

**PLACER COMMUNITY FOUNDATION
AUDITED
CONSOLIDATED FINANCIAL STATEMENTS**

**AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2016**

(With Summarized Comparative Totals for the Year Ended December 31, 2015)

PLACER COMMUNITY FOUNDATION
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016
(With Summarized Comparative Totals for the Year Ended December 31, 2015)

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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, 2016, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements. The consolidated financial statements of Placer Community Foundation as of December 31, 2015 were audited by another auditor whose report dated June 24, 2016 expressed an unmodified opinion.

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, 2016, 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 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
September 22, 2017

PLACER COMMUNITY FOUNDATION
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2016
(With Summarized Comparative Information for December 31, 2015)

	2016	2015
ASSETS		
Current Assets		
Cash and Equivalents	\$ 543,860	\$ 456,818
Cash and Equivalents held by Greater Horizons	571,489	440,608
Cash and Equivalents held by Greater Horizons - Inv. Accounts	720,550	552,226
Gifts Receivable	-	1,118,339
Prepaid Expense	2,831	2,942
Total Current Assets	1,838,730	2,570,933
Non-Current Assets		
Investments in Fixed Income Accounts	1,431,552	1,652,398
Investments in Government Securities	927,894	1,056,966
Investments in Mutual Funds	1,505,755	771,212
Investments in Common Stock	8,469,392	6,953,112
Building	156,597	156,597
Land	110,360	110,360
Leasehold Improvements	65,067	65,067
Furniture and Equipment	26,912	47,069
Artwork	4,750	4,750
Accumulated Depreciation	(79,540)	(92,233)
Total Non-Current Assets	12,618,739	10,725,298
TOTAL ASSETS	\$ 14,457,469	\$ 13,296,231
 LIABILITIES		
Current Liabilities		
Accounts Payable	\$ 385	\$ 5,830
Accrued Liabilities	16,058	15,603
Accrued Vacation and Retirement Benefits	40,966	39,354
Deferred Revenue	19,171	20,875
Total Current Liabilities	76,580	81,662
TOTAL LIABILITIES	76,580	81,662
 NET ASSETS		
Unrestricted	5,861,784	5,756,839
Temporarily Restricted	-	-
Permanently Restricted	8,519,105	7,457,730
TOTAL NET ASSETS	14,380,889	13,214,569
TOTAL LIABILITIES AND NET ASSETS	\$ 14,457,469	\$ 13,296,231

See Accompanying Notes

PLACER COMMUNITY FOUNDATION
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2016
(With Summarized Comparative Information for December 31, 2015)

	Year Ended December 31, 2016			Total	
	Temporarily		Permanently	Year Ended	
	Unrestricted	Restricted	Restricted	Total	December 31, 2015
REVENUES, GRANTS, GAINS AND OTHER INCOME					
Contributions	\$ 937,774	\$ -	\$ 943,495	\$ 1,881,269	\$ 2,479,319
In-Kind Contributions	-	-	-	-	4,750
Member Dues	31,129	-	-	31,129	24,250
Program Fees	66,386	-	-	66,386	40,844
Other Income	754	-	-	754	23,837
Interest and Dividends	258,786	-	-	258,786	270,314
Net Realized and Unrealized (Loss) Gain	518,185	-	-	518,185	(372,332)
Net Assets Released from Restriction	-	-	-	-	-
Total Revenues, Grants, Gains and Other Income	1,813,014	-	943,495	2,756,509	2,470,982
EXPENSES					
Program Expenses	1,434,307	-	-	1,434,307	1,313,696
General and Administration	108,581	-	-	108,581	91,859
Fundraising	47,301	-	-	47,301	71,317
Total Expense	1,590,189	-	-	1,590,189	1,476,872
CHANGE IN NET ASSETS	222,825	-	943,495	1,166,320	994,110
NET ASSETS AT BEGINNING OF YEAR	5,756,839	-	7,457,730	13,214,569	12,220,459
Reclassification to Restricted Net Assets	(117,880)	-	117,880	-	-
NET ASSETS AT END OF YEAR	\$ 5,861,784	\$ -	\$ 8,519,105	\$ 14,380,889	\$ 13,214,569

See Accompanying Notes

PLACER COMMUNITY FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2016
(With Summarized Comparative Information for December 31, 2015)

	Program Expenses	General and Administration	Fund Raising	2016 Expenses Total	2015 Expenses Total
EXPENSES					
Salaries and Wages	\$ 291,010	\$ 54,754	\$ 23,696	\$ 369,460	\$ 338,613
Payroll Taxes	22,810	4,235	1,857	28,902	28,871
Employee Benefits	45,367	8,423	3,694	57,484	71,420
Grants to Other Organizations	736,885	-	-	736,885	680,530
Accounting and Audit Services	92,604	17,194	7,540	117,338	90,052
FIMS and Technology Consulting	16,086	2,987	1,310	20,383	22,018
Professional Services	27,587	-	-	27,587	57,314
Equipment Rental & Maintenance	2,074	385	169	2,628	3,085
Supplies	2,755	512	224	3,491	3,424
Telephone	3,294	612	268	4,174	4,152
Postage	2,632	489	214	3,335	3,522
Printing and Promotion	37,108	6,890	3,022	47,020	21,974
Rent	474	88	39	601	550
Utilities	4,042	750	329	5,121	5,847
Travel and Meetings	22,944	4,260	1,868	29,072	16,301
Investment Fees	88,917	-	-	88,917	82,019
Insurance	4,591	852	374	5,817	5,717
Membership Dues & Subscriptions	4,730	878	385	5,993	5,809
Staff Development	3,577	664	291	4,532	6,927
Board Development	3,757	698	306	4,761	1,970
Asset Development	7,674	1,425	625	9,724	9,927
Other	3,315	615	270	4,200	3,743
Total Expenses before Depreciation	1,424,233	106,711	46,481	1,577,425	1,463,785
Depreciation	10,074	1,870	820	12,764	13,087
Total Expenses	\$ 1,434,307	\$ 108,581	\$ 47,301	\$ 1,590,189	\$ 1,476,872

See Accompanying Notes

PLACER COMMUNITY FOUNDATION
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2016
(With Summarized Comparative Information for December 31, 2015)

	<u>2016</u>	<u>2015</u>
Cash flows from operating activities		
Change in net assets	\$ 1,166,320	\$ 994,110
Adjustments to reconcile net assets to cash flows from operating activities:		
Depreciation	12,764	13,087
Net Realized and Unrealized Loss (Gain)	(518,185)	372,332
Reclassification of Cash from Investment Accounts	552,226	-
(Increase) Decrease in:		
Gifts Receivable	1,118,339	(1,118,339)
Prepaid Expenses	111	(2,942)
Increase (Decrease) in:		
Accounts Payable	(5,445)	(5,988)
Accrued Liabilities	455	3,959
Accrued Vacation and Retirement Benefits	1,612	3,814
Deferred Revenue	(1,704)	9,250
Net cash provided(used) by operating activities	2,326,493	269,283
 Cash flows from investing activities		
Purchases and Reinvestment of Securities	(7,353,536)	(3,972,521)
Proceeds from Sales of Securities	5,970,816	3,558,200
Purchase of Fixed Assets	(5,300)	(609)
Net cash provided(used) by investing activities	(1,388,020)	(414,930)
Change in cash and cash equivalents	938,473	(145,647)
Cash and cash equivalents, beginning of year	897,426	1,043,073
Cash and cash equivalents, end of year	\$ 1,835,899	\$ 897,426
 Federal taxes paid	\$ -	
Interest paid	\$ -	

See Accompanying Notes

**PLACER COMMUNITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016**

(With Summarized Comparative Totals for the Year Ended December 31, 2015)

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 2016, the Foundation administered a mental health grant program on behalf of Placer County, continued a visiting artist-in-residence program, raised awareness on the need for affordable housing in Placer County, conducted a nonprofit leadership summit to strengthen the boards of directors of over 50 local organizations and granted out \$736,885 to 101 organizations. The Foundation led the Placer County effort for the region's Big Day of Giving, raising nearly \$850,000 dollars for local organizations and bringing much needed visibility to the nonprofit sector. 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, 2016**

(With Summarized Comparative Totals for the Year Ended December 31, 2015)

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, 2015 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, 2016 and 2015 cash totaling \$1,292,039 and \$992,834, 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, 2016**

(With Summarized Comparative Totals for the Year Ended December 31, 2015)

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, 2016 and 2015, 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, 2016**

(With Summarized Comparative Totals for the Year Ended December 31, 2015)

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, 2016**

(With Summarized Comparative Totals for the Year Ended December 31, 2015)

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, 2016 and 2015. 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 \$1,292,039 and \$992,834 at December 31, 2016 and 2015, 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, 2016, 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	\$1,431,553	\$1,431,069
Government Securities	\$ 927,894	\$ 936,937
Mutual Funds:		
Fixed Income	\$ 920,345	\$ 946,502
Non-traditional	\$ 585,410	\$ 585,730
Common Stocks	\$8,469,392	\$6,595,331

At December 31, 2015, 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	\$2,204,624	\$2,235,077
Government Securities	\$1,056,966	\$1,064,813
Mutual Funds	\$ 771,212	\$ 816,461
Common Stocks	\$6,953,112	\$5,428,087

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.

**PLACER COMMUNITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016**

(With Summarized Comparative Totals for the Year Ended December 31, 2015)

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, 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 major categories of assets measured at fair market value on a recurring basis for the year ended December 31, 2015 are:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Cash & Cash Equivalents	\$ 897,426	\$ 897,426	-	-
Fixed Income Accounts	\$2,204,624	\$2,204,624	-	-
Investments	\$8,781,290	\$8,781,290	-	-

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 4 – Endowment Funds

The Foundation's endowment consist of 39 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:

**PLACER COMMUNITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016**

(With Summarized Comparative Totals for the Year Ended December 31, 2015)

NOTE 4 – Endowment Funds - Continued

	<u>2016</u>	<u>2015</u>
Balance, Beginning of Year	\$7,457,730	\$5,798,888
Contributions	943,495	1,658,842
Interest and Dividends Net of Fees	180,270	16,294
Net Realized & Unrealized (Losses) Gains	305,532	(251,603)
Transfer from (to)Unrestricted Funds	<u>(367,922)</u>	<u>235,309</u>
Balance, End of Year	<u>\$8,519,105</u>	<u>\$7,457,730</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 \$601 and \$550, respectively for the years ended December 31, 2016 and 2015.

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. 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.

**PLACER COMMUNITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016**

(With Summarized Comparative Totals for the Year Ended December 31, 2015)

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 2016 and 2015, the Board of Directors approved an employer contribution of 8.58% and 9.81%, 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 2016 to a 403(b) plan. Vesting is immediate on all contributions by the Foundation and the employees. Pension expense totaled \$24,689, \$23,266 and \$22,759 for the years ended December 31, 2016, 2015 and 2014, respectively.

NOTE 7 – Open Tax Years

The Foundation's tax form 990, Returns of Organizations Exempt From Income Tax for 2014, 2015 and 2016 are subject to examination by the Internal Revenue Service for three years after they are filed. Open years include 2013 through 2016 for the State of California which has a four year statute of limitations.

NOTE 8 – Reclassification of Net Assets to Permanently Restricted Net Assets

Donors will periodically convert their unrestricted funds to a permanently restricted endowment. This is reflected in the statement of activities as a reclassification to restricted net assets. During the year ended December 31, 2016, there was one fund that was converted to a permanently endowed fund in the amount of \$9,274. During the year ended December 31, 2016, it was determined that there were some smaller endowment funds that were reported as unrestricted. In order to properly reflect all of the endowed funds that are permanently restricted a reclassification from unrestricted net assets to permanently restricted net assets was required. The total amount reclassified for these smaller endowed funds was \$108,606.

NOTE 9 – Evaluation of Subsequent Events

The Foundation has evaluated events subsequent to December 31, 2016 to assess the need for potential recognition or disclosure in the financial statements. Such events were evaluated through September 22, 2017, 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, 2016

	Auburn Community Foundation	Placer Community Foundation	Consolidated Placer Community Foundation
ASSETS			
Current assets:			
Cash and equivalents	\$ 29,771	\$ 514,089	\$ 543,860
Cash and Equivalents held by Greater Horizons	-	571,489	571,489
Cash and Equivalents held by Greater Horizons - Inv. Accts.	-	720,550	720,550
Prepaid Expenses	-	2,831	2,831
Total Current Assets	29,771	1,808,959	1,838,730
Non-Current Assets			
Investments in Fixed Income Accounts	-	1,431,552	1,431,552
Investments in Government Securities	-	927,894	927,894
Investments in Mutual Funds	-	1,505,755	1,505,755
Investments in Common Stock	3,257,263	5,212,129	8,469,392
Building	156,597	-	156,597
Land	110,360	-	110,360
Leasehold Improvements	62,992	2,075	65,067
Furniture and Equipment	-	26,912	26,912
Artwork	-	4,750	4,750
Accumulated Depreciation	(57,132)	(22,408)	(79,540)
Total Non-Current Assets	3,530,080	9,088,659	12,618,739
Total Assets	\$ 3,559,851	\$ 10,897,618	\$ 14,457,469
 LIABILITIES AND NET ASSETS			
Current Liabilities:			
Accounts Payable	\$ -	\$ 385	\$ 385
Accrued Liabilities	-	16,058	16,058
Accrued Vacations and Retirement Benefits	-	40,966	40,966
Deferred Revenue	-	19,171	19,171
Total Current Liabilities	-	76,580	76,580
Total Liabilities	-	76,580	76,580
Net Assets:			
Unrestricted	3,509,851	2,351,933	5,861,784
Temporarily Restricted	-	-	-
Permanently Restricted	50,000	8,469,105	8,519,105
Total Net Assets	3,559,851	10,821,038	14,380,889
Total Liabilities and Net Assets	\$ 3,559,851	\$ 10,897,618	14,457,469

See Accompanying Notes and Independent Auditor's Report

PLACER COMMUNITY FOUNDATION
CONSOLIDATED STATEMENT REVENUES AND EXPENSES
For the Year Ended December 31, 2016

	Auburn Community Foundation	Placer Community Foundation	Consolidated Placer Community Foundation
REVENUES, GRANTS, GAINS AND OTHER INCOME			
Contributions	\$ -	\$ 1,881,269	\$ 1,881,269
Member Dues	-	31,129	31,129
Program Fees	-	66,386	66,386
Other Income	750	4	754
Interest and Dividends	73,020	185,766	258,786
Net Realized and Unrealized (Loss) Gain	142,518	375,667	518,185
Net Assets Released From Restriction	-	-	-
Total Revenues, Grants, Gains and Other Income	216,288	2,540,221	2,756,509
Expenses			
Salaries and Wages	40,121	329,339	369,460
Payroll Taxes	-	28,902	28,902
Employee Benefits	-	57,484	57,484
Grants to Other Organizations	-	736,885	736,885
Accounting and Audit Services	-	117,338	117,338
FIMS and Technology Consulting	-	20,383	20,383
Professional Services	-	27,587	27,587
Equipment Maintenance	-	2,628	2,628
Supplies	-	3,491	3,491
Telephone	-	4,174	4,174
Postage	-	3,335	3,335
Printing and Promotion	-	47,020	47,020
Rent	-	601	601
Utilities	-	5,121	5,121
Travel and Meetings	-	29,072	29,072
Depreciation	-	12,764	12,764
Investment Fees	-	88,917	88,917
Insurance	-	5,817	5,817
Membership Dues	-	5,993	5,993
Staff Development	-	4,532	4,532
Board Development	-	4,761	4,761
Asset Development	-	9,724	9,724
Other	-	4,200	4,200
Total Expenses	40,121	1,550,068	1,590,189
CHANGE IN NET ASSETS	\$ 176,167	\$ 990,153	\$ 1,166,320

See Accompanying Notes and Independent Auditor's Report

PLACER COMMUNITY FOUNDATION
SCHEDULE OF GRANTS & SCHOLARSHIPS AWARDED
For the Year Ended December 31, 2016

<u>Agency:</u>	<u>Amount</u>
A Touch of Understanding	\$ 3,875
Alzheimer's Association	2,000
Alzheimer's Association - Greater Sacramento	100
American Cancer Society	1,000
Animal Spay and Neuter Clinic	2,600
Art Council of Placer County	6,125
Assistance League of Greater Placer	3,000
Auburn Chamber of Commerce Foundation	600
Auburn Community Cancer Endowment Fund	1,000
Auburn Interfaith Food Closet	6,000
Auburn Placer Performing Arts Center	3,495
Auburn Symphony Association	1,500
Auburn Union School District	2,820
Aviation Cadet Museum	2,000
Boys & Girls Club of Placer County	56,500
Brigham Young University- Idaho Student Financial Aid Office	1,250
Capital Public Radio	100
Child Advocates of Placer County - CASA	67,250
Children's Hospital Los Angeles	10,000
Colla Voce of the Sierra, Inc.	500
Community Foundation of Greater Flint	1,000
Community Recovery Resources	50,000
CORE Placer - Lake of the Pines	3,000
Council on Foundations	950
Del Oro High School	2,000
Dogs for the Deaf	2,000
Excel Roseville/ North Roseville REC Center	12,000
FamilyGreenSurvival	500
Feed The Hungry	500
First Street Elementary School	1,180
First United Methodist Church of Loomis	5,000
Friends of Peace Pilgrim	2,000
Friends of the Granite Bay Library	250
Friends of Vinh Son Montagnard Orphanage	3,500
Gamma Phi Beta Foundation	250
Global Fellowship	5,000
Gold Country Wildlife Rescue, Inc.	2,000
Grameen Foundation	2,500
Habitat for Humanity International	1,500
HEART	46,884
Heifer International	2,500
In His Wakes, Inc.	8,625
International Rescue Committee	250
KidsFirst	50,000
KVIE	500
Latino Leadership Council Inc	96
Legal Services of Northern California	3,657
Lemonaid Fund	2,500
Lighthouse Counseling and Family Resource Center	3,000
Lilliput Children's Services	50,000
Lincoln Rotary Club Foundation	5,000
Live Oak Waldorf School	500
Meadow Vista Community Center, Inc.	10,000

See Accompanying Notes and Independent Auditor's Report

PLACER COMMUNITY FOUNDATION
SCHEDULE OF GRANTS & SCHOLARSHIPS AWARDED
For the Year Ended December 31, 2016

Agency:	Amount
Meals on Wheels by ACC	9,479
Montana State University	4,000
National Women's History Museum	100
North Tahoe Family Resource Center	350
Operation Innovate	2,500
Our Savior Lutheran Church of Auburn	4,000
Partners in Health	3,500
Pinole Valley High School	1,000
Placer ARC	2,000
Placer Family Housing dba Acres of Hope	4,000
Placer Food Bank	11,500
Placer Land Trust	25,500
Placer SPCA	1,125
Placer Union High School District	2,000
PRIDE Industries	5,250
Prison Families Aftercare	3,500
Protect American River Canyons	2,000
ReCreate	6,000
ReDirect Nuevo Camino	7,500
Right Hand Auburn	18,124
Roseville Arts! Dba Blue Line Arts	6,550
Roseville Police Activities League	1,000
Sacramento Area Youth Golf Association	250
Sacramento Loaves and Fishes	2,000
Sacramento Region Community Foundation	10,350
Salvation Army of Auburn	1,000
Seniors First	5,300
Sierra Club Foundation	5,000
Sierra College Foundation	1,500
Sierra Foothills Unitarian Universalists	250
Sierra Grace Fellowship	15,000
Sierra Native Alliance	52,500
St. Joseph Catholic School	1,000
St. Charles Borromeo	2,000
Stand Up Placer	1,000
Take Note Troupe, Inc.	250
The Academy of Art University of San Francisco	2,000
The Axiom Lincoln	5,000
The Center for Nonprofit Leadership	17,250
The Forgotten Soldier Program	1,100
The Gathering Inn	35,100
The Michael J Fox Foundation for Parkinson's Research	2,000
The Water Project	2,500
Tommy Apostolos Fund	1,000
University of Nevada-Reno Foundation	1,000
Valley Vision Inc	1,000
William Jessup University	4,000
Young Life	1,200
Grants Refunded back to the Foundation	(5,000)
TOTAL	<u><u>\$ 736,885</u></u>

See Accompanying Notes and Independent Auditor's Report