

**SAN RAMON VALLEY  
EDUCATION FOUNDATION**

**Financial Statements**  
*For the years ended  
June 30, 2017 and 2016*

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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, 2017 and 2016, 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, 2017 and 2016, 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*

March 19, 2018  
Danville, California

# SAN RAMON VALLEY EDUCATION FOUNDATION

## Statements of Financial Position

June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
<b><u>Assets</u></b>		
Cash and cash equivalents	\$ 516,848	\$ 444,165
Cash restricted for endowment funds	24,706	93,389
Investments, at fair value	1,774,113	1,525,783
	<u>\$ 2,315,667</u>	<u>\$ 2,063,337</u>
 <b><u>Liabilities and Net Assets</u></b>		
<b>Liabilities</b>		
Accounts payable and accrued liabilities	\$ 12,104	\$ 32,946
Grants payable to San Ramon Valley Unified School District	86,445	122,000
	<u>98,549</u>	<u>154,946</u>
<b>Net Assets</b>		
Unrestricted	284,708	199,214
Temporarily restricted	520,469	439,396
Permanently restricted	1,411,941	1,269,781
Total Net Assets	<u>2,217,118</u>	<u>1,908,391</u>
	<u>\$ 2,315,667</u>	<u>\$ 2,063,337</u>

See accompanying notes to financial statements.

# SAN RAMON VALLEY EDUCATION FOUNDATION

## Statements of Activities

For the year ended June 30, 2017

	2017			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>Revenues and Public Support</b>				
Contributions	\$ 28,416	\$ 1,285	\$ 81,404	\$ 111,105
Fundraising revenue	459,920	133,249	60,756	653,925
Program fees - Imagineering	160,547	-	-	160,547
Investment income				
Net investment gains (losses)	-	113,992	-	113,992
Interest and dividend income	65	41,929	-	41,994
Total investment earnings	65	155,921	-	155,986
Other income	11,294	-	-	11,294
Net assets released from restriction	209,382	(209,382)	-	-
Total revenues	869,624	81,073	142,160	1,092,857
<b>Expenditures</b>				
Program services				
Grants to the school district	165,145	-	-	165,145
Run for Education incentives	90,200	-	-	90,200
Imagineering	114,185	-	-	114,185
	369,530	-	-	369,530
Supporting services				
Management and general	96,142	-	-	96,142
Fundraising expenses	318,458	-	-	318,458
Total expenditures	784,130	-	-	784,130
<b>Increase (Decrease) in Net Assets</b>	85,494	81,073	142,160	308,727
<b>Net Assets, June 30, 2016</b>	199,214	439,396	1,269,781	1,908,391
<b>Net Assets, June 30, 2017</b>	\$ 284,708	\$ 520,469	\$ 1,411,941	\$ 2,217,118

# SAN RAMON VALLEY EDUCATION FOUNDATION

## Statements of Activities

(continued)

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 (losses)	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
	<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>	50,222	95,771	116,352	262,345
<b>Net Assets, June 30, 2015</b>	<u>148,992</u>	<u>343,625</u>	<u>1,153,429</u>	<u>1,646,046</u>
<b>Net Assets, June 30, 2016</b>	<u>\$ 199,214</u>	<u>\$ 439,396</u>	<u>\$ 1,269,781</u>	<u>\$ 1,908,391</u>

# SAN RAMON VALLEY EDUCATION FOUNDATION

## Statements of Cash Flows

For the years ended June 30, 2017 and 2016

	2017	2016
<b>Cash Flows From Operating Activities</b>		
Increase (decrease) in net assets	\$ 308,727	\$ 262,345
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used in) operating activities:		
Contributions restricted to permanent investment	(142,160)	(116,352)
Net (gains) losses on investments	(113,992)	(358)
Dividend and interest on endowment funds	(41,929)	(28,502)
Changes in operating assets and liabilities:		
Cash restricted for endowment funds	68,683	(16,632)
Prepaid expenses and other assets	-	21,670
Accounts payable and accrued liabilities	(20,842)	26,418
Grants payable	(35,555)	106,311
	22,932	254,900
<b>Cash Flows From Investing Activities</b>		
Purchase of investments- net	(92,409)	(46,232)
<b>Cash Flows From Financing Activities</b>		
Contributions restricted to permanent investment	142,160	116,352
<b>Increase (Decrease) in Cash and Cash Equivalents</b>	72,683	325,020
<b>Cash and Cash Equivalents, beginning of year</b>	444,165	119,145
<b>Cash and Cash Equivalents, end of year</b>	\$ 516,848	\$ 444,165
<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

(continued)

For the years ended June 30, 2017 and 2016

### 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 \$284,708 and \$199,214 at June 30, 2017 and 2016.

#### 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). \$520,469 and \$439,396 at June 30, 2017 and 2016.

#### Permanently Restricted

Net assets subject to donor-imposed stipulations that they be maintained in perpetuity by the Foundation. Permanently restricted net assets totaled \$1,411,941 and \$1,269,781 at June 30, 2017 and 2016.

#### 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.



# SAN RAMON VALLEY EDUCATION FOUNDATION

## Notes to Financial Statements

(continued)

For the years ended June 30, 2017 and 2016

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

#### 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.

#### 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.

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 (\$11,408 in 2017 and \$11,091 in 2016) 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.

#### 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.

#### 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.

# SAN RAMON VALLEY EDUCATION FOUNDATION

## Notes to Financial Statements

(continued)

For the years ended June 30, 2017 and 2016

### 2. Investments

Investments are recorded at fair value as of June 30, 2017 and 2016 which are summarized below:

	<u>2017</u>	<u>2016</u>
<b>Endowment Fund Investment</b>		
<b>Held at the First Republic Wealth Management:</b>		
SRVEF Fund	\$ 1,421,999	\$ 1,228,622
Marianne Gagen Fund	231,617	200,335
Chad Michael Petsuch Fund	71,201	64,906
Lynne Reardon Memorial Fund	<u>49,296</u>	<u>31,920</u>
Total Endowment Investments	<u>1,774,113</u>	<u>1,525,783</u>
<b>Total Investments</b>	<u><u>\$ 1,774,113</u></u>	<u><u>\$ 1,525,783</u></u>

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.

# SAN RAMON VALLEY EDUCATION FOUNDATION

## Notes to Financial Statements

(continued)

For the years ended June 30, 2017 and 2016

### 3. Investments (continued)

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 difference 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.

	Level 1	Level 2	Level 3
<b>June 30, 2017</b>			
<b>Endowment Fund Investments</b>			
<i>Money market funds</i>	\$ 75,459	\$ -	\$ -
<i>Equity</i>			
US Large Cap Equity	753,825	-	-
US Small/Mid Cap Equity	139,942	-	-
Developed Non-US Equity	118,713	-	-
Emerging Markets Equity	93,605	-	-
<i>Real Assets</i>			
Real Estate	-	-	43,696
Commodities	-	-	81,171
<i>Fixed Income</i>			
Corporate Credit	-	189,627	-
Govt/Corp Bonds	-	278,075	-
<b>Total Investments at Fair Value, June 30, 2017</b>	<b>\$ 1,181,544</b>	<b>\$ 467,702</b>	<b>\$ 124,867</b>
	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>Fixed Income</i>			
Corporate Credit	-	195,441	-
Govt/Corp Bonds	-	268,495	-
<b>Total Investments at Fair Value, June 30, 2016</b>	<b>\$ 955,506</b>	<b>\$ 463,936</b>	<b>\$ 106,341</b>

	Endowment Funds												Total		
	SRVEF Fund			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, 2015	\$ -	\$ 278,514	\$ 846,835	\$ -	\$ 52,474	\$ 141,655	\$ -	\$ 8,019	\$ 55,180	\$ -	\$ 111	\$ 26,450	\$ -	\$ 339,118	\$ 1,070,120
Contributions	-	-	87,987	-	-	10,875	-	-	2,500	-	-	5,000	-	-	106,362
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	-	<b>293,870</b>	<b>934,822</b>	-	<b>47,818</b>	<b>152,530</b>	-	<b>7,230</b>	<b>57,680</b>	-	<b>471</b>	<b>31,450</b>	-	<b>349,389</b>	<b>1,176,482</b>
Contributions	-	-	<b>164,628</b>	-	-	<b>26,695</b>	-	-	<b>4,813</b>	-	-	<b>16,567</b>	-	-	<b>212,703</b>
Earnings (loss), net of fees	-	<b>125,799</b>	-	-	<b>20,142</b>	-	-	<b>6,512</b>	-	-	<b>3,468</b>	-	-	<b>155,921</b>	-
Interfund Transfers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Disbursements	-	<b>(97,120)</b>	-	-	<b>(15,568)</b>	-	-	<b>(5,034)</b>	-	-	<b>(2,660)</b>	-	-	<b>(120,382)</b>	-
June 30, 2017	-	<b>322,549</b>	<b>1,099,450</b>	-	<b>52,392</b>	<b>179,225</b>	-	<b>8,708</b>	<b>62,493</b>	-	<b>1,279</b>	<b>48,017</b>	-	<b>384,928</b>	<b>1,389,185</b>
Cash restricted for Endowment Fund	-	-	<b>22,756</b>	-	-	-	-	-	-	-	-	-	-	-	<b>22,756</b>
June 30, 2017	-	<b>322,549</b>	<b>1,122,206</b>	-	<b>52,392</b>	<b>179,225</b>	-	<b>8,708</b>	<b>62,493</b>	-	<b>1,279</b>	<b>48,017</b>	-	<b>384,928</b>	<b>1,411,941</b>

# SAN RAMON VALLEY EDUCATION FOUNDATION

## Notes to Financial Statements

(continued)

For the years ended June 30, 2017 and 2016

### 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 2017 and 2016. 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 2014 for Federal (and 2013 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.

### 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. At June 30, 2017 the Foundation's deposits with its banking institutions exceeded the FDIC insured limit of \$250,000 per banking institution by \$266,848. 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. 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.

# SAN RAMON VALLEY EDUCATION FOUNDATION

## Notes to Financial Statements

(continued)

For the years ended June 30, 2017 and 2016

### 6. Endowments (continued)

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.

As of June 30, 2017 the Foundation held \$850 from contributions designated by donors for the SRVEF Endowment Fund as well as net proceeds from the Night with the Stars Dinner Gala in the amount of \$23,856.

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.

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.

# SAN RAMON VALLEY EDUCATION FOUNDATION

## Notes to Financial Statements

(continued)

For the years ended June 30, 2017 and 2016

### 6. Endowments(continued)

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.

	SRVEF Fund	Marianne Gagen Fund	Chad Michael Petsuch Fund	Lynn Reardon Memorial Fund	Total
Appropriated Fund Balance at June 30, 2015	\$ 5,392	\$ 3,212	\$ 664	\$ -	\$ 9,268
Funds Appropriated for Spending June 30, 2016	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 June 30, 2016	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Funds Appropriated for Spending June 30, 2016	63,684	10,116	3,266	1,792	78,858
Release from Restriction	(63,684)	(10,116)	(3,266)	(1,792)	(78,858)
<b>Appropriated Fund Balance at June 30, 2017</b>	<u><b>\$ -</b></u>	<u><b>\$ -</b></u>	<u><b>\$ -</b></u>	<u><b>\$ -</b></u>	<u><b>\$ -</b></u>

### 7. Temporarily Restricted Net Asset Balance

Temporarily restricted net assets consist of the following activities for the years ended June 30, 2017 and 2016:

	Endowment Funds						Total
	SRVEF Fund	Marianne Gagen Fund	Chad Michael Petsuch Fund	Lynn Reardon Memorial Fund	Slinger Fund	Run for Education	
Temporarily Restricted Balance at June 30, 2015	\$ 278,514	\$ 52,474	\$ 8,019	\$ 111	\$ 507	\$ 4,000	\$ 343,625
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)	-	-	-	-
Disbursement	<u>(15,404)</u>	<u>(2,139)</u>	<u>(701)</u>	<u>(345)</u>	<u>-</u>	<u>(4,000)</u>	<u>(22,589)</u>
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>
Contributions	-	-	-	-	1,285	133,249	134,534
Earnings (loss), net of fees	125,799	20,142	6,512	3,468	-	-	155,921
Inter-fund transfers	-	-	-	-	-	-	-
Release from Restrictions	<u>(97,120)</u>	<u>(15,568)</u>	<u>(5,034)</u>	<u>(2,660)</u>	<u>-</u>	<u>(89,000)</u>	<u>(209,382)</u>
Temporarily Restricted Balance at June 30, 2017	<u><b>\$ 322,549</b></u>	<u><b>\$ 52,392</b></u>	<u><b>\$ 8,708</b></u>	<u><b>\$ 1,279</b></u>	<u><b>\$ 2,292</b></u>	<u><b>\$ 133,249</b></u>	<u><b>\$ 520,469</b></u>

# SAN RAMON VALLEY EDUCATION FOUNDATION

## Notes to Financial Statements

(continued)

For the years ended June 30, 2017 and 2016

### 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 \$160,547 in 2017 (\$247,293 in 2016) and expenses totaled \$114,185 in 2017 (\$123,778 in 2016).

### 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 \$165,145 in 2017 and \$234,863 in 2016.

### 10. Fundraising

Net revenues from fundraising activities for the years ended June 30, 2017 and 2016 are as follows:

	2017			2016		
	Gross Revenue	Expenses	Net Revenue	Gross Revenue	Expenses	Net Revenue
<b>Unrestricted</b>						
Run for Education	\$ 411,871	\$ 143,479	\$ 268,392	\$ 487,653	\$ 110,170	\$ 377,483
<b>Temporarily Restricted</b>						
Run for Education	133,249	-	133,249	89,000	-	89,000
<b>Permanently Restricted</b>						
Dinner Gala	93,877	32,020	61,857	130,079	36,688	93,391
<b>Unrestricted</b>						
Entertainment Books	-	-	-	2,160	1,890	270
<b>Unrestricted</b>						
Other Fundraising Activities	14,928	7,036	7,892	24,814	10,317	14,497
<b>Supporting Services</b>						
Fundraising Activities	-	135,923	(135,923)	-	119,446	(119,446)
	<u>\$ 653,925</u>	<u>\$ 318,458</u>	<u>\$ 335,467</u>	<u>\$ 733,706</u>	<u>\$ 278,511</u>	<u>\$ 455,195</u>

The Run for Education comprises approximately 83% of all fundraising revenues.



# **SAN RAMON VALLEY EDUCATION FOUNDATION**

## **Notes to Financial Statements**

(continued)

For the years ended June 30, 2017 and 2016

### **11. 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 \$90,200 in 2017 and \$67,580 in 2016.

### **12. 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, 2017 and 2016.

### **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, 2017 and through March 19, 2018, the date of this report that would require disclosure or adjustment in the financial statements.