

**PLACER COMMUNITY FOUNDATION
AUDITED
CONSOLIDATED FINANCIAL STATEMENTS**

**AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2019
(With Summarized Comparative Totals
for the Year Ended December 31, 2018)**

PLACER COMMUNITY FOUNDATION
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
(With Summarized Comparative Totals for the Year Ended December 31, 2018)

TABLE OF CONTENTS

<u>Independent Auditor’s Report</u>	1
 <u>Financial Statements</u>	
Statement of Financial Position.....	3
Statement of Activities	4
Statement of Functional Expenses.....	5
Statement of Cash Flows	6
Notes to Financial Statements	7
 <u>Supplemental Statements</u>	
Consolidated Statement of Financial Position.....	17
Consolidated Statement of Activities	18
Schedule of Grants & Scholarships Awarded	19

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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, 2019, 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, 2019, 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 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated August 15, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018, 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, 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 20, 2020

**PLACER COMMUNITY FOUNDATION
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2019
(With Summarized Comparative Information for December 31, 2018)**

	2019	2018
ASSETS		
Current Assets		
Cash and Equivalents	\$ 244,000	\$ 1,122,100
Cash and Equivalents held by Greater Horizons	1,153,750	496,081
Cash and Equivalents held by Greater Horizons - Inv. Accounts	228,475	349,203
Prepaid Expenses & Other Receivables	3,307	8,080
Total Current Assets	1,629,532	1,975,464
Non-Current Assets		
Investments in Fixed Income Accounts	3,201,319	2,191,544
Investments in Government Securities	930,501	1,127,675
Investments in Mutual Funds	540,402	1,903,111
Investments in Common Stock	5,079,951	4,115,769
Investments in Closed End Funds	7,132,084	4,853,837
Building	156,597	156,597
Land	110,360	110,360
Leasehold Improvements	79,121	79,121
Furniture and Equipment	22,400	22,400
Artwork	4,750	4,750
Accumulated Depreciation	(110,417)	(98,180)
Total Non-Current Assets	17,147,068	14,466,984
TOTAL ASSETS	\$ 18,776,600	\$ 16,442,448
 LIABILITIES		
Current Liabilities		
Accounts Payable	\$ 2,478	\$ 12,128
Grants Payable	19,400	140,240
Accrued Personnel Costs	21,478	12,267
Accrued Vacation and Retirement Benefits	34,827	55,636
Deferred Revenue - Membership Dues	17,950	18,175
Total Current Liabilities	96,133	238,446
TOTAL LIABILITIES	96,133	238,446
 NET ASSETS		
Without Donor Restrictions	6,854,620	6,007,237
With Donor Restrictions	11,825,847	10,196,765
TOTAL NET ASSETS	18,680,467	16,204,002
 TOTAL LIABILITIES AND NET ASSETS	 \$ 18,776,600	 \$ 16,442,448

See Accompanying Notes

PLACER COMMUNITY FOUNDATION
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2019
(With Summarized Comparative Information for December 31, 2018)

	Year Ended December 31, 2019			Total
	Without Donor Restrictions	With Donor Restrictions	Total	Year Ended December 31, 2018
REVENUES, GRANTS, GAINS AND OTHER INCOME				
Contributions	\$ 1,120,847	\$ 116,178	\$ 1,237,025	\$ 1,610,052
Member Dues	25,650	-	25,650	30,667
Other Income	3,212	-	3,212	3,945
Interest and Dividends	145,408	292,029	437,437	380,956
Net Realized (Loss) Gain	16,248	74,099	90,347	89,248
Net Unrealized (Loss) Gain	729,454	1,652,641	2,382,095	(1,291,584)
Net Assets Released from Restriction	505,865	(505,865)	-	-
Total Revenues, Grants, Gains and Other Income	2,546,684	1,629,082	4,175,766	823,284
EXPENSES				
Program Expenses	1,575,551	-	1,575,551	2,222,395
Support Services				
General and Administration	75,624	-	75,624	96,344
Fundraising	48,126	-	48,126	41,290
Total Support Services	123,750	-	123,750	137,634
Total Expense	1,699,301	-	1,699,301	2,360,029
CHANGE IN NET ASSETS	847,383	1,629,082	2,476,465	(1,536,745)
NET ASSETS AT BEGINNING OF YEAR	6,007,237	10,196,765	16,204,002	17,740,747
NET ASSETS AT END OF YEAR	\$ 6,854,620	\$ 11,825,847	\$ 18,680,467	\$ 16,204,002

See Accompanying Notes

PLACER COMMUNITY FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2019
(With Summarized Comparative Information for December 31, 2018)

	Program Expenses	Support Services		2019 Expenses Total	2018 Expenses Total
		General and Administration	Fund Raising		
EXPENSES					
Salaries and Wages	\$ 299,423	\$ 40,166	\$ 25,560	\$ 365,149	\$ 388,337
Payroll Taxes	24,245	3,252	2,070	29,567	30,768
Employee Benefits	52,064	6,984	4,445	63,493	63,928
Grants to Other Organizations	890,474	-	-	890,474	1,478,207
Accounting and Audit Services	50,389	6,760	4,302	61,451	59,083
FIMS and Technology Consulting	27,192	3,648	2,321	33,161	15,341
Professional Services	13,600	-	-	13,600	85,562
Equipment Rental & Maintenance	7,857	1,054	671	9,582	2,622
Supplies	2,193	294	187	2,674	3,510
Telephone	3,323	446	284	4,053	3,615
Postage	3,867	519	330	4,716	3,383
Printing and Promotion	31,190	4,184	2,663	38,037	33,776
Utilities	3,648	490	312	4,450	4,418
Travel and Meetings	12,722	1,707	1,086	15,515	34,269
Investment Fees	107,736	-	-	107,736	108,097
Insurance	3,800	510	324	4,634	4,402
Membership Dues & Subscriptions	5,769	774	493	7,036	6,326
Staff Development	3,926	526	334	4,786	2,918
Board Development	5,853	785	500	7,138	1,631
Donor Relations	9,952	1,335	850	12,137	13,863
Other	6,294	844	537	7,675	3,702
Total Expenses before Depreciation	1,565,517	74,278	47,269	1,687,064	2,347,758
Depreciation	10,034	1,346	857	12,237	12,271
Total Expenses	\$ 1,575,551	\$ 75,624	\$ 48,126	\$ 1,699,301	\$ 2,360,029

See Accompanying Notes

PLACER COMMUNITY FOUNDATION
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2019
(With Summarized Comparative Information for December 31, 2018)

	2019	2018
Cash flows from operating activities		
Change in net assets	\$ 2,476,465	\$ (1,536,745)
Adjustments to reconcile net assets to cash flows from operating activities:		
Depreciation	12,237	12,271
Net Unrealized Loss (Gain)	(2,382,095)	1,291,584
(Increase) Decrease in:		
Prepaid Expenses	4,773	(1,955)
Increase (Decrease) in:		
Accounts Payable	(9,650)	7,999
Grants Payable	(120,840)	140,240
Accrued Personnel Costs	9,211	(2,429)
Accrued Vacation and Retirement Benefits	(20,809)	11,766
Deferred Revenue	(225)	6,500
Net cash provided(used) by operating activities	(30,933)	(70,769)
Cash flows from investing activities		
Purchases and Reinvestment of Securities	(5,890,997)	(3,657,150)
Proceeds from Sales of Securities	5,580,771	3,595,198
Net cash provided(used) by investing activities	(310,226)	(61,952)
Change in cash, cash equivalents, and restricted cash	(341,159)	(132,721)
Cash, cash equivalents, and restricted cash		
Beginning of Year	1,967,384	2,100,105
End of Year	\$ 1,626,225	\$ 1,967,384

Supplemental information for the years ended December 31, 2019 and 2018

Federal taxes paid	\$	-
Interest paid	\$	-

See Accompanying Notes

**PLACER COMMUNITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

(With Summarized Comparative Totals for the Year Ended December 31, 2018)

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 2019, the Foundation continued a visiting artist-in-residence program, raised awareness on the need for affordable housing in Placer County and developed an outreach strategy to ensure an accurate count in the 2020 census. Additionally, the Foundation conducted 2,286 hours of training to almost 138 local organizations including a nonprofit leadership summit, sponsored workshops teaching best practices and granted out \$885,745 to 165 organizations. The Foundation sponsors the Placer Collaborative Network which consists of over 40 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, 2019**

(With Summarized Comparative Totals for the Year Ended December 31, 2018)

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, 2018 from which the summarized was derived.

Classes of Net Assets

The financial statements report amounts by class of net assets as defined below:

Net Assets Without Donor Restrictions: The net assets not subject to donor-imposed restrictions including transactions that are related to the donor advised funds as discussed later. Revenues are reported as increases in net assets without donor restrictions unless the use of the related assets are limited by donor-imposed restrictions.

Net Assets With Donor Restrictions: The net assets subject to donor-imposed restrictions include donor restricted contributions and income on endowment contributions that can only be expended as stipulated by the donor. This class of net assets includes the 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 with donor restrictions. It is the Foundation’s policy that permanently restricted assets are reported at their original value at the time of the gift. Income, realized and unrealized gains and losses on those assets are recorded as with donor restriction but do not impact the original corpus of the permanently restricted endowment.

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, 2019 and 2018 cash totaling \$1,382,225 and \$845,284 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, 2019**

(With Summarized Comparative Totals for the Year Ended December 31, 2018)

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, 2019 and 2018, 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, 2019**

(With Summarized Comparative Totals for the Year Ended December 31, 2018)

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 restricted support. When a donor restriction expires, through the passage of time or accomplishment of purpose, restricted net assets are reclassified to without donor restriction 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 operating expenses that cannot be identified with a specific program or supporting service.

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, 2019**

(With Summarized Comparative Totals for the Year Ended December 31, 2018)

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, 2018 and 2018. 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 \$1,382,225 and \$845,284 at December 31, 2019 and 2018, 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, 2019, 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	\$ 1,520,659	\$ 1,464,781
Accrued Interest	\$ 248,333	\$ 234,107
Asset Backed Securities	\$ 1,037,340	\$ 1,028,053
REITs	\$ 394,987	\$ 301,448
Government Securities	\$ 930,501	\$ 908,743
Mutual Funds:		
Fixed Income	\$ 2,468	\$ 2,453
Non-traditional	\$ 537,935	\$ 542,437
Stocks	\$ 5,079,950	\$ 4,170,306
Exchange Traded	<u>\$ 7,132,084</u>	<u>\$ 5,875,704</u>
TOTAL	<u>\$16,884,257</u>	<u>\$14,528,032</u>

**PLACER COMMUNITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

(With Summarized Comparative Totals for the Year Ended December 31, 2018)

NOTE 2 – Investments – Continued

At December 31, 2018, 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	\$ 1,417,184	\$ 1,432,171
Accrued Interest	\$ 474,936	\$ 473,208
Asset Backed Securities	\$ 299,423	\$ 303,435
Government Securities	\$ 1,127,675	\$ 1,137,755
Mutual Funds:		
Fixed Income	\$ 1,370,496	\$ 1,434,741
Non-traditional	\$ 532,616	\$ 574,075
Stocks	\$ 4,115,769	\$ 4,172,731
Exchange Traded	<u>\$ 4,853,837</u>	<u>\$ 4,760,857</u>
TOTAL	<u>\$14,191,936</u>	<u>\$14,264,203</u>

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 – Liquidity and Availability of Financial Assets

The Foundation’s financial assets available within one year of the statement of financial position date for general expenditures are as follows:

Financial assets (cash, cash equivalents and investments), at year end	\$ 18,510,482
Less those unavailable for general expenditures within one year, due to:	
<u>Contractual or donor-imposed restrictions:</u>	
Restricted by donor with time or purpose restrictions (endowment funds)	(11,825,847)
Contractually set aside for specific purposes (donor-advised funds)	(1,172,593)
<u>Board designations:</u>	
Funds set aside for specific purposes	<u>(1,376,012)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 4,136,030</u>

**PLACER COMMUNITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

(With Summarized Comparative Totals for the Year Ended December 31, 2018)

NOTE 4 – 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, 2019 are:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Cash & Cash Equivalents	\$ 1,626,225	-	\$1,626,225	-
Fixed Income Accounts	\$ 3,201,319	\$ 3,201,319	-	-
Investments	\$13,682,938	\$13,682,938	-	-

The major categories of assets measured at fair value on a recurring basis for the year ended December 31, 2018 are:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Cash & Cash Equivalents	\$ 1,967,384	-	\$1,967,384	-
Fixed Income Accounts	\$ 2,191,544	\$ 2,191,544	-	-
Investments	\$12,000,392	\$12,300,392	-	-

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.

NOTE 5 – Lease/Related-Party Transaction

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, 2019**

(With Summarized Comparative Totals for the Year Ended December 31, 2018)

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. Rents received in the year ended December 31, 2019 were \$257.50 per month.

NOTE 6 – Endowment Funds

The Foundation’s endowment consist of 45 endowment funds 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 were previously presented in the financial statements at historical gift value, where income net of fees was included in unrestricted funds if the total exceeded historical value. Due to the changes in the accounting standards, the endowment historical value and related accumulated income and losses on those funds are reported under the classification of “net assets with donor restrictions.” From time to time, the fair value of assets associated with endowment funds may fall below the historical gift value. The Foundation spending policy determines the distributions from the endowed funds for grantmaking in a given year. The spendable amount on an endowment is typically 4 or 5% of twelve quarter trailing average of the fair market value of the fund. It is the policy of the Foundation to adhere to the guidelines of California’s Uniform Prudent Management of Institutional Funds Act (Probate Code Section 18501 et seq.). A reconciliation of restricted endowment fund activity follows:

	2019	2018
Balance, Beginning of Year	\$10,196,765	\$8,909,184
Contributions	116,178	230,584
Interest and Dividends	292,028	256,236
Net Realized & Unrealized (Losses) Gains (net of fees)	1,649,431	(914,200)
Transfer from(to)Unrestricted Funds	(428,555)	(479,084)
Reclassification due to change in accounting standards	-	2,194,045
Balance, End of Year	<u>\$11,825,847</u>	<u>\$10,196,765</u>

Historical gift value in 2019 and 2018 were \$9,270,471 and \$9,139,767 respectively.

**PLACER COMMUNITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

(With Summarized Comparative Totals for the Year Ended December 31, 2018)

NOTE 6 – Endowment Funds – Continued

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 or without donor restrictions based upon the intent of the donor.

NOTE 7 – 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 2019 and 2018, the Board of Directors approved an employer contribution of 8.275% and 8.3%, respectively, of each eligible employee's salary to the SEP. In addition employees may contribute 100% of their salaries up to a maximum of \$18,500 in 2019 to a 403(b) plan. Vesting is immediate on all contributions by the Foundation and the employees. Pension expense totaled \$23,372, \$24,928, \$24,689, and \$23,266 for the years ended December 31, 2019, 2018, 2017, 2016 and 2015, respectively.

NOTE 8 – Open Tax Years

The Foundation's tax form 990, Returns of Organizations Exempt From Income Tax for 2017, 2018 and 2019 are subject to examination by the Internal Revenue Service for three years after they are filed. Open years include 2016 through 2019 for the State of California which has a four year statute of limitations.

NOTE 10 – Evaluation of Subsequent Events

The Foundation has evaluated events subsequent to December 31, 2019 to assess the need for potential recognition or disclosure in the financial statements. Such events were evaluated through August 20, 2020, the date which the financial statements were available to be issued. Based upon this evaluation, the following event requires additional disclosure in the financial statements:

**PLACER COMMUNITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

(With Summarized Comparative Totals for the Year Ended December 31, 2018)

NOTE 10 – Evaluation of Subsequent Events - continued

In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) originated in Wuhan, China and has since spread to other countries, including the U.S. On March 11, 2020, the World Health Organization characterized COVID-19 as a global pandemic. In addition, as of March 19, 2020, Governor Newsom ordered the closure of the physical location of every “non-essential” business for what may be an extended period of time. Business continuity, including supply chains and consumer demand across a broad range of industries and countries could be severely impacted for months or beyond as governments and their citizens take significant and unprecedented measures to mitigate the consequences of the pandemic. There has been no immediate impact to our operations. Future potential impacts may include continued disruptions or restrictions on our employees’ ability to work and impairment of our ability to obtain contributions and volunteers. The future effects of these issues are unknown. Management is carefully monitoring the situation and evaluating its options during this time. No adjustments have been made to these financial statements as a result of this uncertainty.

On April 28, 2020, the Foundation entered into a loan for \$67,000, under the Paycheck Protection Program of the Coronavirus Aid, Relief, and Economic Security Act (CARES ACT). The loan is expected to be fully forgiven under the current legislation as long as the funds are used for qualified expenses – Payroll costs, mortgage interest, utilities, rents, etc. If the Foundation does not qualify for the forgiveness of the loan, the loan carries a 1% interest rate and an initial term of two years with payments beginning after a six month deferred period on October 28, 2020. Legislation has recently passed and the period may be extended to a five year payment term and may continue to change during the 2020 calendar year.

PLACER COMMUNITY FOUNDATION

SUPPLEMENTAL STATEMENTS

PLACER COMMUNITY FOUNDATION
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2019

	Auburn Community Foundation	Placer Community Foundation	Consolidated Placer Community Foundation
ASSETS			
Current assets:			
Cash and equivalents	\$ 245	\$ 243,755	\$ 244,000
Cash and Equivalents held by Greater Horizons	18,369	1,135,381	1,153,750
Cash and Equivalents held by Greater Horizons - Inv. Accts.	49,134	179,341	228,475
Prepaid Expenses & Other Receivables	-	3,307	3,307
Total Current Assets	67,748	1,561,784	1,629,532
Non-Current Assets			
Investments in Fixed Income Accounts	722,311	2,479,008	3,201,319
Investments in Government Securities	218,987	711,514	930,501
Investments in Mutual Funds	127,767	412,635	540,402
Investments in Common Stock	1,172,883	3,907,068	5,079,951
Investments in Closed End Funds	1,623,140	5,508,944	7,132,084
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	(88,153)	(22,264)	(110,417)
Total Non-Current Assets	4,120,938	13,026,130	17,147,068
Total Assets	\$ 4,188,686	\$ 14,587,914	\$ 18,776,600
LIABILITIES AND NET ASSETS			
Current Liabilities:			
Accounts Payable	\$ 25	\$ 2,453	\$ 2,478
Grants Payable	-	19,400	19,400
Accrued Personnel Costs	-	21,478	21,478
Accrued Vacations and Retirement Benefits	-	34,827	34,827
Deferred Revenue - Membership Dues	-	17,950	17,950
Total Current Liabilities	25	96,108	96,133
Total Liabilities	25	96,108	96,133
Net Assets:			
Without Donor Restrictions	4,138,661	2,665,959	6,804,620
With Donor Restrictions	50,000	11,825,847	11,875,847
Total Net Assets	4,188,661	14,491,806	18,680,467
Total Liabilities and Net Assets	\$ 4,188,686	\$ 14,587,914	18,776,600

See Accompanying Notes and Independent Auditor's Report

PLACER COMMUNITY FOUNDATION
CONSOLIDATED STATEMENT REVENUES AND EXPENSES
For the Year Ended December 31, 2019

	Auburn Community Foundation	Placer Community Foundation	Interfund Activities	Consolidated Placer Community Foundation
REVENUES, GRANTS, GAINS AND OTHER INCOME				
Contributions	\$ 4,728	\$ 1,532,297	\$ (300,000)	\$ 1,237,025
Member Dues	-	25,650	-	25,650
Program Fees	-	259,168	(259,168)	-
Other Income	3,212	-	-	3,212
Interest and Dividends	100,177	337,260	-	437,437
Net Realized (Loss) Gain	22,737	67,610	-	90,347
Net Unrealized (Loss) Gain	573,646	1,808,449	-	2,382,095
Net Assets Released From Restriction	-	-	-	-
Total Revenues, Grants, Gains and Other Income	704,500	4,030,434	(559,168)	4,175,766
Expenses				
Salaries and Wages	-	365,149	-	365,149
Payroll Taxes	-	29,567	-	29,567
Employee Benefits	-	63,493	-	63,493
Grants to Other Organizations	300,000	890,474	(300,000)	890,474
Accounting and Audit Services (interfund admin. fees)	66,763	253,856	(259,168)	61,451
FIMS and Technology Consulting	-	33,161	-	33,161
Professional Services	-	13,600	-	13,600
Equipment Maintenance	8,405	1,177	-	9,582
Supplies	-	2,674	-	2,674
Telephone	-	4,053	-	4,053
Postage	-	4,716	-	4,716
Printing and Promotion	-	38,037	-	38,037
Utilities	-	4,450	-	4,450
Travel and Meetings	-	15,515	-	15,515
Depreciation	10,468	1,769	-	12,237
Investment Fees	25,931	81,805	-	107,736
Insurance	-	4,634	-	4,634
Membership Dues and Subscriptions	-	7,036	-	7,036
Staff Development	-	4,786	-	4,786
Board Development	-	7,138	-	7,138
Donor Relations	-	12,137	-	12,137
Other	40	7,635	-	7,675
Total Expenses	411,607	1,846,862	(559,168)	1,699,301
CHANGE IN NET ASSETS	\$ 292,893	\$ 2,183,572	\$ -	\$ 2,476,465

See Accompanying Notes and Independent Auditor's Report

PLACER COMMUNITY FOUNDATION
SCHEDULE OF GRANTS & SCHOLARSHIPS AWARDED
For the Year Ended December 31, 2019
Page 1 of 3

<u>Agency:</u>	<u>Amount</u>
Boys & Girls Club of Placer County	\$ 83,500
Gold Country Wildlife Rescue, Inc.	43,377
Placer County SPCA	37,250
Auburn State Theatre (previously Auburn Placer Performing Arts Center)	29,351
Stand Up Placer	27,000
Auburn Interfaith Food Closet Inc	25,695
Center for Nonprofit Leadership of the Sierra	25,000
Future Foundation of Sacramento	25,000
Placer Land Trust	23,536
Almost Home 4Ever	20,000
Leaps and Bounds Rabbit Rescue	20,000
Sierra College Foundation	19,100
Sierra Grace Fellowship	17,000
Roseville Arts! dba Blue Line Arts	15,950
Child Advocates of Placer County - CASA	15,100
Auburn Symphony	13,286
In His Wakes, Inc.	13,200
Del Oro High School	12,000
Gold Country Fair Heritage Foundation	11,750
City of Auburn	10,000
Friends of Unwanted Rabbits	10,000
NorCal Cocker Rescue	10,000
NorCal Golden Retriever Rescue, Inc	10,000
Teaching Everyone Animals Matter-TEAM	10,000
Seniors First	9,408
Animal Spay and Neuter Clinic	9,250
Sight Word Busters	8,500
Placer Food Bank	8,250
ReCreate	8,200
California Peace Officers' Memorial Foundation Inc	8,000
Lighthouse Counseling and Family Resource Center	8,000
California 4-H Foundation	7,500
ReDirect Nuevo Camino	7,500
Global Fellowship	7,000
Placer County Office of Education	7,000
ATLAS Learning Academy	6,000
Center for Visually Impaired Adults in Placer County	6,000
Foresthill Swimming and Recreation Corporation	6,000
FieldHaven Feline Center	5,764
Arts Council of Placer County	5,500
Kitten Central of Placer County	5,263
Broadway Sacramento	5,000
Compassion Planet	5,000
Cure JM Foundation	5,000
Downtown Lincoln Association	5,000
Firefighters Burn Institute	5,000
Folsom Police Foundation	5,000
Girls on the Run	5,000
Health Education Africa Resource Team	5,000
Legal Services of Northern California	5,000
Lilliput Children's Services	5,000
Market Street Railway Company	5,000

See Accompanying Notes and Independent Auditor's Report

PLACER COMMUNITY FOUNDATION
SCHEDULE OF GRANTS & SCHOLARSHIPS AWARDED - Continued
For the Year Ended December 31, 2019

Page 2 of 3

<u>Agency:</u>	<u>Amount</u>
Placer CO Deputy Sheriffs Association Benefit Foundation	5,000
Scooter's Pals	5,000
Sierra Performing Arts Association	5,000
The Foundry	5,000
The Gathering Inn	5,000
University of California Santa Barbara	5,000
William Jessup University	5,000
St. Vincent de Paul Society of Roseville Area Conference Inc	4,836
California State University, Sacramento	4,500
California State University, Chico	4,000
Healing Pastures Inc	4,000
Placer Family Housing dba Acres of Hope	4,000
Valparaiso University Office of Financial Aid	4,000
Chapa-De Indian Health Program, Inc.	3,600
Placer Nature Center	3,286
Assistance League of Greater Placer	3,000
Associated Students at Sierra College	3,000
Friends of Auburn Library	3,000
Sacramento Loaves and Fishes	2,750
Teton Raptor Center	2,700
Placer Breast Cancer Foundation	2,700
UCSF Benioff Children's Hospitals Foundation	2,700
First United Methodist Church of Loomis	2,500
Keaton's Child Cancer Alliance	2,500
Supporting the Taylor House	2,500
Literacy Support Council of Placer County	2,250
American Cancer Society	2,000
Amnesty International USA, INC.	2,000
Bard College	2,000
Community Foundation Sonoma County	2,000
Friends of Peace Pilgrim	2,000
Grameen Foundation	2,000
Indiana University - Bloomington	2,000
LemonAid Fund	2,000
Oxfam America	2,000
Placer Community Theater	2,000
Placer High FFA - Ag Boosters	2,000
Salvation Army of Auburn	2,000
San Diego State University	2,000
St. Charles Borromeo Catholic Church	2,000
UC Berkeley	2,000
The Petal Connection	1,900
California Polytechnic State University	1,750
Legal Access Alameda	1,700
The Center for Nonprofit Leadership of the Sierra	1,540
Auburn Education Foundation	1,500
Monterey Bay Aquarium Foundation	1,500
Rocklin Community Theatre	1,395
Salt Lake Community College	1,250
Sierra College and Elizabeth Hailey Smith	1,250
UCLA and Miranda Fedoronzuk	1,250
The Alliance for Climate Protection DBA The Climate Reality Project	1,248

See Accompanying Notes and Independent Auditor's Report

PLACER COMMUNITY FOUNDATION
SCHEDULE OF GRANTS & SCHOLARSHIPS AWARDED - Continued
For the Year Ended December 31, 2019
Page 3 of 3

<u>Agency:</u>	<u>Amount</u>
Planned Parenthood Mar Monte	1,066
A Touch of Understanding	1,000
Blossom Place	1,000
California State University, Fullerton	1,000
Chapman University- Bhathal Student Services Center	1,000
Florence Immigrant and Refugee Rights Project	1,000
Foothills Habitat for Humanity	1,000
Foresthill Elementary School	1,000
Guide Dogs for the Blind	1,000
League of California Community Foundations	1,000
My Mother's Voice	1,000
Navy League of the United States	1,000
Opening Doors	1,000
Pacific University	1,000
PFLAG Inc	1,000
PFLAG, Greater Placer County Chapter	1,000
Pinole Valley High School	1,000
Shriners Hospital for Children	1,000
The Arc of Placer County	1,000
The Forgotten Soldier Program	1,000
The Hillmen Foundation	1,000
Tommy Apostolos Fund	1,000
TransLatin@ Coalition	1,000
UC Davis Foundation	1,000
UC Regents fbo UC Davis	1,000
United Animal Nations d.b.a. RedRover	1,000
Smaller Grants at less than \$1,000 (37 entities)	11,345
	<u>\$ 885,746</u>