



SOLANO COMMUNITY FOUNDATION

FINANCIAL STATEMENTS

DECEMBER 31, 2016 AND DECEMBER 31, 2015



SOLANO COMMUNITY FOUNDATION

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Independent Auditors' Report

The Board of Directors
Solano Community Foundation

We have audited the accompanying financial statements of Solano Community Foundation (a California not-for-profit corporation) which comprises the statement of financial position as of December 31, 2016 and 2015, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

The Organization's 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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 Solano Community Foundation as of December 31, 2016 and December 31, 2015, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses is presented for purposes of additional analysis and is not a required part of the 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.

RINA accountancy corporation

Certified Public Accountants

Walnut Creek, California
September 29, 2017

SOLANO COMMUNITY FOUNDATION

STATEMENT OF FINANCIAL POSITION

<u>ASSETS</u>	<u>December 31, 2016</u>	<u>December 31, 2015</u>
CURRENT:		
Cash and cash equivalents	\$ 459,092	\$ 63,487
Investments	8,729,309	8,485,856
Other current assets	-	6,577
	<hr/>	<hr/>
TOTAL CURRENT ASSETS	9,188,401	8,555,920
PROPERTY AND EQUIPMENT, net	41,798	29,108
OTHER:		
Deposits	6,575	6,575
	<hr/>	<hr/>
	\$ 9,236,774	\$ 8,591,603
	<hr/> <hr/>	<hr/> <hr/>
<u>LIABILITIES AND NET ASSETS</u>		
LIABILITIES	\$ -	\$ -
	<hr/>	<hr/>
NET ASSETS:		
Unrestricted	2,210,844	1,591,661
Temporarily restricted	-	-
Permanently restricted	7,025,930	6,999,942
	<hr/>	<hr/>
TOTAL NET ASSETS	9,236,774	8,591,603
	<hr/>	<hr/>
	\$ 9,236,774	\$ 8,591,603
	<hr/> <hr/>	<hr/> <hr/>

See notes to financial statements.

SOLANO COMMUNITY FOUNDATION

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2016

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES:				
Contribution revenue	\$ 682,027	\$ 8,800	\$ 25,988	\$ 716,815
Interest and dividend income	249,849	-	-	249,849
Net realized and unrealized investment gains and losses	396,325	-	-	396,325
In-kind contributed services	14,000	-	-	14,000
Miscellaneous income	659	-	-	659
Net assets released from restrictions	8,800	(8,800)	-	-
TOTAL REVENUES	1,351,660	-	25,988	1,377,648
EXPENSES:				
Grant expenses	350,243	-	-	350,243
Other program expenses	253,904	-	-	253,904
Management and general	64,553	-	-	64,553
Fundraising	63,548	-	-	63,548
Loss on equipment	229	-	-	229
TOTAL EXPENSES	732,477	-	-	732,477
CHANGE IN NET ASSETS	619,183	-	25,988	645,171
NET ASSETS, beginning of year	1,591,661	-	6,999,942	8,591,603
NET ASSETS, end of year	\$ 2,210,844	\$ -	\$ 7,025,930	\$ 9,236,774

See notes to financial statements.

SOLANO COMMUNITY FOUNDATION

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2015

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES:				
Contribution revenue	\$ 202,280	\$ -	\$ 56,742	\$ 259,022
Interest and dividend income	250,565	-	-	250,565
Net realized and unrealized investment gains and losses	(310,161)	-	-	(310,161)
In-kind contributed services	28,000	-	-	28,000
Net assets transferred	-	-	-	-
	170,684	-	56,742	227,426
TOTAL REVENUES				
EXPENSES:				
Grant expenses	384,162	-	-	384,162
Other program expenses	246,977	-	-	246,977
Management and general	53,103	-	-	53,103
Fundraising	43,418	-	-	43,418
	727,660	-	-	727,660
TOTAL EXPENSES	727,660	-	-	727,660
CHANGE IN NET ASSETS	(556,976)	-	56,742	(500,234)
NET ASSETS, beginning of year	2,148,637	-	6,943,200	9,091,837
NET ASSETS, end of year	\$ 1,591,661	\$ -	\$ 6,999,942	\$ 8,591,603

See notes to financial statements.

SOLANO COMMUNITY FOUNDATION

STATEMENT OF CASH FLOWS

	<u>Year Ended</u> <u>December 31, 2016</u>	<u>Year Ended</u> <u>December 31, 2015</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 645,171	\$ (500,234)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	10,047	6,971
Net realized and unrealized (gain) loss on investments	(396,325)	310,161
Net realized and unrealized (gain) loss on equipment	229	-
(Increase) decrease in assets:		
Other current assets	6,577	(12,127)
	<u>6,577</u>	<u>(12,127)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>265,699</u>	<u>(195,229)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of investments	(249,771)	(484,364)
Proceeds from sales of investments	402,643	611,798
Purchases of property and equipment	(24,066)	(7,130)
Proceeds from sale of property	1,100	-
	<u>1,100</u>	<u>-</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>129,906</u>	<u>120,304</u>
CASH FLOWS FROM FINANCING ACTIVITIES	<u>-</u>	<u>-</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	395,605	(74,925)
CASH AND CASH EQUIVALENTS, beginning of year	<u>63,487</u>	<u>138,412</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 459,092</u>	<u>\$ 63,487</u>

See notes to financial statements.

SOLANO COMMUNITY FOUNDATION

NOTES TO FINANCIAL STATEMENTS – DECEMBER 31, 2016 AND DECEMBER 31, 2015

Note 1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Nature of activities:

The Solano Community Foundation ("Foundation") is a nonprofit corporation organized in 1994 under the laws of the State of California. The Foundation is a community charitable foundation dedicated to encouraging philanthropy in the Solano County area to the benefit of charitable organizations, to improving the quality and scope of charitable efforts and to facilitate collaboration among donors and various local nonprofit organizations.

Financial statement presentation:

The Foundation prepares its financial statements using the accrual basis of accounting in accordance with generally accepted accounting principles (GAAP). Revenues are recognized in the period in which they are earned. Expenses are recognized in the period in which they are incurred.

GAAP requires that the Foundation present information about its financial position and activities in three classes of net assets: unrestricted, temporarily restricted and permanently restricted. Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support, depending on the existence and nature of any donor restrictions. When a donor-imposed restriction expires, that is, when the time restriction ends or the purpose restriction is accomplished, then temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Any restricted revenues whose restrictions are met in the same reporting period are shown as unrestricted support.

GAAP also provides that if the governing body of an organization has the unilateral power to redirect the use of a donor's contribution to another beneficiary, such contributions must be classified as unrestricted net assets. The Foundation's agreements with donors include a variance power provision giving the Board of Directors of the Foundation this ability. The Board of Directors may only exercise variance power and modify the restrictions or conditions on a distribution from a component fund if the restriction or condition becomes, in effect, unnecessary, incapable of fulfillment, or inconsistent with the charitable needs designated. Accordingly, the Foundation has reported a large portion of donor advised funds as unrestricted net assets.

Investments:

In accordance with GAAP, investments in marketable securities are reported at fair value based on quoted prices in active markets for identical assets in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as an increase in unrestricted net assets if the restrictions are met (either by passage of time or by purpose) in the reporting period in which the income and gains are recognized.

SOLANO COMMUNITY FOUNDATION

NOTES TO FINANCIAL STATEMENTS – DECEMBER 31, 2016 AND DECEMBER 31, 2015

Note 1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Furniture and equipment:

Property and equipment are stated at cost. All assets with a cost of \$500 or more are capitalized. Depreciation is computed using the straight-line method over estimated useful lives ranging from 3 to 7 years. Depreciation expense for the years ended December 31, 2016 and 2015 was \$10,047 and \$6,971, respectively.

Income taxes:

The Foundation was accepted as a tax exempt organization under Section 501(c)(3) of the Internal Revenue Code classified as other than a private foundation. The Foundation is also exempt from California franchise taxes under Section 23701(d) of the Revenue and Taxation Code. Therefore, these financial statements contain no provision for federal or California income tax.

Operating expenses:

The costs of providing the various programs and other activities have been allocated between grants, other programs, management and general and fundraising expenses in the accompanying statement of activities based on management's estimates. Grant expenses are charitable costs expended for the direct benefit of others. Other program expenses relate to activities which support the grant-making process. Management and general as well as fundraising expenses support the general operating and fundraising expenses of the foundation.

Date of management's review:

Management has evaluated all events through September 29, 2017, the date which the financial statements were available for issue. Management has concluded that there were no other subsequent events required to be disclosed or recognized in the financial statements.

Note 2. NATURE OF ESTIMATES:

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

Note 3. CASH AND CASH EQUIVALENTS:

Cash and cash equivalents includes all cash balances and highly liquid investments with original maturities of three months or less at acquisition which are not managed as part of long-term investment strategies and are not legally restricted. Cash and cash equivalents are held in two major financial institutions. Balances in such accounts have exceeded federally insured limits at times. The Foundation has not experienced any losses in such accounts and management believes that the Foundation is not exposed to any significant credit risk.

SOLANO COMMUNITY FOUNDATION

NOTES TO FINANCIAL STATEMENTS – DECEMBER 31, 2016 AND DECEMBER 31, 2015

Note 4. INVESTMENTS:

Investments consist of marketable equity and debt securities that are held by a major brokerage company and are stated at current market value in accordance with GAAP. These investments are exposed to various risks, such as credit, interest rate and market. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in value of investment securities, it is at least reasonably possible that changes in risks in the near term would materially affect investment account balances and the amounts reported in the statement of activities. The fair value of investments as of December 31, 2016 and 2015 are as follows:

	2016 Fair Value	2015 Fair Value
Bonds and other fixed securities	\$ 2,281,710	\$ 2,275,367
Fixed mortgage backed	524,655	705,683
US equity securities - large cap	2,358,667	2,174,812
US equity securities - small cap	666,703	560,627
US equity securities - real estate	344,499	332,067
International large company	985,233	955,055
International emerging markets	422,073	375,661
International value	647,451	597,219
International small cap	498,318	509,365
	\$ 8,729,309	\$ 8,485,856

Note 5. FAIR VALUE MEASUREMENTS:

Professional accounting standards establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under professional accounting standards are described as follows:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access.

Level 2 Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair measurement.

SOLANO COMMUNITY FOUNDATION

NOTES TO FINANCIAL STATEMENTS – DECEMBER 31, 2016 AND DECEMBER 31, 2015

Note 5. FAIR VALUE MEASUREMENTS (Continued):

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value.

Equity securities, debt securities, and U.S. government securities: Valued at the closing price reported on the active market on which the individual securities are traded.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Foundation believes its valuation methods are appropriate and consistent with other participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following tables set forth by level the Plan's investments at fair value as of December 31, 2016 and December 31, 2015:

Assets at Fair Value as of December 31, 2016

	Level 1	Level 2	Level 3	Total
Mutual funds	\$ 8,729,309	\$ -	\$ -	\$ 8,729,309
Assets at fair value	<u>\$ 8,729,309</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,729,309</u>

Assets at Fair Value as of December 31, 2015

	Level 1	Level 2	Level 3	Total
Mutual funds	\$ 8,485,856	\$ -	\$ -	\$ 8,485,856
Assets at fair value	<u>\$ 8,485,856</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,485,856</u>

SOLANO COMMUNITY FOUNDATION

NOTES TO FINANCIAL STATEMENTS – DECEMBER 31, 2016 AND DECEMBER 31, 2015

Note 6. FURNITURE AND EQUIPMENT:

Net furniture and equipment consisted of the following as of December 31, 2016 and 2015:

	2016	2015
Furniture	\$ 50,439	\$ 28,143
Equipment	12,838	12,715
Software	43,655	44,176
Construction in progress	-	4,920
	106,932	89,954
Less accumulated depreciation	(65,134)	(60,846)
	\$ 41,798	\$ 29,108

Note 7. TEMPORARILY RESTRICTED NET ASSETS:

There were no temporarily restricted net assets as of December 31, 2016 and 2015.

Note 8. PERMANENTLY RESTRICTED NET ASSETS:

Permanently restricted net assets are restricted to supporting the Foundation in perpetuity. The balances of \$7,025,930 and \$6,999,942 as of December 31, 2016 and 2015, respectively, represent contributions of cash and other assets held in twenty-seven funds restricted by the Foundation in an agreement with the donor. Net earnings from these funds are available for unrestricted purposes including donor-advised grants.

Note 9. INVESTMENT INCOME:

Investment income includes the following at December 31:

	2016	2015
Interest and dividends	\$ 249,849	\$ 250,565
Realized gains and losses	77,522	159,196
Unrealized gains and losses	318,803	(469,357)
Total investment income/loss	\$ 646,174	\$ (59,596)
Endowment investment income/loss	\$ 628,267	\$ (63,961)
Non-endowment investment income/loss	17,907	4,365
Total investment income/loss	\$ 646,174	\$ (59,596)

SOLANO COMMUNITY FOUNDATION

NOTES TO FINANCIAL STATEMENTS – DECEMBER 31, 2016 AND DECEMBER 31, 2015

Note 10. IN-KIND DONATIONS:

The Foundation received financial advisory services at no cost from one board member. The value of these services has been estimated by management and recorded as investment expenses of \$14,000 and \$28,000 for each of the years ended December 31, 2016 and 2015, respectively.

Note 11. ENDOWMENT DISCLOSURES:

The Foundation's endowment consists of twenty-seven donor advised funds, permanently restricted based on the Foundation's evaluation of the degree of permanency in an agreement with donors, as well as funds designated by the Board of Directors to function as endowments as of December 31, 2016. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of restrictions. Donors agree in writing to the terms and conditions in effect for establishing a permanently restricted (endowed), temporarily restricted, or unrestricted gift to the Foundation.

Interpretation of relevant law:

On September 30, 2008, the State of California adopted the Uniform Prudent Management of Institutional Funds Act (UPMIFA), effective January 1, 2009. The Board of Directors has interpreted UPMIFA as requiring the preservation of the historical cost value of the original gift as of the gift date of the donor advised endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as permanently restricted net assets: the original value of the gifts donated to the permanent endowment and the original value of subsequent gifts to the permanent endowment. The Foundation classifies as temporarily restricted the original value of gifts donated less amounts released when the purpose or time restrictions have been met. Earnings and realized and unrealized gains or losses are classified as unrestricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-advised endowment funds:

- The duration and preservation of the fund
- The purposes of the organization and the donor-advised endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Foundation
- The investment policies of the Foundation

Return objectives and risk parameters:

The Foundation has adopted investment spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the corpus of endowment assets. Endowment assets include those assets of donor-restricted and donor-advised funds that the Foundation must hold in perpetuity unless released from restriction. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results that exceed the average yield results of a blend of diversified equity and bond index funds while assuming a moderate level of investment risk. The Foundation expects its endowment funds over time to provide an average rate of return of at least 6% annually. Actual returns in any given year may vary from this amount.

SOLANO COMMUNITY FOUNDATION

NOTES TO FINANCIAL STATEMENTS – DECEMBER 31, 2016 AND DECEMBER 31, 2015

Note 11. ENDOWMENT DISCLOSURES (Continued):

Strategies employed for achieving objectives:

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that places a greater emphasis on equity income investments to achieve its long-term return objectives within prudent risk constraints.

Spending policy and how the investment objectives relate to spending policy:

The Foundation has a policy of appropriating for distribution each year as unrestricted net assets the net investment earnings of temporarily and permanently restricted endowment funds. In establishing this policy, the Foundation considered the long-term expected return on its endowment. Accordingly, over the long term, the Foundation expects the current spending policy to retain the historical cost value of all temporarily and permanently donor-restricted contributions. Real growth for endowed funds is expected to occur through new temporarily and permanently restricted gifts in the future.

Endowment net asset composition included permanently restricted net assets with balances of \$7,025,930 and \$6,999,942 as of December 31, 2016 and 2015, respectively. Changes in the unrestricted, temporarily and permanently restricted endowment net assets for the years ended December 31, 2016 and 2015 are detailed below.

As required by professional accounting standards, net assets associated with endowment funds are classified and reported based on the existence or absence of restrictions.

Endowment Net Asset Composition as of December 31, 2016:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals
Board-Designated	\$ 1,228,003	\$ -	\$ -	\$ 1,228,003
Donor restricted	-	-	7,025,930	7,025,930
Totals	\$ 1,228,003	\$ -	\$ 7,025,930	\$ 8,253,933

Net changes in endowment funds for the year ended December 31, 2016 were as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals
Beginning balance	\$ 1,044,744	\$ -	\$ 6,999,942	\$ 8,044,686
Investment return	628,267	-	-	628,267
Contributions	10,050	-	25,988	36,038
Grant expenses	(211,273)	-	-	(211,273)
Community	-	-	-	-
Development Fees	(243,783)	-	-	(243,783)
Totals	\$ 1,228,005	\$ -	\$ 7,025,930	\$ 8,253,935

SOLANO COMMUNITY FOUNDATION

NOTES TO FINANCIAL STATEMENTS – DECEMBER 31, 2016 AND DECEMBER 31, 2015

Note 11. ENDOWMENT DISCLOSURES (Continued):

Endowment Net Asset Composition as of December 31, 2015:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals
Board-Designated	\$ 1,044,744	\$ -	\$ -	\$ 1,044,744
Donor restricted	-	-	6,999,942	6,999,942
Totals	\$ 1,044,744	\$ -	\$ 6,999,942	\$ 8,044,686

Net changes in endowment funds for the year ended December 31, 2015 were as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals
Beginning balance	\$ 1,685,904	\$ -	\$ 6,943,200	\$ 8,629,104
Investment return	(63,961)	-	-	(63,961)
Contributions	3,250	-	56,742	59,992
Grant expenses	(311,629)	-	-	(311,629)
Community Development Fees	(268,820)	-	-	-
Totals	\$ 1,044,744	\$ -	\$ 6,999,942	\$ 8,044,686

Note 12. CONDITIONAL SCHOLARSHIPS

The Foundation awards multi-year conditional scholarships to high school seniors on an annual basis that require initial and certain annual renewal requirements to be met. Future conditional scholarship payments consist of the following:

Year Ending December 31,		
2017	\$	156,849
2018		151,500
2019		114,000
2020		67,000
2021		24,500
Total	\$	513,849

SOLANO COMMUNITY FOUNDATION

NOTES TO FINANCIAL STATEMENTS – DECEMBER 31, 2016 AND DECEMBER 31, 2015

Note 13. COMMITMENTS:

The Foundation is liable under long-term operating lease agreements for office space and equipment. Future minimum lease payments required under lease obligations are as follows:

<u>Year Ending December 31,</u>	<u>Office Space</u>	<u>Equipment</u>
2017	\$ 80,891	\$ 13,072
2018	83,318	14,840
2019	85,814	15,731
2020	88,388	16,351
2021	14,803	17,008
Thereafter	<u>-</u>	<u>8,752</u>
Total	<u>\$ 353,214</u>	<u>\$ 85,754</u>

Note 14. RELATED PARTY TRANSACTIONS

During 2016, The Foundation made a grant for a total of \$2,840 to an exempt organization which employs one of the Foundation's Board Members. It is the Foundation's policy for Board Members to abstain from votes which consider grants to the related organization or related party.

SOLANO COMMUNITY FOUNDATION

SUPPLEMENTARY INFORMATION

SOLANO COMMUNITY FOUNDATION

SCHEDULE OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2016

	Supporting Services			Total
	Program	Management and General	Fundraising	
Salaries	\$ 124,510	\$ 33,713	\$ 29,818	\$ 188,041
Rent	41,352	10,338	17,230	68,920
Professional fees	15,355	3,783	3,115	22,253
Information technology	13,143	2,942	3,531	19,616
Payroll taxes	11,125	2,384	2,384	15,893
Investment management fees	9,940	2,660	1,400	14,000
Employee benefits	8,477	1,695	1,130	11,302
Depreciation	7,133	1,909	1,005	10,047
Membership and dues	6,299	1,312	1,137	8,748
Insurance	4,891	1,398	699	6,988
Supplies and other	3,663	733	488	4,884
Advertising and promotion	2,718	641	740	4,099
Telephone and internet	2,608	522	348	3,478
Printing and copying	2,352	504	504	3,360
Consulting	338	19	19	376
	<u>\$ 253,904</u>	<u>\$ 64,553</u>	<u>\$ 63,548</u>	<u>\$ 382,005</u>
Total functional expenses	<u>\$ 253,904</u>	<u>\$ 64,553</u>	<u>\$ 63,548</u>	<u>\$ 382,005</u>

See notes to financial statements.

SOLANO COMMUNITY FOUNDATION

SCHEDULE OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2015

	Program	Supporting Services		Total
		Management and General	Fundraising	
Salaries	\$ 135,349	\$ 27,070	\$ 18,047	\$ 180,466
Rent	25,658	5,132	3,421	34,211
Investment management fees	19,880	5,320	2,800	28,000
Professional fees	17,630	4,718	2,483	24,831
Insurance	14,210	3,789	947	18,946
Payroll taxes	11,288	2,258	1,505	15,051
Website hosting fees	-	-	10,746	10,746
Depreciation	4,949	1,324	698	6,971
Membership and dues	4,109	856	742	5,707
Computer support	3,449	690	460	4,599
Printing and copying	3,082	600	320	4,002
Advertising and promotion	2,131	492	656	3,279
Supplies and other	2,423	485	323	3,231
Telephone and internet	1,469	294	196	1,959
Consulting	1,350	75	74	1,499
Total functional expenses	<u>\$ 246,977</u>	<u>\$ 53,103</u>	<u>\$ 43,418</u>	<u>\$ 343,498</u>

See notes to financial statements.