

**SAN MATEO COUNTY COMMUNITY
COLLEGES FOUNDATION**

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2017**

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**SAN MATEO COUNTY
COMMUNITY COLLEGES FOUNDATION**

**Financial Statements
For the Year Ended June 30, 2017**

Table of Contents

Page

INTRODUCTORY SECTION

Table of Contents.....	i
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FINANCIAL SECTION

Independent Auditor's Report.....	1
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Financial Statements

Statement of Financial Position.....	3
Statement of Activities.....	4
Statement of Cash Flows	5
Statement of Functional Expenses	6
Notes to Financial Statements	7

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of the
San Mateo County Community Colleges Foundation
San Mateo, California

Report on the Financial Statements

We have audited the accompanying financial statements of the San Mateo County Community Colleges Foundation (a nonprofit organization), which comprise the statement of financial position as of June 30, 2017, and the related statements of activities, functional expenses and cash flows for the year 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 audit. We conducted our audit 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 of 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 Organization'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 Organization'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 the San Mateo County Community Colleges Foundation as of June 30, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the San Mateo County Community Colleges Foundation's 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 21, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2016 is consistent, in all material respects, with the audited financial statements from which it has been derived.

A handwritten signature in black ink that reads "Maze & Associates". The signature is written in a cursive, flowing style with a long horizontal stroke at the end.

Pleasant Hill, California
June 21, 2018

**SAN MATEO COUNTY
COMMUNITY COLLEGES FOUNDATION
STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2017
With Comparative Amounts as of June 30, 2016**

	<u>2017</u>	<u>2016</u>
ASSETS		
Current Assets:		
Cash (Note 2C)	\$1,505,610	\$2,076,548
Short-term investments (Notes 2E and 3)	3,497,867	1,912,272
Contributions receivable (Note 2M)	121,235	39,232
Prepaid expense	5,744	6,310
Total Current Assets	<u>5,130,456</u>	<u>4,034,362</u>
Long-term investments (Notes 2E and 3)	<u>14,557,750</u>	<u>13,582,741</u>
Property and equipment (Note 2D):		
Equipment, at cost	36,078	36,078
Accumulated depreciation	<u>(36,078)</u>	<u>(36,078)</u>
Equipment, Net	<u> </u>	<u> </u>
Total Assets	<u><u>\$19,688,206</u></u>	<u><u>\$17,617,103</u></u>
LIABILITIES		
Current Liabilities:		
Accrued liabilities (Note 2N)	<u>\$1,151,271</u>	<u>\$906,748</u>
Total Current Liabilities	<u>1,151,271</u>	<u>906,748</u>
NET ASSETS (Note 2A)		
Unrestricted	2,440,449	2,139,368
Temporarily restricted (Note 4)	8,672,833	8,289,819
Permanently restricted (Note 6)	<u>7,423,653</u>	<u>6,281,168</u>
Total Net Assets	<u>18,536,935</u>	<u>16,710,355</u>
Total Liabilities and Net Assets	<u><u>\$19,688,206</u></u>	<u><u>\$17,617,103</u></u>

See accompanying notes to the financial statements

**SAN MATEO COUNTY
COMMUNITY COLLEGES FOUNDATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017
With Summarized Amounts for the Year Ended June 30, 2016**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Totals</u>	
				<u>2017</u>	<u>2016</u>
Public Support and Revenue:					
Public Support:					
Contributions and grants (Note 2B)	\$327,499	\$1,313,218	\$1,142,485	\$2,783,202	\$2,619,717
Special events, net	126,810			126,810	101,500
Donated services (Note 5)	573,759			573,759	623,093
Donated facilities (Note 5)	11,936			11,936	11,936
Donated materials (Note 5)					5,670
Total Public Support	<u>1,040,004</u>	<u>1,313,218</u>	<u>1,142,485</u>	<u>3,495,707</u>	<u>3,361,916</u>
Revenue:					
Interest and dividends	93,450	355,251		448,701	378,385
Unrealized investment gain (loss)	144,856	234,260		379,116	(926,638)
Realized investment gain	250,440			250,440	348,593
Total Revenue (Loss)	<u>488,746</u>	<u>589,511</u>		<u>1,078,257</u>	<u>(199,660)</u>
Net Assets Released from Restrictions:					
Satisfaction of program restrictions (Note 4)	<u>1,519,715</u>	<u>(1,519,715)</u>			
Total Public Support and Revenue	<u>3,048,465</u>	<u>383,014</u>	<u>1,142,485</u>	<u>4,573,964</u>	<u>3,162,256</u>
Expenses:					
Program Services:					
Scholarships	1,194,796			1,194,796	916,257
Program grants (Note 7)	480,200			480,200	445,990
Other program	387,201			387,201	377,769
Total Program Services	<u>2,062,197</u>			<u>2,062,197</u>	<u>1,740,016</u>
Supporting Services:					
General and administrative	406,429			406,429	511,318
Fundraising	278,758			278,758	132,493
Total Supporting Services	<u>685,187</u>			<u>685,187</u>	<u>643,811</u>
Total Expenses	<u>2,747,384</u>			<u>2,747,384</u>	<u>2,383,827</u>
Changes in Net Assets	<u>301,081</u>	<u>383,014</u>	<u>1,142,485</u>	<u>1,826,580</u>	<u>778,429</u>
Net Assets:					
Beginning of Year	<u>2,139,368</u>	<u>8,289,819</u>	<u>6,281,168</u>	<u>16,710,355</u>	<u>15,931,926</u>
End of Year	<u>\$2,440,449</u>	<u>\$8,672,833</u>	<u>\$7,423,653</u>	<u>\$18,536,935</u>	<u>\$16,710,355</u>

See accompanying notes to the financial statements

**SAN MATEO COUNTY
COMMUNITY COLLEGES FOUNDATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2017
With Comparative Amounts for the Year Ended June 30, 2016**

	<u>2017</u>	<u>2016</u>
Cash Flows from Operating Activities:		
Changes in net assets	<u>\$1,826,580</u>	<u>\$778,429</u>
Adjustments to reconcile change in net assets provided by operating activities:		
Depreciation	-	-
Contributions restricted for long-term purposes	(1,142,485)	(231,688)
Unrealized investment (gains) losses	(379,116)	926,638
Realized investment (gains)	(250,440)	(348,593)
(Increase) decrease in contributions receivable	(82,003)	13,316
Decrease (increase) in prepaid expense	566	(3,185)
Increase in accrued liabilities	<u>244,523</u>	<u>812,794</u>
Total Adjustments	<u>(1,608,955)</u>	<u>1,169,282</u>
Net Cash Provided by Operating Activities	<u>217,625</u>	<u>1,947,711</u>
Cash Flows from Investing Activities:		
Dividends received	224,499	226,831
Interest received	224,202	151,554
Proceeds from sale of securities	4,227,368	3,162,902
Purchase of securities	<u>(6,607,117)</u>	<u>(5,231,462)</u>
Net Cash (Used for) Investing Activities	<u>(1,931,048)</u>	<u>(1,690,175)</u>
Cash Flows from Financing Activities:		
Contributions restricted to endowment	<u>1,142,485</u>	<u>231,688</u>
Net Cash Provided by Financing Activities	<u>1,142,485</u>	<u>231,688</u>
Net (Decrease) Increase in Cash and Cash Equivalents	(570,938)	489,224
Cash and Cash Equivalents:		
Beginning of Year	<u>2,076,548</u>	<u>1,587,324</u>
End of Year	<u><u>\$1,505,610</u></u>	<u><u>\$2,076,548</u></u>

See accompanying notes to the financial statements

**SAN MATEO COUNTY
COMMUNITY COLLEGES FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2017
With Summarized Amounts for the Year Ended June 30, 2016**

	2017				
	Program Services	General and Administrative Expenses	Fundraising	Total	2016
Scholarships	\$1,194,796			\$1,194,796	\$916,257
Program grants and other	480,200			480,200	445,990
Development			\$100,778	100,778	66,162
Salaries and benefits	61,720	\$67,013	52,289	181,022	155,256
Services (in-kind)	258,968	189,675	125,116	573,759	523,093
Donations (in-kind)					5,670
Strategic consulting (in-kind)					100,000
Audit and accounting		13,380		13,380	14,965
Investment management fee	66,513	16,628		83,141	79,561
Marketing			575	575	480
Bank fees		8,291		8,291	10,004
Miscellaneous		7,775		7,775	1,599
Postage		479		479	1,239
Printing		1,752		1,752	8,271
Rent (in-kind)		11,936		11,936	11,936
Software maintenance		28,792		28,792	18,346
Software update		35,512		35,512	10,211
Supplies		7,161		7,161	6,274
Travel and conferences		18,035		18,035	8,513
Total Expenses	<u>\$2,062,197</u>	<u>\$406,429</u>	<u>\$278,758</u>	<u>\$2,747,384</u>	<u>\$2,383,827</u>

See accompanying notes to the financial statements

SAN MATEO COUNTY COMMUNITY COLLEGES FOUNDATION
NOTES TO FINANCIAL STATEMENTS
For The Year Ended June 30, 2017

NOTE 1 – REPORTING ENTITY

San Mateo County Community Colleges Foundation (the Foundation) is a not-for-profit California corporation organized in 1966. The Foundation operates exclusively for charitable and educational purposes. Its primary activity is in assisting students attending the San Mateo County Community College District beyond the secondary or high school level. The Foundation's main source of revenues are contributions, grants and bequests from the public.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation and Financial Statement Presentation

The financial statements have been prepared on the accrual basis of accounting. The Foundation's net assets, revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Foundation and changes therein are classified and reported as follows:

Unrestricted Net Assets – Net assets that are not subject to donor imposed stipulations.

Temporarily Restricted Net Assets – Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Foundation and/or passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently Restricted Net Assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Foundation. Generally, the donors of these assets permit the Foundation to use all or part of the income earned on any related investments for general or specific purposes.

B. Contributions and Grants

Contributions and grants received are recorded as unrestricted, temporarily restricted, or permanently restricted public support, depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. The Foundation considers that all contributions for long-lived assets have implied time restrictions and classifies this support as temporarily restricted until the purpose restriction is met. When a restriction expires, that is, when a stipulated time restriction ends or the purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Investment earnings on permanently restricted net assets are recorded as temporarily restricted.

SAN MATEO COUNTY COMMUNITY COLLEGES FOUNDATION
NOTES TO FINANCIAL STATEMENTS
For The Year Ended June 30, 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Cash and Cash Equivalents

The Foundation considers all highly liquid debt instruments with original maturities of three months or less to be cash equivalents.

D. Equipment

All acquisitions of equipment in excess of \$2,000 and all expenditures for repairs, maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Equipment is carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is provided on a straight-line basis over the estimated useful lives of the respective assets, which range from three to five years.

E. Investments

The Foundation's investments consist of marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized (see Note 3).

F. Concentration of Credit Risk

The Foundation maintains various cash balances at a financial institution. The cash account held in this financial institution is guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. As of June 30, 2017, the balance in this financial institution was \$289,247.

The Foundation maintains these cash balances for future investments and future cash needs for payments of scholarships, programs and general operations.

G. Income Taxes

The Foundation is exempt from income tax under Section 501(c)(3) of U.S. the Internal Revenue Code. Accordingly, no provision for income taxes has been provided in these financial statements. In addition, the Foundation qualifies for the charitable contribution deduction under Section 170(b)(1)(a) and has been classified as an organization that is not a private foundation under Section 509(a)(1). Unrelated business income, if any, may be subject to income tax. The Foundation paid no taxes on unrelated business income in the year ended June 30, 2017.

SAN MATEO COUNTY COMMUNITY COLLEGES FOUNDATION
NOTES TO FINANCIAL STATEMENTS
For The Year Ended June 30, 2017

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Generally accepted accounting principles require the recognition, measurement, classification, and disclosure in the financial statements of uncertain tax positions taken or expected to be taken in the organization's tax returns. Management has determined that the Foundation does not have any uncertain tax positions and associated unrecognized benefits that materially impact the financial statements or related disclosures. Since tax matters are subject to some degree of uncertainty, there can be no assurance that the Foundation's tax returns will not be challenged by the taxing authorities and that the Foundation will not be subject to additional tax, penalties, and interest as a result of such challenge. Generally, the Foundation's tax returns remain open for federal income tax examination for three years from the date of filing.

H. Functional Allocation of Expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities. Those expenses which cannot be specifically identified by function type have been allocated to functions based upon management's best estimate of usage.

I. Advertising Costs

Advertising costs, if any, are expensed as incurred.

J. Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Accounting standards set a framework for measuring fair value using a three tier hierarchy based on the extent to which inputs used in measuring fair value are observable in the market.

Level 1: Quoted prices in active markets for identical assets or liabilities.

Level 2: Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or inputs (interest rates, currency exchange rates, commodity rates and yield curves) that are observable or corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3: Inputs that are not observable in the market and reflect the management's judgment about the assumptions that market participants would use in pricing the asset or liability.

K. Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

SAN MATEO COUNTY COMMUNITY COLLEGES FOUNDATION
NOTES TO FINANCIAL STATEMENTS
For The Year Ended June 30, 2017

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Promises to Give

Unconditional promises to give are recognized as revenues or gains in the period received, and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

M. Contributions Receivable

Contributions are recognized when the donor makes a promise to give to the Foundation, that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

N. Accrued Liabilities

Accrued liabilities are recognized scholarship invoices from San Mateo Community College District. Invoices amounting to \$1,151,271 were billed in June 2017 and paid in August 2017.

NOTE 3 – INVESTMENTS

Investments at June 30, 2017 consist of the following:

<u>Investment Type</u>	<u>Market Value</u>
Charitable Gift Annuities	\$30,229
Common Stock	8,098,893
Foreign Stocks	1,274,871
Foreign Issues	390,115
Equity Funds	327,037
US Government Bonds	291,326
Corporate Bonds and Notes	6,394,772
Fixed Income Funds	1,248,374
	<u>\$18,055,617</u>

All of the Foundation's investments are reported at their fair market values using level 1 fair value measures (quoted price in active markets) in the statement of financial position, except for the charitable gift annuities which are reported using level 3 fair value measures. The Foundation records the unobservable fair value based interest and dividends received, realized gains and losses, unrealized gains and losses and any distributions made and fees charged during the fiscal year.

SAN MATEO COUNTY COMMUNITY COLLEGES FOUNDATION
NOTES TO FINANCIAL STATEMENTS
For The Year Ended June 30, 2017

NOTE 4 – TEMPORARILY RESTRICTED NET ASSETS

As of June 30, 2017, temporarily restricted net assets in the amount of \$8,672,833 are restricted for scholarships and program grants.

Net assets are released from donor restrictions by incurring expenses satisfying the purpose restrictions specified. The total amount of restrictions released during the year ended June 30, 2017 is as follows:

Purpose restriction accomplished:

Scholarships and program grant	\$1,436,574
Investment management and custodial fee	<u>83,141</u>
Total restrictions released	<u><u>\$1,519,715</u></u>

NOTE 5 – DONATED SERVICES, FACILITIES AND MATERIALS

The Foundation recognizes the value of donated facilities and materials at fair value. The Foundation recognizes the fair value of donated services if the services meet the recognition criteria which include a) requiring specialized skills; b) provided by someone with those skills; and c) would have to be purchased if they were not donated.

As part of the Master Agreement between the Foundation and the San Mateo County Community College District (District), certain District employees perform services for the Foundation that meet the recognition criteria. The value of these services is allocated on the Statement of Functional Expenses in accordance with Note 9. As of June 30, 2017, the amount allocated to program services, general and administrative and fundraising expense was \$258,968, \$189,675 and \$125,116, respectively, totaling \$573,759.

In fiscal year 2016, the Foundation received donated professional strategic planning consulting services from Harvard Business School Community Partners. The estimated value of these services was \$100,000 and is reflected as a general and administrative in-kind service expense on the Statement of Functional Expenses.

As of June 30, 2017, the Foundation received a donation of facilities valued at \$11,936.

NOTE 6 – ENDOWMENT FUNDS

The State of California enacted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) effective January 1, 2009, the provisions of which apply to endowment funds existing on or established after that date. Net asset classifications of donor-restricted endowment funds subject to an enacted version of UPMIFA have been accounted for appropriately in these financial statements.

SAN MATEO COUNTY COMMUNITY COLLEGES FOUNDATION
NOTES TO FINANCIAL STATEMENTS
For The Year Ended June 30, 2017

NOTE 6 – ENDOWMENT FUNDS (Continued)

A. *Interpretation of Relevant Law*

The Foundation's Board has interpreted California's enacted version of UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment fund, absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classified as permanently restricted net assets: (1) the original value of gifts donated to the permanent endowment, (2) the original value of subsequent gifts donated to the permanent endowment, and (3) additions to the permanent endowment in accordance with donor directions. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by the enacted version of UPMIFA.

B. *Spending Policy*

In accordance with the State of California's enacted version of UPMIFA, 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 purposes of the Foundation and the endowment funds.
- 3). General economic conditions.
- 4). The possible effect of inflation and deflation.
- 5). The expected total return from income and the appreciation of investments.
- 6). Other resources of the Foundation.
- 7). The investment policies of the Foundation.

C. *Return Objective and Risk Parameters*

The Foundation has adopted an investment policy for endowment assets that attempts to provide a predictable stream of funding to scholarships and programs supported by the endowments while seeking to maintain the purchasing power of the endowment assets. The endowment assets are invested with the primary investment objective to preserve the inflation-adjusted value of the Fund throughout time and to provide a stable flow of cash to support the purposes of the Foundation.

D. *Strategies Employed for Achieving Objectives*

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). To satisfy its long-term rate of return objectives, the Foundation relies on an investment strategy with an emphasis on high quality, investment-grade companies that are financially sound and which exhibit favorable prospects for earnings growth.

SAN MATEO COUNTY COMMUNITY COLLEGES FOUNDATION
NOTES TO FINANCIAL STATEMENTS
For The Year Ended June 30, 2017

NOTE 6 – ENDOWMENT FUNDS (Continued)

Endowment net asset compositions by type of funds as of June 30, 2017 are as follows:

Endowment net asset composition by class

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Board-designated funds	\$2,094,975			\$2,094,975
Donor-restricted endowment funds		\$6,495,344	\$7,423,653	13,918,997
	<u>\$2,094,975</u>	<u>\$6,495,344</u>	<u>\$7,423,653</u>	<u>\$16,013,972</u>

Changes in endowment net assets for the fiscal year ended June 30, 2017 are as follows:

Changes in endowment net assets

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Beginning Balance at July 1, 2016	\$1,891,087	\$5,912,297	\$6,281,168	\$14,084,552
Investment income	64,692	341,141		405,833
Net gains (realized and unrealized)	143,211	406,023		549,234
Contributions			1,142,485	1,142,485
Transfers and expenses	(4,015)	(164,117)		(168,132)
Appropriation for endowment expenditure				-
Endowment net assets at June 30, 2017	<u>\$2,094,975</u>	<u>\$6,495,344</u>	<u>\$7,423,653</u>	<u>\$16,013,972</u>

The Foundation charges an annual endowment management fee to help offset the cost of administration and stewardship of funds received. This fee is set by the Foundation's Board of Directors and is currently 1.5 percent based upon the rolling prior twelve quarter average of each fund's market value as of June 30th and applied on July 1st of each year. The total amount of management fees charged by the Foundation for the year ended June 30, 2017 was \$182,932.

NOTE 7 – PROGRAM GRANTS

Program grants in the amount of \$480,200 were awarded to enhance student learning. Various departments at the three colleges use the much needed program grants to improve student learning and success outcomes by providing for physical, technological and human resources, including tutors and faculty professional growth.

NOTE 8 – NET INVESTMENT INCOME (LOSS) ALLOCATION

Net investment income (loss) at year end is allocated based on the percentage of fund balances at June 30, 2017 over the grand total of all the funds. Funds that have both temporary and permanent restrictions record net investment income (loss) in the temporarily restricted account. Funds with only temporary restrictions record net investment income (loss) in the general fund.

SAN MATEO COUNTY COMMUNITY COLLEGES FOUNDATION
NOTES TO FINANCIAL STATEMENTS
For The Year Ended June 30, 2017

NOTE 9 – DESCRIPTION OF PROGRAM AND SUPPORTING SERVICES

The following program and supporting services are included in the accompanying financial statements.

A. *Program*

Provides program grants to various departments at the three colleges within the District and provide scholarships to college students. The Foundation also raises funds for these programs and scholarships, manages program funding, provides reporting to relevant parties and grant-making bodies and collaborates with college faculty and staff on the administration of scholarships and program funds.

B. *General and Administrative*

Includes functions necessary to maintain an equitable employment program, ensure an adequate working environment, provide for coordination and articulation of the Foundation's program strategy, secure proper administrative functioning of the Board of Directors, and manage the financial and budgetary responsibilities of the Foundation.

C. *Fundraising*

Provides the structure necessary to encourage and secure financial support from individuals, foundations, civic organizations and businesses.

NOTE 10 – SUBSEQUENT EVENT

Management has evaluated subsequent events through June 21, 2018 the date on which financial statements were available to be issued. No subsequent events were identified that required adjustment to or disclosure in the financial statements.