

**PLACER COMMUNITY FOUNDATION
AUDITED
CONSOLIDATED FINANCIAL STATEMENTS**

**AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2017**

(With Summarized Comparative Totals for the Year Ended December 31, 2016)

PLACER COMMUNITY FOUNDATION
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017
(With Summarized Comparative Totals for the Year Ended December 31, 2016)

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P.O. Box 160
661 5th Street, Suite 101
Lincoln, CA 95648
Office (916) 434-1662
Fax (916) 434-1090

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Placer Community Foundation
Auburn, California

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Placer Community Foundation (the Foundation), which comprise the statement of financial position as of December 31, 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 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 Placer Community Foundation as of December 31, 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 Placer Community Foundation’s 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 22, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Consolidated Statements of Financial Position, Activities, Functional Expenses, and Schedule of Grants Awarded are presented for purposes of additional analysis and are not part of the required consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



Jensen Smith
Certified Public Accountants, Inc.
Lincoln, California
August 23, 2018

**PLACER COMMUNITY FOUNDATION
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2017**

(With Summarized Comparative Information for December 31, 2016)

	2017	2016
ASSETS		
Current Assets		
Cash and Equivalents	\$ 813,471	\$ 543,860
Cash and Equivalents held by Greater Horizons	781,757	571,489
Cash and Equivalents held by Greater Horizons - Inv. Accounts	504,877	720,550
Prepaid Expenses & Other Receivables	6,125	2,831
Total Current Assets	2,106,230	1,838,730
Non-Current Assets		
Investments in Fixed Income Accounts	1,927,276	1,431,552
Investments in Government Securities	999,161	927,894
Investments in Mutual Funds	1,858,833	1,505,755
Investments in Common Stock	5,085,000	8,469,392
Investments in Closed End Funds	5,551,298	-
Building	156,597	156,597
Land	110,360	110,360
Leasehold Improvements	79,121	65,067
Furniture and Equipment	22,400	26,912
Artwork	4,750	4,750
Accumulated Depreciation	(85,909)	(79,540)
Total Non-Current Assets	15,708,887	12,618,739
TOTAL ASSETS	\$ 17,815,117	\$ 14,457,469
 LIABILITIES		
Current Liabilities		
Accounts Payable	\$ 4,129	\$ 385
Accrued Personnel Costs	14,696	16,058
Accrued Vacation and Retirement Benefits	43,870	40,966
Deferred Revenue - Membership Dues	11,675	19,171
Total Current Liabilities	74,370	76,580
TOTAL LIABILITIES	74,370	76,580
 NET ASSETS		
Unrestricted	8,831,563	5,861,784
Temporarily Restricted	-	-
Permanently Restricted	8,909,184	8,519,105
TOTAL NET ASSETS	17,740,747	14,380,889
TOTAL LIABILITIES AND NET ASSETS	\$ 17,815,117	\$ 14,457,469

See Accompanying Notes

PLACER COMMUNITY FOUNDATION
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2017
(With Summarized Comparative Information for December 31, 2016)

	Year Ended December 31, 2017				Total
	Temporarily		Permanently		Year Ended December 31, 2016
	Unrestricted	Restricted	Restricted	Total	
REVENUES, GRANTS, GAINS AND OTHER INCOME					
Contributions	\$ 2,173,313	\$ -	\$ 390,079	\$ 2,563,392	\$ 1,881,269
Member Dues	31,746	-	-	31,746	31,129
Other Income	3,023	-	-	3,023	754
Interest and Dividends	338,817	-	-	338,817	258,786
Net Realized (Loss) Gain	2,227,474	-	-	2,227,474	144,469
Net Unrealized (Loss) Gain	(498,595)	-	-	(498,595)	373,716
Net Assets Released from Restriction	-	-	-	-	-
Total Revenues, Grants, Gains and Other Income	4,275,778	-	390,079	4,665,857	2,690,123
EXPENSES					
Program Expenses	1,152,533	-	-	1,152,533	1,382,055
General and Administration	101,410	-	-	101,410	99,465
Fundraising	52,056	-	-	52,056	42,283
Total Expense	1,305,999	-	-	1,305,999	1,523,803
CHANGE IN NET ASSETS	2,969,779	-	390,079	3,359,858	1,166,320
NET ASSETS AT BEGINNING OF YEAR	5,861,784	-	8,519,105	14,380,889	13,214,569
NET ASSETS AT END OF YEAR	\$ 8,831,563	\$ -	\$ 8,909,184	\$ 17,740,747	\$ 14,380,889

See Accompanying Notes

PLACER COMMUNITY FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2017
(With Summarized Comparative Information for December 31, 2016)

	Program Expenses	General and Administration	Fund Raising	2017 Expenses Total	2016 Expenses Total
EXPENSES					
Salaries and Wages	\$ 293,549	\$ 58,180	\$ 29,001	\$ 380,730	\$ 369,460
Payroll Taxes	22,768	4,435	2,366	29,569	28,902
Employee Benefits	48,609	9,469	5,050	63,128	57,484
Grants to Other Organizations	523,973	-	-	523,973	736,885
Accounting and Audit Services	42,473	8,274	4,413	55,160	50,952
FIMS and Technology Consulting	18,285	3,562	1,900	23,747	20,383
Professional Services	11,450	-	-	11,450	27,587
Equipment Rental & Maintenance	2,439	475	253	3,167	2,628
Supplies	3,219	627	334	4,180	3,491
Telephone	3,119	608	324	4,051	4,174
Postage	1,903	371	198	2,472	3,335
Printing and Promotion	22,681	4,418	2,356	29,455	47,020
Rent	424	83	44	551	601
Utilities	3,998	779	415	5,192	5,121
Travel and Meetings	24,161	4,707	2,510	31,378	29,072
Investment Fees	101,647	-	-	101,647	88,917
Insurance	3,278	639	341	4,258	5,817
Membership Dues & Subscriptions	4,370	851	454	5,675	5,993
Staff Development	6,104	1,189	634	7,927	4,532
Board Development	885	172	92	1,149	4,761
Asset Development	-	-	-	-	9,724
Other	3,970	773	412	5,155	4,200
Total Expenses before Depreciation	1,143,305	99,612	51,097	1,294,014	1,511,039
Depreciation	9,228	1,798	959	11,985	12,764
Total Expenses	\$ 1,152,533	\$ 101,410	\$ 52,056	\$ 1,305,999	\$ 1,523,803

See Accompanying Notes

PLACER COMMUNITY FOUNDATION
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2017
(With Summarized Comparative Information for December 31, 2016)

	<u>2017</u>	<u>2016</u>
Cash flows from operating activities		
Change in net assets	\$ 3,359,858	\$ 1,166,320
Adjustments to reconcile net assets to cash flows from operating activities:		
Depreciation	11,985	12,764
Net Unrealized Loss (Gain)	498,595	(373,716)
Reclassification of Cash from Investment Accounts	-	552,226
(Increase) Decrease in:		
Gifts Receivable	-	1,118,339
Prepaid Expenses	(3,294)	111
Increase (Decrease) in:		
Accounts Payable	3,744	(5,445)
Accrued Personnel Costs	(1,362)	455
Accrued Vacation and Retirement Benefits	2,904	1,612
Deferred Revenue	(7,496)	(1,704)
Net cash provided(used) by operating activities	3,864,934	2,470,962
Cash flows from investing activities		
Purchases and Reinvestment of Securities	(14,428,314)	(7,498,005)
Proceeds from Sales of Securities	10,842,744	5,970,816
Purchase of Fixed Assets	(15,158)	(5,300)
Net cash provided(used) by investing activities	(3,600,728)	(1,532,489)
Change in cash and cash equivalents	264,206	938,473
Cash and cash equivalents, beginning of year	1,835,899	897,426
Cash and cash equivalents, end of year	<u>\$ 2,100,105</u>	<u>\$ 1,835,899</u>
Federal taxes paid	\$ -	
Interest paid	\$ -	

See Accompanying Notes

**PLACER COMMUNITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

(With Summarized Comparative Totals for the Year Ended December 31, 2016)

NOTE 1 – Nature of Organization and Significant Accounting Policies

Organization and Nature of Activities

The Placer Community Foundation (the Foundation) is a nonprofit organization whose mission is to grow local giving to benefit the community. The Foundation's function is to receive and accept funds to be administered and disbursed through grants exclusively for charitable purposes. The Foundation provides efficient and effective giving tools for donors, impactful grants for nonprofits and collaborative leadership around the most pressing needs of the community. Donors at the Foundation support charitable activities both locally and beyond. The Foundation primarily receives its revenue from donors in Placer County.

The primary program expense of the Foundation consists of direct financial support provided to other charities and charitable causes. Other substantial activities classified as program expenditures include the convening of charities to examine different community issues, nonprofit capacity building, a visiting artist-in-residence program, the creation and publication of educational and resource materials, technical and organizational consulting assistance to charities and public education efforts designed to raise the level of charitable giving for the broad benefit of all nonprofits in Placer County.

During 2017, the Foundation administered its final year of a mental health grant program on behalf of the County of Placer, continued a visiting artist-in-residence program, raised awareness on the need for affordable housing in Placer County, conducted 1,900 hours of training to over 100 local organizations including a nonprofit leadership summit, sponsored workshops teaching best practices in the development of downtown districts, and granted out \$523,973 to 114 organizations. The Foundation sponsors the Placer Collaborative Network which consists of over 50 public and private health, mental health, social service and education agencies that are working together to provide comprehensive services to the community.

The financial statements of the Foundation include the related supporting organization, Auburn Community Foundation. Auburn Community Foundation was established in 1948 and in 2005 terminated its private foundation status and commenced operation as Type 1 supporting organization. As such, these organizations are required under generally accepted accounting principles to be consolidated, but they hold a separate Internal Revenue Service exemption letter and are required to be reported separately for federal and state tax filings.

Basis of Accounting

The financial statements of the Foundation are prepared on the accrual basis of accounting and maintained in accordance with accounting principles generally accepted in the United States of America. Revenue is recognized when earned and expenditures are recognized when the liability is incurred, rather than when cash is received or disbursed.

**PLACER COMMUNITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

(With Summarized Comparative Totals for the Year Ended December 31, 2016)

NOTE 1 – Nature of Organization and Significant Accounting Policies - Continued

Consolidated Financial Information

These consolidated financial statements include certain prior – year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Foundation’s financial statements for the year ended December 31, 2016 from which the summarized was derived.

Classes of Net Assets

The financial statements report amounts by class of net assets:

Unrestricted Net Assets include contributions, fees and other forms of revenue and expenditures related to the general operations of the Foundation.

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

Permanently Restricted Net Assets represent assets contributed to the Foundation where the original dollar value is to remain in perpetuity as a permanent endowment of the Foundation. While the Foundation’s bylaws provide for variance power, which, under certain unanticipated circumstances, allows for the modification of restrictions, management believes that such variance power does not apply to endowment funds, and accordingly, has recorded such amounts as a component of permanently restricted net assets. It is the Foundation’s policy that permanently restricted assets are reported at their original value at the time of the gift. Realized and unrealized gains and losses on those assets are recorded as unrestricted assets and do not impact the original corpus of the permanently restricted assets.

Cash and Cash Equivalents

Cash and cash equivalents include cash held in checking, savings, money market accounts and certificates of deposit. The carrying value of cash and cash equivalents approximates fair value due to the nature of the investment. Certificates of deposits are considered to be cash equivalents because they are liquid and the cost of liquidation is insignificant.

At December 31, 2017 and 2016 cash totaling \$1,286,634 and \$1,292,039, respectively, was held by the Greater Kansas City Community Foundation / Greater Horizons in the name of the Foundation.

**PLACER COMMUNITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

(With Summarized Comparative Totals for the Year Ended December 31, 2016)

NOTE 1 – Nature of Organization and Significant Accounting Policies - Continued

Investments

The Foundation carries investments in equity securities, mutual funds, fixed income, money market funds and government securities, all of which have readily determinable values based upon public markets. Investments are carried at fair value in the statement of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying statement of activities.

Equipment and Depreciation

Equipment is stated at cost or at fair market value at the date of donation in the case of donated assets. Depreciation is computed on the straight-line method and is based on expected useful lives of three to five years. Additions and betterments of \$1,000 or more are capitalized, while maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently. Equipment is inventoried periodically and retired assets and the related accumulated depreciation are removed from the books when identified.

Land and Building

In 2014, the Auburn Community Foundation was gifted a building from a 501(c)(3) non-profit organization. The value of the property was determined based upon a current sale of an adjacent building. The building is being depreciated on a straight line basis over a period of 27 years. Land is not being depreciated. See Note 5 for further discussion of this transaction.

Artwork

In 2015, the Foundation was the recipient of a piece of art with an appraised value of \$4,750. At the request of the donor and with the approval of the Foundation's Board, the donated artwork is on display at the Foundation's office. The artwork is not being depreciated.

Deferred Revenue

At December 31, 2017 and 2016, deferred revenue consisted of dues received from members of the Placer Collaborative Network for the next calendar year.

Grants

Grants to other organizations are recorded as expenses in the period that they are approved for payment by the Board of Directors.

**PLACER COMMUNITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

(With Summarized Comparative Totals for the Year Ended December 31, 2016)

NOTE 1 – Nature of Organization and Significant Accounting Policies - Continued

Contributed Services

No amounts have been reflected in the financial statements for donated services. The Foundation generally pays for services requiring specific expertise. However, individuals perform a variety of tasks to assist the Foundation on a volunteer basis.

Contributions

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Contributions received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily or permanently restricted support. When a donor restriction expires, through the passage of time or accomplishment of purpose, restricted net assets are reclassified to unrestricted net assets in the Statement of Activities as net assets released from restriction. All contributions are recorded at fair market value at the time of the receipt.

Tax Status

The Auburn Community Foundation and the Placer Community Foundation are exempt from income taxes under Section 501(C)(3) of the Internal Revenue Code and are exempt from state income taxes under Section 23701d of the California Revenue and Taxation Code.

Functional Allocation of Expenses

Costs that can be identified with a specific program or supporting service are charged directly to the related program or supporting service. Expenses that are associated with more than one program or supporting service are allocated based on an evaluation by the Foundation's management. Time studies are used to allocate payroll and related expenses and certain operating expenses.

Fair Value of Financial Instruments

Due to the short term nature of cash and cash equivalents, receivables, accounts payable and accrued liabilities, their carrying amounts approximate their fair value.

Concentrations of Credit and Market Risk

A majority of the Foundation's assets are invested in marketable securities. These securities are subject to risks such as interest rate, credit and overall market volatility. Due to the level of these risks, it is reasonably possible that changes in values of investments will occur in the near term and that such changes could materially affect the amounts reported in the consolidated statement of financial position.

**PLACER COMMUNITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

(With Summarized Comparative Totals for the Year Ended December 31, 2016)

NOTE 1 – Nature of Organization and Significant Accounting Policies - Continued

Concentrations of Credit and Market Risk- continued

The Foundation has cash and cash equivalents maintained at financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 in interest-bearing accounts. There were no uninsured bank accounts at December 31, 2017 and 2016. Additionally, the Foundation maintains cash balances in a money market pool held by Greater Horizons. Uninsured accounts included in the money market pool and investment accounts totaled \$1,286,634 and \$1,292,039 at December 31, 2017 and 2016, respectively.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 – Investments

At December 31, 2017, the estimated fair value of the Foundation's investments, none of which are held for trading purposes, are as follows:

	<u>Fair Value</u>	<u>Cost</u>
Fixed Income Accounts:		
Corporate Bonds	\$ 1,561,497	\$ 1,562,117
Accrued Interest	\$ 16,440	\$ 16,440
Asset Backed Securities	\$ 349,339	\$ 290,439
Government Securities	\$ 999,161	\$ 1,056,941
Mutual Funds:		
Fixed Income	\$ 1,135,102	\$ 1,128,574
Non-traditional	\$ 723,731	\$ 713,134
Stocks	\$ 5,085,000	\$ 4,375,180
Exchange Traded	<u>\$ 5,551,298</u>	<u>\$ 5,046,662</u>
TOTAL	<u>\$15,421,568</u>	<u>\$14,189,487</u>

At December 31, 2016, the estimated fair value of the Foundation's investments, none of which were held for trading purposes, is as follows:

	<u>Fair Value</u>	<u>Cost</u>
Fixed Income Accounts	\$ 1,431,552	\$ 1,431,069
Government Securities	\$ 927,894	\$ 936,937
Mutual Funds:		
Fixed Income	\$ 920,345	\$ 946,502
Non-traditional	\$ 585,410	\$ 585,730
Stocks	<u>\$ 8,469,392</u>	<u>\$ 6,595,331</u>
TOTAL	<u>\$12,334,593</u>	<u>\$10,495,569</u>

**PLACER COMMUNITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

(With Summarized Comparative Totals for the Year Ended December 31, 2016)

NOTE 2 – Investments – Continued

Securities are held in custodial investment accounts administered by a financial institution. The fair value of investments in securities traded on national security exchanges is valued at the price on the last business day of the years. Investments purchases and sales are accounted for on a trade-date basis.

NOTE 3 – Fair Value of Financial Instruments

Level 1 inputs are quoted market prices in active markets for identical assets.

Level 2 inputs are inputs other than quoted prices within Level 1; for example, quoted prices for similar assets.

Level 3 inputs are unobservable inputs for the assets.

The major categories of assets measured at fair value on a recurring basis for the year ended December 31, 2017 are:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Cash & Cash Equivalents	\$ 2,100,105	\$ 2,100,105	-	-
Fixed Income Accounts	\$ 1,927,276	\$ 1,927,276	-	-
Investments	\$13,494,292	\$13,494,292	-	-

The major categories of assets measured at fair market value on a recurring basis for the year ended December 31, 2016 are:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Cash & Cash Equivalents	\$ 1,835,899	\$ 1,835,899	-	-
Fixed Income Accounts	\$ 1,431,552	\$ 1,431,552	-	-
Investments	\$10,903,041	\$10,903,041	-	-

The following methods and assumptions were used by the Foundation in estimating its fair value disclosures for financial instruments:

- Cash and Cash Equivalents: The carrying amounts reported in the statement of financial position approximate fair value because of the short maturities of those instruments.
- Fixed Income Accounts and Investments: The fair values of fixed income accounts and investments are determined by reference to quoted market prices and other relevant information generated by market transactions.

**PLACER COMMUNITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

(With Summarized Comparative Totals for the Year Ended December 31, 2016)

NOTE 4 – Endowment Funds

The Foundation’s endowment consist of 40 funds permanently restricted by donors. The endowment funds are included in the Foundation portfolio and are allocated a proportionate share of the income, realized and unrealized gains and losses and fees each month. The endowment funds are presented in the financial statements at historical gift value, thus income net of fees is included in unrestricted funds if the total exceeds historical value. From time to time, the fair value of assets associated with endowment funds may fall below the historical gift value. If this happens, the shortfall is restored with unrestricted funds. It is the policy of the Foundation to allocate 4% - 5% of the fair market value of each endowment fund available for distribution annually. A reconciliation of permanently restricted endowment fund activity follows:

	<u>2017</u>	<u>2016</u>
Balance, Beginning of Year	\$8,519,105	\$7,457,730
Contributions	390,079	943,495
Interest and Dividends Net of Fees	237,866	180,270
Net Realized & Unrealized (Losses) Gains	1,160,791	305,532
Transfer from(to)Unrestricted Funds	<u>(1,398,657)</u>	<u>(367,922)</u>
Balance, End of Year	<u>\$8,909,184</u>	<u>\$8,519,105</u>

A total return investment policy based upon long-term investment strategies has been adopted for endowment assets as opposed to interest sensitive short-term policies. This allows funds to utilize current income as well as a portion of capital appreciation. The performance of the investment managers is evaluated quarterly based upon specified market indices.

All contributions, including those with donor imposed restrictions, are subject to the variance powers established by the Foundation’s governing documents. The variance provision gives the Board of Directors the power to modify any restriction placed on gifts to the Foundation that is deemed to be unnecessary, incapable of fulfillment or is no longer consistent with the charitable needs of the community. In spite of the variance power, it is the policy of the Foundation to recognize gifts with donor restrictions either as temporarily restricted or permanently restricted assets based upon the intent of the donor.

NOTE 5 – Lease/Related-Party Transaction

Rents paid for storage space totaled \$551 and \$601, respectively for the years ended December 31, 2017 and 2016.

On November 17, 2014, property was donated to the Auburn Community Foundation. The Auburn Community Foundation provides office space in this building to the Placer Community Foundation at no charge. It is the policy of the Auburn Community Foundation and the Placer Community Foundation to record donations of long-lived assets as increases in unrestricted net assets.

**PLACER COMMUNITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

(With Summarized Comparative Totals for the Year Ended December 31, 2016)

NOTE 5 – Lease/Related-Party Transaction - Continued

In conjunction with the transfer, the Auburn Community Foundation agreed to lease part of the office space back to the original donor for a period two years with an option to renew the lease for two periods of five years. In 2016, the non-profit organization exercised the option to renew the lease for the next five years. Under the terms of the agreement, the donor, which is a 501(c)(3) non-profit organization, can occupy part of the office space rent free for two years. In addition, the Auburn Community Foundation established a \$50,000 endowment fund for the benefit of the 501(c)(3) organization in the year of the donation.

Beginning in year three, starting November 1, 2016, the rent became \$250 per month and will be adjusted annually for the consumer price index for San Francisco-Oakland – San Jose California.

NOTE 6 – Employee Benefit Plan

During the year ended December 31, 2009, the Board of Directors implemented a Simplified Employee Pension Plan (SEP) for employees with more than three years of service. The plan is a defined contribution plan with annual contribution amount determined by the Board of Directors on a yearly basis. Contributions are made to each employee's SEP-IRA. It is the intent of the Board to contribute at least 6% of compensation to eligible employees. In 2017 and 2016, the Board of Directors approved an employer contribution of 8.3% and 8.58%, respectively, of each eligible employee's salary to the SEP. In addition employees may contribute 100% of their salaries up to a maximum of \$18,000 in 2017 to a 403(b) plan. Vesting is immediate on all contributions by the Foundation and the employees. Pension expense totaled \$27,442, \$24,689, \$23,266 and \$22,759 for the years ended December 31, 2017, 2016, 2015 and 2014, respectively.

NOTE 7 – Open Tax Years

The Foundation's tax form 990, Returns of Organizations Exempt From Income Tax for 2015, 2016 and 2017 are subject to examination by the Internal Revenue Service for three years after they are filed. Open years include 2014 through 2017 for the State of California which has a four year statute of limitations.

NOTE 8 – Evaluation of Subsequent Events

The Foundation has evaluated events subsequent to December 31, 2017 to assess the need for potential recognition or disclosure in the financial statements. Such events were evaluated through August 23, 2018, the date which the financial statements were available to be issued. Based upon this evaluation, it was determined that no subsequent events occurred that require recognition or additional disclosure in the financial statements.

PLACER COMMUNITY FOUNDATION

SUPPLEMENTAL STATEMENTS

PLACER COMMUNITY FOUNDATION
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2017

	Auburn Community Foundation	Placer Community Foundation	Consolidated Placer Community Foundation
ASSETS			
Current assets:			
Cash and equivalents	\$ 232	\$ 813,239	\$ 813,471
Cash and Equivalents held by Greater Horizons	29,258	752,499	781,757
Cash and Equivalents held by Greater Horizons - Inv. Accts.	129,248	375,629	504,877
Prepaid Expenses & Other Receivables	-	6,125	6,125
Total Current Assets	158,738	1,947,492	2,106,230
Non-Current Assets			
Investments in Fixed Income Accounts	489,232	1,438,044	1,927,276
Investments in Government Securities	255,785	743,376	999,161
Investments in Mutual Funds	474,337	1,384,496	1,858,833
Investments in Common Stock	1,297,470	3,787,530	5,085,000
Investments in Closed End Funds	1,421,132	4,130,166	5,551,298
Building	156,597	-	156,597
Land	110,360	-	110,360
Leasehold Improvements	77,046	2,075	79,121
Furniture and Equipment	-	22,400	22,400
Artwork	-	4,750	4,750
Accumulated Depreciation	(67,217)	(18,692)	(85,909)
Total Non-Current Assets	4,214,742	11,494,145	15,708,887
Total Assets	\$ 4,373,480	\$ 13,441,637	\$ 17,815,117
LIABILITIES AND NET ASSETS			
Current Liabilities:			
Accounts Payable	\$ -	\$ 4,129	\$ 4,129
Accrued Personnel Costs	-	14,696	14,696
Accrued Vacations and Retirement Benefits	-	43,870	43,870
Deferred Revenue - Membership Dues	-	11,675	11,675
Total Current Liabilities	-	74,370	74,370
Total Liabilities	-	74,370	74,370
Net Assets:			
Unrestricted	4,323,480	4,508,083	8,831,563
Temporarily Restricted	-	-	-
Permanently Restricted	50,000	8,859,184	8,909,184
Total Net Assets	4,373,480	13,367,267	17,740,747
Total Liabilities and Net Assets	\$ 4,373,480	\$ 13,441,637	17,815,117

See Accompanying Notes and Independent Auditor's Report

PLACER COMMUNITY FOUNDATION
CONSOLIDATED STATEMENT REVENUES AND EXPENSES
For the Year Ended December 31, 2017

	Auburn Community Foundation	Placer Community Foundation	Interfund Activities	Consolidated Placer Community Foundation
REVENUES, GRANTS, GAINS AND OTHER INCOME				
Contributions	\$ 634,236	\$ 2,252,850	\$ (323,694)	\$ 2,563,392
Member Dues	-	31,746		31,746
Program Fees	-	235,358	(235,358)	-
Other Income	3,023	-		3,023
Interest and Dividends	88,456	250,361		338,817
Net Realized (Loss) Gain	617,174	1,610,300		2,227,474
Net Unrealized (Loss) Gain	(163,737)	(334,858)		(498,595)
Net Assets Released From Restriction	-	-		-
Total Revenues, Grants, Gains and Other Income	1,179,152	4,045,757	(559,052)	4,665,857
Expenses				
Salaries and Wages	-	380,730		380,730
Payroll Taxes	-	29,569		29,569
Employee Benefits	-	63,128		63,128
Grants to Other Organizations	311,600	536,067	(323,694)	523,973
Accounting and Audit Services (interfund admin. fees)	67,091	223,427	(235,358)	55,160
FIMS and Technology Consulting	-	23,747		23,747
Professional Services	-	11,450		11,450
Equipment Maintenance	531	2,636		3,167
Supplies	-	4,180		4,180
Telephone	-	4,051		4,051
Postage	-	2,472		2,472
Printing and Promotion	-	29,455		29,455
Rent	-	551		551
Utilities	-	5,192		5,192
Travel and Meetings	-	31,378		31,378
Depreciation	10,085	1,900		11,985
Investment Fees	26,446	75,201		101,647
Insurance	-	4,258		4,258
Membership Dues	-	5,675		5,675
Staff Development	-	7,927		7,927
Board Development	-	1,149		1,149
Asset Development	-	-		-
Other	25	5,130		5,155
Total Expenses	415,778	1,449,273	(559,052)	1,305,999
CHANGE IN NET ASSETS	\$ 763,374	\$ 2,596,484	\$ -	\$ 3,359,858

See Accompanying Notes and Independent Auditor's Report

PLACER COMMUNITY FOUNDATION
SCHEDULE OF GRANTS & SCHOLARSHIPS AWARDED
For the Year Ended December 31, 2017

<u>Agency:</u>	<u>Amount</u>
A Touch of Understanding	\$ 1,200
AAUW, Auburn CA Branch	1,800
Agape International Missions	100
Alzheimer's Association	2,000
American Cancer Society	1,000
Analy High School	1,000
Animal Spay and Neuter Clinic	10,200
Art Council of Placer County	10,000
Assistance League of Greater Placer	3,000
Auburn Chamber of Commerce Foundation	1,000
Auburn Interfaith Food Closet	17,670
Auburn Placer Performing Arts Center	5,714
Auburn Symphony Association	4,000
Big Brother Big Sisters of Nevada County	4,230
Boys & Girls Club of Placer County	5,000
Brigham Young University- Idaho Student Financial Aid Office	1,250
California Polytechnic State University	3,000
California State University, Sacramento	4,000
Center for Disaster Philanthropy	2,000
Central Asia Institute	500
Chapa-De Indian Health Program	1,000
Child Advocates of Placer County - CASA	19,500
Children's Hospital Los Angeles	10,000
City of Roseville	500
Community Foundation of Mendocino	500
Community Foundation of Sonoma County	2,127
CORE Placer - Lake of the Pines	3,000
COTA Children's Organ Transplant Association, Inc.	2,300
Council on Foundations	950
County of Placer	3,000
Del Oro High School	2,000
Excel Roseville/ North Roseville REC Center	5,700
First United Methodist Church of Loomis	5,000
Friedreichs Ataxia Research Alliance	1,500
Friends Forever, A Cat Sanctuary	3,576
Friends of Peace Pilgrim	2,000
Friends of Vinh Son Montagnard Orphanage	1,500
Girl Scouts Heart of Central California	4,968
Global Fellowship	5,000
Gold Country Wildlife Rescue, Inc.	8,100
Golden Rule Services, Inc.	1,500
Grameen Foundation	2,000
Greater Houston Community Foundation	1,600
Habitat for Humanity International	250
HEART	12,500
Historic Preservation Foundation	1,000
In His Wakes, Inc.	8,625
Keaton Raphael Memorial for Neuroblastoma Inc	3,500
Kitten Central of Placer County	5,000
La Luz Center	5,000
Legal Services of Northern California	5,000
Lemonaid Fund	2,000
Lighthouse Counseling and Family Resource Center	10,000

See Accompanying Notes and Independent Auditor's Report

PLACER COMMUNITY FOUNDATION
SCHEDULE OF GRANTS & SCHOLARSHIPS AWARDED
For the Year Ended December 31, 2017

<u>Agency:</u>	<u>Amount</u>
Live Oak Waldorf School	4,000
Maidu Elementary School	420
Meals on Wheels by ACC	2,000
My Mother's Voice	5,000
Napa Valley Community Foundation	1,126
Native Alliance of the Sierra Nevada	2,000
Opening Doors	2,000
PFLAG Placer County	4,000
Placer ARC	2,000
Placer County Sheriffs Department	100
Placer Family Housing dba Acres of Hope	5,000
Placer Food Bank	8,000
Placer Land Trust	10,390
Placer SPCA	5,100
Placer Union High School District	11,000
Planned Parenthood Mar Monte	1,000
PRIDE Industries	6,000
ReCreate	6,700
ReDirect Nuevo Camino	7,500
Retirement Housing Foundation	1,000
Right Hand Auburn	20,000
Roseville Arts! dba Blue Line Arts	11,350
Roseville Police Activities League	3,600
Rotary Club of Roseville Foundation	500
Sacramento LGBT Community Center	8,600
Sacramento Loaves and Fishes	2,000
Salvation Army of Auburn	500
Seniors First	6,814
Shriners Hospital for Children	500
Sierra Business Council	3,290
Sierra College Foundation	20,625
Sierra Grace Fellowship	16,000
Sierra Pregnancy & Health	100
Sight Word Busters	10,000
Skyridge Elementary School	1,050
Society of St. Vincent de Paul	5,000
Southern Oregon University	2,000
SS Peter & Paul Parish Foundation	250
Stand Up Placer	25,050
Supporting the Taylor House	5,100
Sutter Auburn Faith Hospital Foundation	100
The Academy of Art University of San Francisco	2,000
The Axiom Lincoln	5,000
The Center for Nonprofit Leadership	30,998
The Forgotten Soldier Program	10,000
The Gathering Inn	2,200
The Hillmen Foundation	1,000
The Miami Foundation	4,000
The Petal Connection	1,000
The Trevor Project	2,000
The Water Project	2,000
Tommy Apostolos Fund	1,000
Trinidad School Education Foundation	5,000

See Accompanying Notes and Independent Auditor's Report

PLACER COMMUNITY FOUNDATION
SCHEDULE OF GRANTS & SCHOLARSHIPS AWARDED
For the Year Ended December 31, 2017

<u>Agency:</u>	<u>Amount</u>
UC Davis Foundation	500
UC Irvine	2,000
UC Los Angeles, Financial Aid	2,250
UC Santa Cruz	2,000
WEAVE, Inc.	100
What Would Jesus Do, Inc.	100
William Jessup University	4,000
Young Life	1,200
TOTAL	<u>\$ 523,973</u>