



# SAN MARINO SCHOOLS FOUNDATION

FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

FINANCIAL STATEMENTS &  
INDEPENDENT AUDITORS' REPORT

Focused  
on YOU



SAN MARINO SCHOOLS FOUNDATION

FINANCIAL STATEMENTS  
& INDEPENDENT AUDITORS' REPORT

FOR THE YEARS ENDED  
JUNE 30, 2022 AND 2021

SAN MARINO SCHOOLS FOUNDATION

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& INDEPENDENT AUDITORS' REPORT

FOR THE YEARS ENDED  
JUNE 30, 2022 AND 2021

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## INDEPENDENT AUDITORS' REPORT

The Board of Trustees of the  
San Marino Schools Foundation  
San Marino, California

### Report on the Financial Statements

We have audited the accompanying financial statements of San Marino Schools Foundation (a nonprofit organization), which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities, statements of functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of San Marino Schools Foundation as of June 30, 2022 and June 30, 2021, 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.

### Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of San Marino Schools Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about San Marino Schools Foundation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the



The Board of Trustees of the  
San Marino Schools Foundation  
San Marino, California

aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 San Marino Schools Foundation 's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about San Marino Schools Foundation 's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

*Lance, Soll & Loughard, LLP*

Brea, California  
January 12, 2023

**SAN MARINO SCHOOLS FOUNDATION**

**STATEMENTS OF FINANCIAL POSITION  
JUNE 30, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 728,202	\$ 1,138,923
Prepaid expenses	7,678	7,176
<b>Total Current Assets</b>	<b>735,880</b>	<b>1,146,099</b>
Beneficial interest in assets held by California Community Foundation	4,239,465	4,841,081
Equipment and furniture, net	874	2,278
<b>Total Assets</b>	<b>\$ 4,976,219</b>	<b>\$ 5,989,458</b>
<b>Liabilities and Net Assets</b>		
Current liabilities:		
Accounts payable	\$ 9,276	\$ 18,650
<b>Total Current Liabilities</b>	<b>9,276</b>	<b>18,650</b>
<b>Total Liabilities</b>	<b>9,276</b>	<b>18,650</b>
Net assets:		
Without donor restrictions		
Undesignated	2,766,661	3,742,776
Designated by board of trustees	1,300,483	1,300,483
	4,067,144	5,043,259
With donor restrictions	899,799	927,549
<b>Total Net Assets</b>	<b>4,966,943</b>	<b>5,970,808</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 4,976,219</b>	<b>\$ 5,989,458</b>

See Independent Auditors' Report and Notes to Financial Statements.

**SAN MARINO SCHOOLS FOUNDATION**

**STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2022**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>Revenues, Gains and Other Support:</b>			
Revenues and gains:			
Donations	\$ 1,820,427	\$ 22,200	\$ 1,842,627
Contributed office space (In-kind)	18,000	-	18,000
Interest on cash and cash equivalent	1,546	-	1,546
Net investment loss	(601,616)	-	(601,616)
	<b>1,238,357</b>	<b>22,200</b>	<b>1,260,557</b>
Net assets released from restrictions			
Satisfaction of program restrictions	49,950	(49,950)	-
	<b>1,288,307</b>	<b>(27,750)</b>	<b>1,260,557</b>
<b>Expenses:</b>			
Program services expenses	2,172,940	-	2,172,940
Management and general	48,830	-	48,830
Fundraising	42,652	-	42,652
	<b>2,264,422</b>	<b>-</b>	<b>2,264,422</b>
Changes in Net Assets	(976,115)	(27,750)	(1,003,865)
Net Assets, Beginning of Year	5,043,259	927,549	5,970,808
<b>Net Assets, End of Year</b>	<b>\$ 4,067,144</b>	<b>\$ 899,799</b>	<b>\$ 4,966,943</b>

See Independent Auditors' Report and Notes to Financial Statements.

**SAN MARINO SCHOOLS FOUNDATION**

**STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2021**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>Revenues, Gains and Other Support:</b>			
Revenues and gains:			
Donations	\$ 2,993,970	\$ 31,380	\$ 3,025,350
Contributed office space (In-kind)	18,000	-	18,000
Net investment return	1,010,145	-	1,010,145
<b>Total Revenues and Gains</b>	<b>4,022,115</b>	<b>31,380</b>	<b>4,053,495</b>
Net assets released from restrictions			
Satisfaction of program restrictions	584,724	(584,724)	-
<b>Total Revenue, Gains and Other Support</b>	<b>4,606,839</b>	<b>(553,344)</b>	<b>4,053,495</b>
<b>Expenses:</b>			
Program services expenses	3,416,063	-	3,416,063
Management and general	53,135	-	53,135
Fundraising	48,872	-	48,872
<b>Total Expenses</b>	<b>3,518,070</b>	<b>-</b>	<b>3,518,070</b>
Changes in Net Assets	1,088,769	(553,344)	535,425
Net Assets, Beginning of Year	3,954,490	1,480,893	5,435,383
<b>Net Assets, End of Year</b>	<b>\$ 5,043,259</b>	<b>\$ 927,549</b>	<b>\$ 5,970,808</b>

See Independent Auditors' Report and Notes to Financial Statements.



SAN MARINO SCHOOLS FOUNDATION

STATEMENTS OF FUNCTIONAL EXPENSES  
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

	2022				2021			
	Program Service	Management and General	Fundraising	Total	Program Service	Management and General	Fundraising	Total
<b>Expenses:</b>								
Accounting and auditing	\$ -	\$ 29,377	\$ -	\$ 29,377	\$ -	\$ 13,885	\$ -	\$ 13,885
Advertising	4,683	-	2,521	7,204	1,352	-	728	2,080
Catering	2,025	-	-	2,025	2,887	26	-	2,913
Software and office equipment	2,169	-	1,168	3,337	1,125	-	606	1,731
Events	10,872	-	10,872	21,744	-	-	-	-
Insurance	-	9,438	-	9,438	-	3,688	-	3,688
Marketing	18,394	-	16,313	34,706	26,825	-	23,788	50,613
Office rental (In-kind)	14,400	1,800	1,800	18,000	14,716	1,839	1,839	18,394
Postage	739	128	739	1,606	55	9	54	118
Printing	1,156	1,155	2,503	4,814	415	416	901	1,732
Salaries and benefits	52,963	6,620	6,620	66,204	166,086	20,761	20,761	207,608
Service charges	20,235	413	-	20,648	70,242	1,434	-	71,676
Subscriptions and training	-	-	-	-	-	1,400	-	1,400
Supplies	116	58	116	290	195	98	195	488
Legal expenses	-	-	-	-	-	9,775	-	9,775
Miscellaneous (income) expenses	(7,781)	(159)	-	(7,940)	(9,619)	(196)	-	(9,815)
Donations to SMUSD:								
Elementary VAPA program	-	-	-	-	6,216	-	-	6,216
City MG Disbursement	-	-	-	-	10,216	-	-	10,216
General use	2,052,969	-	-	2,052,969	3,125,352	-	-	3,125,352
<b>Total Expenses:</b>	<b>\$ 2,172,940</b>	<b>\$ 48,830</b>	<b>\$ 42,652</b>	<b>\$ 2,264,422</b>	<b>\$ 3,416,063</b>	<b>\$ 53,135</b>	<b>\$ 48,872</b>	<b>\$ 3,518,070</b>

**SAN MARINO SCHOOLS FOUNDATION**

**STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
<b>Cash Flows from Operating Activities:</b>		
Change in net assets	\$ (1,003,865)	\$ 535,425
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	1,404	1,531
Net unrealized/realized gain on investments	601,616	(913,841)
Changes in assets and liabilities:		
Increase (decrease) in prepaid expenses	(502)	(3,145)
Increase (decrease) in accounts payable	(9,374)	(27,448)
Increase (decrease) in accrued liabilities	-	(2,297)
<b>Total Adjustments</b>	<u>593,144</u>	<u>(945,200)</u>
<b>Net Cash Provided (Used) by Operating Activities</b>	<u>(410,721)</u>	<u>(409,775)</u>
Net Change in Cash and Cash Equivalents	(410,721)	(409,775)
Cash and Cash Equivalents at Beginning of Year	1,138,923	1,548,698
<b>Cash and Cash Equivalents at End of Year</b>	<u>\$ 728,202</u>	<u>\$ 1,138,923</u>

See Independent Auditors' Report and Notes to Financial Statements.

## SAN MARINO SCHOOLS FOUNDATION

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022 AND 2021

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#### **Note 1: Nature of Organization and Significant Accounting Policies**

The San Marino Schools Foundation (the "Foundation") is a not-for-profit corporation that sponsors benefits and solicits funds from the public for the exclusive use of the San Marino Unified School District ("SMUSD"). The Foundation is governed by a Board of Trustees (the "Board"), which is responsible for all activities of the Foundation, including approval of disbursements to SMUSD. Trustees serve a three-year term and receive no compensation for their services.

#### **Note 2: Summary of Significant Accounting Policies**

This summary of significant accounting policies of the Foundation is presented to assist in understanding the financial statements. The financial statements and notes are representations of the Foundation's management who is responsible for their integrity and objectivity.

##### **Basis of Accounting**

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("GAAP").

##### **Cash and Cash Equivalents**

The Foundation considers all cash and highly liquid financial instruments with original maturities of three months or less, which are neither held for non-restricted by donors for long-term purposes, to be cash and cash equivalents. Cash and highly liquid financial instruments restricted to long-term purposes are excluded from this definition. There were no cash which are restricted at June 30, 2022 and 2021, respectively.

##### **Concentration of Credit Risk**

The Foundation has cash in a financial institution which is insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The Foundation also has some credit risk through short term cash investments which are placed with a high-quality financial institution that is not insured by the FDIC but is a member of Securities Investor Protection Corporation (SIPC). Balances at SIPC are insured up to \$500,000. At various times throughout the year, the Foundation may have cash balances in these financial institutions which exceed the FDIC or SIPC limits. The Foundation has not experienced any losses on deposits of cash or cash equivalents.

##### **Endowment Fund and Beneficial Interest in Assets held by the California Community Foundation**

The Foundation established an endowment fund that is perpetual in nature and the fund is held by the California Community Foundation (CCF) in their Permanent Pool. CCF will only distribute funds to the Foundation upon the request of the Foundation. The fund is held and invested by the CCF for the Foundation's benefit and is reported at fair value in the statements of financial position, with distributions and changes in fair value recognized in the statements of activities.

**Note 2: Summary of Significant Accounting Policies (Continued)**

**Equipment and Depreciation**

The Foundation records equipment additions over \$5,000 at cost, or if donated, at fair value on the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of assets. When assets are sold or otherwise disposed of, the cost and related depreciation are removed from the accounts, any resulting gain or loss is included in the statements of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed. The Foundation's property and equipment primarily consists of computers and office furniture which are depreciated over estimated useful lives of five years.

The Foundation reviews the carrying values of equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the year ended June 30, 2022.

**Net Assets**

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets without Donor Restrictions – Net assets available for use in general operations and not subject to donor restrictions.

Net Assets with Donor Restrictions – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

The Foundation reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is completed) in the reporting period in which the revenue is recognized. All other donor restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. Once a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

**Revenue and Revenue Recognition**

Donations are recognized when cash, securities or other assets are received.

**Donated Services and In-Kind Contributions**

Volunteers contribute significant amounts of time to the Foundation's program services, administration, and fundraising activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. The Foundation records donated

## SAN MARINO SCHOOLS FOUNDATION

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022 AND 2021

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#### Note 2: Summary of Significant Accounting Policies (Continued)

##### Donated Services and In-Kind Contributions (Continued)

professional services at the respective fair values of the services received. No significant services were received during the years ended June 30, 2022 and 2021, respectively.

The Foundation received a donated office space from the San Marino Unified School District. This contribution is recognized as revenue and a corresponding expense in the amount of the estimated fair market value of the contribution. Fair values of donated rent were \$18,000 for the years ended June 30, 2022 and 2021, respectively.

##### Advertising Costs

Advertising costs are expensed as incurred. Advertising costs were \$7,204 and \$2,080 for the years ended June 30, 2022 and 2021, respectively.

##### Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

##### Income Taxes

The Foundation is organized pursuant to the General Nonprofit Corporation Law of the State of California. The Foundation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code. The Foundation is also exempt from California franchise taxes and certain general county real and personal property taxes.

The Foundation has been classified as an organization that is not a private foundation under IRC Section 509(a) and, as such, contributions to the Foundation qualify for deduction as charitable contributions.

The Corporation's Form 990, *Return of Organization Exempt from Income Tax* are subject to examination by the Internal Revenue Service, generally for three years after they were filed. Similarly, the Corporation's Form 199, *California Exempt Organization Annual Information Return* subject to examination by the Franchise Tax Board, generally for four years after they were filed.

##### Use 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 those estimates.

**SAN MARINO SCHOOLS FOUNDATION**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022 AND 2021**

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**Note 2: Summary of Significant Accounting Policies (Continued)**

**Reclassifications**

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

**Date of Management's Review**

The Foundation has evaluated subsequent events through January 12, 2023, the date on which the financial statements were available to be issued.

**Note 3: Liquidity and Availability**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, are approximately \$671,845 and \$910,891 for 2022 and 2021, respectively.

**Note 4: Donations to SMUSD**

Annually, SMUSD submits a Grant Request to the Foundation for \$2,000,000 to support approximately 20 teaching positions. The grant is reviewed by the Grants Committee and is then presented to the Board of Trustees for approval. The Foundation launches its Annual Campaign at the start of every school year with the purpose of fundraising to support SMUSD's Grant Request. The approved Grant Request by SMUSD was for \$2,000,000 for the years ended June 30, 2022 and 2021. The Foundation met the Grant Request for both those years through multiple payments throughout each of the school years.

Any remaining amounts raised by the Foundation through the Annual Campaign exceeding the Approved SMUSD annual Grant Request can be considered for other SMUSD programs. SMUSD is required to submit a separate grant request for such programs to the Foundation that goes through the same approval process described above. The Board also approved and disbursed additional amounts from unrestricted net asset of \$52,969 and \$42,823 for the years ended June 30, 2022 and 2021, respectively.

**Note 5: Equipment**

Equipment consisted of the following at June 30, 2022 and 2021:

	2022	2021
Equipment	\$ 16,681	\$ 16,681
Less: Accumulated Depreciation	(15,807)	(14,403)
Equipment, net	<u>\$ 874</u>	<u>\$ 2,278</u>

## SAN MARINO SCHOOLS FOUNDATION

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022 AND 2021

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#### Note 6: Fair Value Measurement

The framework for measuring fair value 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) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 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 Plan 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 value measurement.

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 maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

The fair value of beneficial interest in assets held by the community foundation is based on the fair value of fund investments as reported by the community foundation. These are considered to be Level 3 measurement.

The following is a reconciliation of the beginning and ending balance of assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the years ended June 30, 2022 and 2021:

**SAN MARINO SCHOOLS FOUNDATION**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022 AND 2021**

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**Note 6: Fair Value Measurement (Continued)**

	Fair Value Measurements at Report Date using Significant Unobservable Inputs (Level 3)
Balance at June 30, 2021	\$ 4,841,081
Purchases of investments	-
Investment return, net	(601,616)
Distributions	-
Balance at June 30, 2022	<u>\$ 4,239,465</u>
	Fair Value Measurements at Report Date using Significant Unobservable Inputs (Level 3)
Balance at June 30, 2020	\$ 3,927,240
Purchases of investments	4,034
Investment return, net	986,155
Distributions	(76,348)
Balance at June 30, 2021	<u>\$ 4,841,081</u>

**Note 7: Endowment Fund**

The Foundation's endowment fund is held at CCF and consists of donor restricted funds of \$843,422 (original investment of \$699,517 and subsequent donation received for scholarships of \$143,925) as of June 30, 2022 and 2021, respectively, and \$3,396,023 and \$3,997,639 without donor restriction as of June 30, 2022 and 2021, respectively, which includes amounts designated for endowment by the Board.

The Board has interpreted the California Uniform Prudent Management of Institutional Funds Act ("UPMIFA") as requiring the Foundation preserves the fair value of original gifts donated as of the date of the donor restricted endowment fund, and the original value of subsequent gifts to the permanent endowment.

The Foundation has adopted investment and distribution policies for endowment assets that attempt to provide acceptable long-term returns and protect the principal from inflation while assuming a moderate level of investment risk as follows:



**SAN MARINO SCHOOLS FOUNDATION**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022 AND 2021**

**Note 7: Endowment Fund (Continued)**

**Investment Policy**

To satisfy its long-term objectives, a substantial portion of the endowment assets are invested with the California Community Foundation's Permanent Pool.

**Disbursement Policy**

The Board reviews the disbursement policy annually. The Foundation's current policy is to accumulate funds in the endowment fund until the balance amount of \$2,000,000 is reached, after which investment income may be distributed annually from the endowment fund to the SMUSD. However, the amount of such a distribution can not exceed four percent (4%) of the average value of the endowment fund based upon the prior four calendar years. In calculating the average, data as of the end of each quarter is used. If the value of the endowment fund falls below the original principal amount that was gifted, there will be no distributions until the sixteen-quarter average value of the endowment fund rises above the original gifted principal amount. Distributions, if any, will be made at the end of each fiscal year.

The changes in endowment net assets for the year ended June 30, 2022 and 2021, are as follows:

	<b>As of June 30, 2022</b>				
	<b>Without Donor Restriction</b>				
	<b>Undesignated</b>	<b>Board Designated</b>	<b>Total</b>	<b>With Donor Restriction</b>	<b>Total</b>
Beginning of year	\$ 2,697,156	\$ 1,300,483	\$ 3,997,639	\$ 843,442	\$ 4,841,081
Contributions	-	-	-	-	-
Net investment return	(601,616)	-	(601,616)	-	(601,616)
Transfer out	-	-	-	-	-
Reclass	-	-	-	-	-
End of year	<u>\$ 2,095,540</u>	<u>\$ 1,300,483</u>	<u>\$ 3,396,023</u>	<u>\$ 843,442</u>	<u>\$ 4,239,465</u>

	<b>As of June 30, 2021</b>				
	<b>Without Donor Restriction</b>				
	<b>Undesignated</b>	<b>Board Designated</b>	<b>Total</b>	<b>With Donor Restriction</b>	<b>Total</b>
Beginning of year	\$ 1,783,315	\$ 1,300,483	\$ 3,083,798	\$ 843,442	\$ 3,927,240
Contributions	4,034	-	4,034	-	4,034
Net investment loss	986,155	-	986,155	-	986,155
Transfer out	(76,348)	-	(76,348)	-	(76,348)
End of year	<u>\$ 2,697,156</u>	<u>\$ 1,300,483</u>	<u>\$ 3,997,639</u>	<u>\$ 843,442</u>	<u>\$ 4,841,081</u>

The Board's policy is that the California Community Foundation Endowment Fund is to maintain a balance of \$2,000,000. This balance consists of board designated funds of \$1,300,483 plus \$699,517 of donor restricted contributions at June 30, 2022.

**SAN MARINO SCHOOLS FOUNDATION**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022 AND 2021**

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**Note 8: Net Assets with Donor Restrictions**

Net assets with donor restrictions are restricted for the following purposes. During the year, the Board reviewed the restricted fund held in endowment fund. During the process, the Board determined that some fund which were classified with donor restrictions are not necessary donor restricted fund.

	<u>2022</u>	<u>2021</u>
Scholarship	\$ 143,925	\$ 143,925
Beneficial interest in assets held by California Community Foundation	<u>699,517</u> 843,442	<u>699,517</u> 843,442
Other programs	<u>56,357</u>	<u>84,107</u>
	<u>\$ 899,799</u>	<u>\$ 927,549</u>

**Note 9: Functional Expenses**

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Such expenses are allocated on the basis of estimates of time and effort.

**Note 10: Employee Benefits**

The Foundation sponsors a Simplified Employee Pension Individual Retirement Arrangement (SEP IRA). Under this plan, the employer must make either a (1) matching contribution or (2) nonelective contribution. During the years ended June 30, 2022 and 2021, the Foundation made nonelective contributions of \$0 and \$5,469 during the years ended June 30, 2022 and 2021, respectively.