	\$ 444,165	\$ 119,145
<b>SUPPLEMENTARY INFORMATION</b>		
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, 2016 and 2015

### 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 \$199,214 and \$148,992 at June 30, 2016 and 2015.

#### 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). \$439,396 and \$343,625 at June 30, 2016 and 2015.

#### Permanently Restricted

Net assets subject to donor-imposed stipulations that they be maintained in perpetuity by the Foundation. Permanently restricted net assets totaled \$1,269,781 and \$1,153,429 at June 30, 2016 and 2015.



# SAN RAMON VALLEY EDUCATION FOUNDATION

## Notes to Financial Statements

(continued)

For the years ended June 30, 2016 and 2015

### 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 (\$11,091 in 2016 and \$16,482 in 2015) 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, 2016 and 2015

### 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, 2016 and 2015 which are summarized below:

	<u>2016</u>	<u>2015</u>
<b>Bank certificate of deposit</b>		
First Republic Bank, interest 0.10% maturing January 2016	\$ -	\$ 41,451
<b>Endowment Fund Investment</b>		
<b>Held at the East Bay Community</b> <b>Foundation:</b>		
SRVEF Endowment Fund	1,228,622	1,125,350
Marianne Gagen Endowment Fund	200,335	194,129
Chad Michael Petsuch Endowment Fund	64,906	63,199
Lynne Reardon Endowment Fund	31,920	26,561
Total Endowment Investments	<u>1,525,783</u>	<u>1,409,239</u>
<b>Total Investments</b>	<u>\$ 1,525,783</u>	<u>\$ 1,450,690</u>

# SAN RAMON VALLEY EDUCATION FOUNDATION

## Notes to Financial Statements

(continued)

For the years ended June 30, 2016 and 2015

### 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, 2016 and 2015

### 3. Investments (continued)

	Level 1	Level 2	Level 3
<b>June 30, 2016</b>			
<b>Endowment Fund Investments</b>			
<i>Money market funds</i>	\$ 119,055	\$ -	\$ -
<i>Equity</i>			
US Large Cap Equity	529,242	-	-
US Small/Mid Cap Equity	117,904	-	-
Developed Non-US Equity	108,089	-	-
Emerging Markets Equity	81,216	-	-
<i>Real Assets</i>			
Real Estate	-	-	46,552
Commodities	-	-	59,789
<i>Alternatives</i>			
Liquid Alternative Funds	-	-	-
Non-Liquid Hedge Funds	-	-	-
<i>Fixed Income</i>			
Corporate Credit	-	195,441	-
Govt/Corp Bonds	-	268,495	-
Bank certificate of deposit	-	-	-
<b>Total Investments at Fair Value, 6/30/16</b>	<b>\$ 955,506</b>	<b>\$ 463,936</b>	<b>\$ 106,341</b>
	Level 1	Level 2	Level 3
<b>June 30, 2015</b>			
<b>Endowment Fund Investments</b>			
<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	-
<b>Total Investments at Fair Value, 6/30/15</b>	<b>\$ 761,598</b>	<b>\$ 337,328</b>	<b>\$ 351,764</b>

# SAN RAMON VALLEY EDUCATION FOUNDATION

## Notes to Financial Statements

(continued)

For the years ended June 30, 2016 and 2015

### 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, 2016 of \$293,871 for the SRVEF Fund, \$47,818 for the Marianne Gagen Fund, \$7,230 for the Chad Michael Petsuch Fund, and \$471 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, 2016, 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 \$93,390. Such funds were subsequently deposited to First Republic for investing in July 2016.

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, 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.

SAN RAMON VALLEY EDUCATION FOUNDATION - ENDOWMENT FUND ACTIVITIES

Endowment Funds

	San Ramon Valley Education Foundation			Marianne Gagen Fund			Chad Michael Petsuch Fund			Lynn Reardon Memorial Fund			Total		
	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, 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
Contributions	-	-	87,896	-	-	10,875	-	-	2,500	-	-	5,000	-	-	106,271
Earnings (loss), net of fees	-	23,191	-	-	3,756	-	-	1,208	-	-	705	-	-	28,860	-
Interfund Transfers	-	7,569	-	-	(6,273)	-	-	(1,296)	-	-	-	-	-	-	-
Disbursements	-	(15,404)	-	-	(2,139)	-	-	(701)	-	-	(345)	-	-	(18,589)	-
June 30, 2016	-	293,871	934,731	-	47,818	152,530	-	7,230	57,680	-	471	31,450	-	349,389	1,176,391
Cash restricted for Endowment Fund	-	-	76,890	-	-	8,500	-	-	2,750	-	-	5,250	-	-	93,390
Interfund Reclassification	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
June 30, 2016	-	293,871	1,011,621	-	47,818	161,030	-	7,230	60,430	-	471	36,700	-	349,389	1,269,781

# SAN RAMON VALLEY EDUCATION FOUNDATION

## Notes to Financial Statements

(continued)

For the years ended June 30, 2016 and 2015

### 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 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. Additionally, 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 the spending 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.

	<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 6/30/14	\$ 8,251	\$ 4,767	\$ 850	\$ -	\$ 13,868
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>
Funds Appropriated for Spending 6/30/16	39,108	6,361	1,832	1,015	48,316
Release from Restriction	(44,500)	(9,573)	(2,496)	(1,015)	(57,584)
Appropriated Fund Balance at 6/30/16	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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 2016 and 2015. 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 2012 for Federal (and 2011 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, 2016 and 2015

### 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, 2016 the Foundation's deposits with its banking institutions exceeded the FDIC insured limit of \$250,000 per banking institution by \$194,165. 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.

### 7. Temporarily Restricted Net Asset Balance

Temporarily restricted net assets consist of the following activities for the years ended June 30, 2016 and 2015:

	Endowment Funds						Total
	San Ramon Valley Education Foundation Fund	Marianne Gagen Fund	Chad Michael Petsuch Fund	Lynn Reardon Memorial Fund	Slinger Fund	Run for Education	
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)
Disbursement	(20,641)	-	-	-	(500)	(50,000)	(71,141)
Temporarily Restricted Balance at June 30, 2015	<b>278,514</b>	<b>52,474</b>	<b>8,019</b>	<b>111</b>	<b>507</b>	<b>4,000</b>	<b>343,625</b>
Contributions	-	-	-	-	500	89,000	89,500
Earnings (loss), net of fees	23,191	3,756	1,208	705	-	-	28,860
Inter-fund transfers	7,569	(6,273)	(1,296)	-	-	-	-
Release from Restrictions	(15,404)	(2,139)	(701)	(345)	-	(4,000)	(22,589)
Temporarily Restricted Balance at June 30, 2016	<b>\$ 293,870</b>	<b>\$ 47,818</b>	<b>\$ 7,230</b>	<b>\$ 471</b>	<b>\$ 1,007</b>	<b>\$ 89,000</b>	<b>\$ 439,396</b>

### 8. 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 \$247,293 in 2016 (\$63,136 in 2015) and expenses totaled \$123,778 in 2016 (\$30,590 in 2015).



# SAN RAMON VALLEY EDUCATION FOUNDATION

## Notes to Financial Statements

(continued)

For the years ended June 30, 2016 and 2015

### 9. 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 \$241,135 in 2016 and \$278,593 in 2015.

### 10. 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 \$67,580 in 2016 and \$69,955 in 2015.

### 11. 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, 2016 and 2015.

### 12. Fundraising

Net revenues from fundraising activities for the years ended June 30, 2016 and 2015 are as follows:

	2016			2015		
	Gross Revenue	Expenses	Net Revenue	Gross Revenue	Expenses	Net Revenue
<b>Unrestricted</b>						
Run for Education	\$ 487,653	110,170	\$ 377,483	\$ 392,510	\$ 110,662	\$ 281,848
<b>Temporarily Restricted</b>						
Run for Education	89,000	-	89,000	4,000	-	4,000
<b>Permanently Restricted</b>						
Dinner Gala	130,079	36,688	93,391	111,292	28,367	82,925
<b>Unrestricted</b>						
Entertainment Books	2,160	1,890	270	-	-	-
<b>Unrestricted</b>						
Read-a-thon	-	-	-	25	417	(392)
<b>Unrestricted</b>						
Other Fundraising Activities	24,814	10,317	14,497	17,037	1,929	15,108
<b>Supporting Services</b>						
Fundraising Activities	-	119,446	(119,446)	-	140,057	(140,057)
	<b>\$ 733,706</b>	<b>\$ 278,511</b>	<b>\$ 455,195</b>	<b>\$ 524,138</b>	<b>281,432</b>	<b>\$ 243,432</b>

# **SAN RAMON VALLEY EDUCATION FOUNDATION**

## **Notes to Financial Statements**

(continued)

For the years ended June 30, 2016 and 2015

### **12. Fundraising (continued)**

The Run for Education comprises approximately 78% of all fundraising revenues.

### **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, 2016 and through February 10, 2017, the date of this report that would require disclosure or adjustment in the financial statements.