

**ROSE FOUNDATION FOR COMMUNITIES  
AND THE ENVIRONMENT**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED  
DECEMBER 31, 2017**

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## **INTRODUCTORY SECTION**

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**ROSE FOUNDATION FOR COMMUNITIES AND THE ENVIRONMENT**  
**Financial Statements**  
**For the Year Ended December 31, 2017**

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## **FINANCIAL SECTION**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of the  
Rose Foundation for Communities and the Environment  
Oakland, California

### *Report on the Financial Statements*

We have audited the accompanying financial statements of the Rose Foundation for the Communities and the Environment (a nonprofit organization), which comprise the statements of financial position as of December 31, 2017, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Foundation'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 Foundation'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 the Rose Foundation for Communities and the Environment as of December 31, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Report on 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 on page 5 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.

*Maze + Associates*

Pleasant Hill, California  
August 27, 2018

ROSE FOUNDATION FOR COMMUNITIES AND THE ENVIRONMENT

STATEMENT OF FINANCIAL POSITION  
AS OF DECEMBER 31, 2017

ASSETS

Cash and cash equivalents (Note 3)	\$4,125,579
Investments (Note 3)	4,811,811
Receivables (Note 2D):	
Grants	590,047
Prepays and deposits	23,537
Property and equipment, net of accumulated depreciation of \$34,360 (Note 4)	<u>5,997</u>
Total Assets	<u><u>\$9,556,971</u></u>

LIABILITIES

Accounts payable	\$30,013
Accrued compensation	50,064
Grants payable (Note 5)	<u>2,026,667</u>
Total Liabilities	<u>2,106,744</u>
	<u>2,106,744</u>

NET ASSETS (Note 2A)

Unrestricted	1,313,315
Temporarily restricted (Note 6)	6,119,752
Permanently restricted (Note 7)	<u>17,160</u>
Total Net Assets	<u>7,450,227</u>
Total Liabilities and Net Assets	<u><u>\$9,556,971</u></u>

See accompanying notes to financial statements

## ROSE FOUNDATION FOR COMMUNITIES AND THE ENVIRONMENT

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
SUPPORT AND REVENUE				
Support				
Donations and bequests	\$177,328	\$1,556,515		\$1,733,843
Grants:				
Public foundations	11,000	107,650		118,650
Private foundations	36,075	3,284,180		3,320,255
Governmental		91,594		91,594
Restitution payments:				
Restitution receipts		4,449,123		4,449,123
Total Support	<u>224,403</u>	<u>9,489,062</u>		<u>9,713,465</u>
Revenue				
Investment income	206,740		\$1,410	208,150
Interest and dividends	125,578	6,384	1,023	132,985
Miscellaneous				
Return of net funds	100	15,000		15,100
Transfers	(104,000)	104,000		
Total Revenue	<u>228,418</u>	<u>125,384</u>	<u>2,433</u>	<u>356,235</u>
Net assets released from restrictions (Note 6)	<u>7,461,169</u>	<u>(7,459,734)</u>	<u>(1,435)</u>	
Total Support and Revenue	<u>7,913,990</u>	<u>2,154,712</u>	<u>998</u>	<u>10,069,700</u>
OPERATING EXPENSES				
Program service	7,036,202			7,036,202
Support services:				
Management and general	260,185			260,185
Fundraising	152,215			152,215
Total Expenses	<u>7,448,602</u>			<u>7,448,602</u>
Change in net assets	465,388	2,154,712	998	2,621,098
Net Assets at Beginning of Year	<u>847,927</u>	<u>3,965,040</u>	<u>16,162</u>	<u>4,829,129</u>
Net Assets at End of Year	<u>\$1,313,315</u>	<u>\$6,119,752</u>	<u>\$17,160</u>	<u>\$7,450,227</u>

See accompanying notes to financial statements

ROSE FOUNDATION FOR COMMUNITIES AND THE ENVIRONMENT

STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Program Services</u>	<u>Support Services</u>		<u>Total</u>
		<u>Management and General</u>	<u>Fundraising</u>	
FUNCTIONAL EXPENSES				
Personnel	\$413,528	\$162,737	\$122,732	\$698,997
Grants awarded	6,455,671	7,000		6,462,671
Professional fees	71,626	44,786	6,829	123,241
Bank and credit card fees	1,025	968		1,993
Depreciation (Note 4)	2,426	809	809	4,044
Dues, subscriptions and professional development	2,455	740	933	4,128
Equipment maintenance	2,224	752	740	3,716
Insurance	891	297	297	1,485
Office supplies	3,243	1,636	1,008	5,887
Postage	1,327	393	816	2,536
Printing	5,449	1,901	3,668	11,018
Miscellaneous	305			305
Rent (Note 8)	34,974	12,653	11,626	59,253
Telephone and website	12,200	2,389	2,392	16,981
Travel and transportation	28,833	6,940	365	36,138
Investment expense	25	16,184		16,209
Total Functional Expenses	<u>\$7,036,202</u>	<u>\$260,185</u>	<u>\$152,215</u>	<u>\$7,448,602</u>

See accompanying notes to financial statements

ROSE FOUNDATION FOR COMMUNITIES AND THE ENVIRONMENT

STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2017

CASH FLOWS FROM OPERATING ACTIVITIES

Changes in net assets	<u>\$2,621,098</u>
Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities:	
Depreciation	4,044
Realized gain on investments	257,162
Unrealized gain on investments	(49,012)
(Increase) in grants receivable	(348,193)
(Increase) in prepaids and deposits	(7,947)
(Decrease) in accounts payable	30,013
Increase in accrued compensation	(8,545)
(Decrease) in grants payable	(94,030)
Total Adjustments	<u>(216,508)</u>
Net Cash Provided (Used) by Operating Activities	<u>2,404,590</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of investments	(2,055,908)
Sales of investments	2,403,846
Purchase of property and equipment	<u>(3,542)</u>
Net Cash Provided (Used by) Investing Activities	<u>344,396</u>

NET DECREASE IN CASH AND CASH EQUIVALENTS

2,748,986

Cash and Cash Equivalents, Beginning of Year

1,376,593

Cash and Cash Equivalents, End of Year

\$4,125,579

SUPPLEMENTARY INFORMATION:

No taxes or interest were paid by the Foundation during 2017.

See accompanying notes to financial statements

**ROSE FOUNDATION FOR THE COMMUNITIES AND THE ENVIRONMENT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

**NOTE 1 – ORGANIZATION AND PROGRAMS**

**A. Reporting Entity**

The Rose Foundation for Communities and the Environment (Foundation) is a California non-profit corporation which was organized in 1992. The purpose of the Foundation is to encourage environmental and community stewardship by supporting charitable and educational projects. The Foundation's principal sources of revenue are from donations, grants, and restitution payments as a neutral third party. It is not involved as either a plaintiff or defendant in the underlying actions.

**B. Programs**

*New Voices Are Rising* – seeks to increase civic participation within under-represented communities, increase young people's commitment to environmental justice, and reduce air and water pollution that severely impact both human health and the health of the San Francisco Bay. The program helps young people gain the skills and experience in civic engagement that they need to begin to tackle the problems – including environmental health problems – that disproportionately impact their communities.

*Grant Making Programs* – are organized into a series of discrete funds. Each fund has a specific mission, and each fund may also have a specific geographic scope. Most funds are guided by a volunteer funding board whose members donate their time and expertise in guiding overall grant making strategy and individual grant decisions.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Basis of Presentation**

Resources are classified for accounting and reporting purposes into three classes of net assets: unrestricted, temporarily restricted and permanently restricted, according to externally imposed restrictions as follows:

*Unrestricted net assets*- Net assets that are not subject to any donor-imposed restrictions.

*Temporarily restricted net assets*- Net assets resulting (a) from contributions and other inflows of assets whose use by the Foundation is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Foundation pursuant to those stipulations, (b) from other asset enhancements and diminishments that are subject to the same kinds of stipulations, and (c) from reclassification from (or to) other classes of net assets as a consequence of donor-imposed stipulations, their expiration by passage of time, or their fulfillment and removal by actions of the Foundation pursuant to those stipulations.

*Permanently restricted net assets*- Net assets resulting (a) from contributions and other inflows of assets whose use by the Foundation is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Foundation, (b) from other asset enhancements and diminishments that are subject to the same kinds of stipulations, and (c) from reclassifications from (or to) other classes of net assets as a consequence of donor-imposed stipulations.

**ROSE FOUNDATION FOR THE COMMUNITIES AND THE ENVIRONMENT**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***B. Method of Accounting***

The financial statements of the Foundation are prepared using the accrual basis of accounting, which reflects revenue when earned and expenses as incurred.

***C. Cash and Cash Equivalents***

For purposes of the statement of cash flows, cash is defined as cash in demand deposit accounts as well as cash on hand. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and investments so near their maturity that the risk of changes in value due to changes in interest rates is negligible. These are generally investments with maturity dates within three months of the acquisition date.

***D. Receivables***

Receivables are recorded net of an allowance for expected losses. The allowance is recorded based on an estimate of the expected collectability of the amounts.

***E. Contributions***

Contributions are recognized when the donor makes a promise to give to the Foundation that is, in substance, unconditional. Donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

***F. Property and Equipment***

The Foundation records property and equipment in excess of \$1,000 at historical cost, or if donated at fair market value at the date of donation. Depreciation is determined on the straight-line method over the estimated useful lives of the assets. Expenditures for maintenance and repairs are charged against income as incurred.

***G. Functional Allocation of Expenses***

The Foundation allocated its expenses on a functional basis among its various programs and support services. Expenses that can be identified with a specific program or support service are allocated directly. Indirect costs are allocated among program and support services on a basis proportionate to the direct staff time or other method which best measures the relative degree of benefit.

**ROSE FOUNDATION FOR THE COMMUNITIES AND THE ENVIRONMENT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***H. Income Taxes***

The Foundation is exempt from income tax under Section 501(c)(3) of U.S. the Internal Revenue Code. Accordingly, no provision for income taxes has been provided in these financial statements. In addition, the Foundation qualifies for the charitable contribution deduction under Section 170(b)(1)(a) and has been classified as an organization that is not a private foundation under Section 509(a)(1). Unrelated business income, if any, may be subject to income tax. The Foundation paid no taxes on unrelated business income in the year ended December 31, 2017.

Generally accepted accounting principles require the recognition, measurement, classification, and disclosure in the financial statements of uncertain tax positions taken or expected to be taken in the organization's tax returns. Management has determined that the Foundation does not have any uncertain tax positions and associated unrecognized benefits that materially impact the financial statements or related disclosures. Since tax matters are subject to some degree of uncertainty, there can be no assurance that the Foundation's tax returns will not be challenged by the taxing authorities and that the Foundation will not be subject to additional tax, penalties, and interest as a result of such challenge. Generally, the Foundation's tax returns remain open for federal income tax examination for three years from the date of filing.

***I. Estimates***

The preparation of financial statements in conformity with generally accepted accounting principle requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

***J. Advertising Costs***

Advertising costs, if any, are expensed as incurred.

***K. Fair Value Measurements***

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Accounting standards set a framework for measuring fair value using a three tier hierarchy based on the extent to which inputs used in measuring fair value are observable in the market.

Level 1: Quoted prices in active markets for identical assets or liabilities.

Level 2: Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or inputs (interest rates, currency exchange rates, commodity rates and yield curves) that are observable or corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3: Inputs that are not observable in the market and reflect the management's judgment about the assumptions that market participants would use in pricing the asset or liability.

**ROSE FOUNDATION FOR THE COMMUNITIES AND THE ENVIRONMENT**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**L. Contributed Services and Equipment**

Donated services and equipment are reflected in the financial statements at the fair value of the services received only if the services received (a) create or enhance non-financial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation.

**NOTE 3 – CASH AND CASH EQUIVALENTS AND INVESTMENTS**

Cash and cash equivalents and investments consist of the following as of December 31, 2017:

Cash in bank	\$4,125,579
Investments	4,811,811
	\$8,937,390

The following are the major categories of marketable equity securities measured at fair value on a recurring basis during the year ended December 31, 2017 using quoted prices in active markets for identified assets (Level 1); significant other observable inputs (Level 2); and significant unobservable inputs (Level 3):

<u>Description</u>	Fair Value Measurements Using		Total
	Quoted Price in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	
Mutual funds - Equity funds		\$320,107	\$320,107
Mutual funds - Bond funds		1,520,692	1,520,692
Corporate Bonds	\$1,158,626		1,158,626
Equities	1,602,774		1,602,774
Exchange Traded Funds	63,638		63,638
Agency Securities	98,073		98,073
Other Assets	47,901		47,901
	\$2,825,038	\$1,840,799	\$4,811,811

Mutual Funds are reported using level 2 inputs based on values provided by the investment advisors.

**ROSE FOUNDATION FOR THE COMMUNITIES AND THE ENVIRONMENT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

**NOTE 3 – CASH AND CASH EQUIVALENTS AND INVESTMENTS (Continued)**

The following summarizes the investment income during the year ended December 31, 2017:

Interest and dividend income	\$132,985
Realized gain on investments	257,162
Unrealized gain/(loss) on investments	(49,012)
Subtotal	208,150
Total investment income, net	\$341,135

**NOTE 4 – PROPERTY AND EQUIPMENT**

Property and equipment are depreciated using the straight-line method over the following useful lives:

<u>Description</u>	<u>Life</u>
Computers and Equipment	5 years
Furniture and Fixtures	7 years

Property and equipment consisted of the following at December 31, 2017:

	Balance December 31, 2016	Additions	Balance December 31, 2017
Computers and Equipment	\$36,815	\$3,542	\$40,357
Less accumulated depreciation	(30,316)	(4,044)	(34,360)
Fixed assets, net	\$6,499	(\$502)	\$5,997

Depreciation expense for the year ended December 31, 2017 was \$4,044.

**NOTE 5 – GRANTS PAYABLE**

As of December 31, 2017, the Foundation records grants payable related to grants approved prior to year end. The following summarizes grants payable at December 31, 2017:

	Balance December 31, 2017
Kern County grants	\$257,500
Financial education grants	90,000
Central Valley grants	846,355
Watershed grants	828,312
Consumer products	4,500
Grants Payable	\$2,026,667

**ROSE FOUNDATION FOR THE COMMUNITIES AND THE ENVIRONMENT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

**NOTE 6 – TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets are restricted by time and/or purpose and consisted of the following at December 31, 2017:

New Voices Are Rising	\$1,953
Grassroots Fund	266,881
Coast to Crest Trail Projects	2,354
Community Water Center Fund	2,095
Donor Advised	1,135,643
Fiscal Sponsor	1,433,487
Restitution	<u>3,277,339</u>
	<u><u>\$6,119,752</u></u>

For the year ended December 31, 2017, net assets were released from restriction from donor sources as follows:

New Voices Are Rising	\$223,461
Grassroots Fund	329,143
Grassroots Training Institute	95,000
Coast to Crest Trail Projects	8,608
Community Water Center Fund	8,080
Donor Advised	987,718
Fiscal Sponsor	1,962,130
Restitution	<u>3,845,594</u>
	<u><u>\$7,459,734</u></u>

**NOTE 7 – PERMANENTLY RESTRICTED NET ASSETS/ENDOWMENTS**

The Foundation’s endowment consists of donor restricted balances established for the purpose of creating an endowment for the Anthony Grassroots Prize and is held in one investment account. Its endowment includes donor-restricted endowment funds. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

**ROSE FOUNDATION FOR THE COMMUNITIES AND THE ENVIRONMENT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

**NOTE 7 – PERMANENTLY RESTRICTED NET ASSETS/ENDOWMENT (Continued)**

Interpretation of Law - The Board of Directors of the Foundation has interpreted the California State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair market value of the original gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as permanently restricted net assets (a) the original value of the gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund, if applicable. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated expenditure by the organization in a manner consistent with the standard of prudence prescribed in SPMIFA. In accordance with SPMIFA, the organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund
2. The purpose of the organization and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciate of investments
6. Other resources of the organization
7. The investment policies of the organization

The changes in endowment net assets for the year ended December 31, 2017 were as follows:

	Permanently Restricted
Endowment net assets, December 31, 2015	\$16,162
Investment return:	
Investment income	1,410
Interest and dividends	1,023
Total investment return	2,433
Contributions	
Appropriation for endowment assets for expenditure	(1,435)
Endowment net assets, December 31, 2016	\$17,160

**ROSE FOUNDATION FOR THE COMMUNITIES AND THE ENVIRONMENT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

**NOTE 7 – PERMANENTLY RESTRICTED NET ASSETS/ENDOWMENT (Continued)**

The endowment net asset composition by type of fund as of December 31, 2017, consists of the following:

	Permanently Restricted	Total
Donor-restricted endowment funds	\$17,160	\$17,160
Total Funds	\$17,160	\$17,160

The balance of Permanently Restricted Net Assets at December 31, 2017 was \$17,160. The funds are held in a perpetual endowment fund and are required to be retained permanently to benefit the program. The Foundation did not hold any temporarily restricted endowment funds as of December 31, 2017.

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or SPMIFA requires the organization to retain as a fund of perpetual duration. As of December 31, 2017 there were no deficiencies in value.

Return Objectives and Risk Parameters

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a constant stream of funding for annual operating needs supported by its endowment while seeking to preserve the real (i.e., inflation adjusted) purchasing power of the endowment assets. Endowment assets include those assets of the donor-restricted funds that the organization must hold in perpetuity or for a donor-specified period(s). Under this policy, as approved by the Finance Committee, the endowment assets are invested in a manner that is intended to produce results that (1) meet the expected rate of return as dictated by the asset allocation in place and (2) exceed a weighted index of the total asset allocation and component benchmarks over rolling five-year periods by an appropriate amount (annualized, net of fees, over a full market cycle). In addition to rolling five-year periods, rolling three-year periods will be monitored for trends. Actual returns in any given year may vary.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return, the Foundation targets a diversified asset allocation that places greater emphasis on equity-based investments to achieve its long-term objectives with prudent risk constraints.

Spending Policy and how the Investment Objectives Relate to Spending Policy

The Foundation currently distributes all income from endowment assets.

**ROSE FOUNDATION FOR THE COMMUNITIES AND THE ENVIRONMENT  
 NOTES TO FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED DECEMBER 31, 2017**

**NOTE 8 – OPERATING LEASES AND SERVICE AGREEMENTS**

The Foundation leases office space in Oakland, California, under a 60-month non-cancelable operating lease which commenced on May 1, 2013. The minimum monthly lease paid for the office space is \$4,717.

Upon the end of the above lease, the Foundation leased another office space in Oakland, California under a 120-month non-cancelable operating lease which commenced on March 1, 2018. The minimum monthly lease paid for the office space is \$9,000.

For the year ended December 31, 2017, rent expense was \$59,253. Future minimum payments under these noncancelable lease are as follows:

<u>Fiscal Year Ending:</u>	
2018	\$108,868
2019	110,700
2020	114,021
2021	117,442
2022	120,965
2023-2027	661,486
2028-2032	766,843
2033	27,227
	<u>\$2,027,551</u>

**NOTE 9 – RETIREMENT PLANS**

The Foundation has adopted a 401(k) retirement plan, which covers all employees who have completed six months of service. The Foundation makes matching contributions equal to 100% of the participant contribution during the plan year, not to exceed 5% of each participant's compensation, for all eligible participants. To encourage employee contributions, the Foundation matches \$1 for every \$4 invested in the Plan by employees up to \$1,000 per year. During the year ended December 31, 2017 the Board approved a contribution to the plan which totaled \$26,290.

**NOTE 10 – CONCENTRATIONS**

A significant portion of the Foundation's total revenue is derived from restitution payments from various causes. For the year ended December 31, 2017, support from restitution was 44% of total revenue.

**ROSE FOUNDATION FOR THE COMMUNITIES AND THE ENVIRONMENT**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

**NOTE 11 – RISKS, UNCERTAINTIES AND CONCENTRATIONS**

The Foundation investments are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with these investments, it is at least reasonably possible that changes in the values of investments will occur in the near term and that such changes could materially affect the amounts reported in the financial statement of net position.

The Foundation receives a significant amount of revenue from donations and grants from individuals and foundations. The donations and grants awarded to the Foundation are at the sole discretion of the donors.

**NOTE 12 – RELATED PARTY TRANSACTIONS**

The Foundation President and Executive Director, both Board Members, are married. They are the co-founders of the Foundation as well as employees.

A Board member serves as grants manager of the Foundation's Pacific Northwest grant making funds, and is the project manager of the Coast to Crest Trail Project in Del Norte County, California.

**NOTE 13 – EXCESS OF FDIC**

As of December 31, 2017, the Foundation had exceeded the Federal Depository Insurance Corporation limit cash limit of \$250,000 on its depository accounts. At December 31, 2017, the Foundation had approximately \$2,025,268 on deposit in excess of federally insured limits.

**NOTE 14 – SUBSEQUENT EVENTS**

Management has evaluated subsequent events through August 27, 2018, the date on which the financial statements were available to be issued. Management concluded that no subsequent events have occurred since December 31, 2017 that require disclosure in the financial statements.

## ROSE FOUNDATION FOR COMMUNITIES AND THE ENVIRONMENT

SCHEDULE OF UNRESTRICTED FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>General Fund</u>	<u>Grants Program Administration</u>	<u>Reserve Fund</u>	<u>Total</u>
SUPPORT AND REVENUE				
Support				
Donations and bequests	\$167,328	\$5,000		\$172,328
Grants:				
Public foundations	11,000			11,000
Private foundations	36,075			36,075
Total Support	<u>214,403</u>	<u>5,000</u>		<u>219,403</u>
Revenue				
Investment income	192,317		\$14,423	206,740
Interest and dividends	118,752		6,826	125,578
Return of funds		100		100
Transfers	<u>(104,000)</u>	<u>(34,220)</u>	<u>34,220</u>	<u>(104,000)</u>
Total Revenue	<u>207,069</u>		<u>55,469</u>	<u>228,418</u>
Net assets released from restrictions	<u>7,466,169</u>			<u>7,466,169</u>
Total Support and Revenue	<u>7,887,641</u>	<u>5,000</u>	<u>55,469</u>	<u>7,913,990</u>
OPERATING EXPENSES				
Program service	7,036,202			7,036,202
Support services:				
Management and general	260,185			260,185
Fundraising	<u>152,215</u>			<u>152,215</u>
Total Expenses	<u>7,448,602</u>			<u>7,448,602</u>
Change in net assets	439,039	5,000	55,469	465,388
Net Assets at Beginning of Year	<u>10,636</u>	<u>319,753</u>	<u>517,538</u>	<u>847,927</u>
Net Assets at End of Year	<u>\$449,675</u>	<u>\$324,753</u>	<u>\$573,007</u>	<u>\$1,313,315</u>

## ROSE FOUNDATION FOR COMMUNITIES AND THE ENVIRONMENT

SCHEDULE OF TEMPORARILY RESTRICTED FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>New Voices Are Rising</u>	<u>Grassroots Fund</u>	<u>Grassroots Training Institute</u>	<u>Coast to Crest Trail Projects</u>
SUPPORT AND REVENUE				
Support				
Donations and bequests	\$39,983	\$1,495		\$500
Grants:				
Public foundations	1,000			
Private foundations		270,000		
Governmental	74,630			16,964
Restitution payments:				
Restitution receipts				
Total Support	<u>115,613</u>	<u>271,495</u>	<u>          </u>	<u>17,464</u>
Revenue				
Investment income				
Interest and dividends				
Return of funds				
Transfers	<u>109,000</u>	<u>35,993</u>	<u>          </u>	<u>          </u>
Total Revenue	<u>109,000</u>	<u>35,993</u>	<u>          </u>	<u>          </u>
Net assets released from restrictions	<u>(223,461)</u>	<u>(329,143)</u>	<u>(\$95,000)</u>	<u>(8,608)</u>
Total Support and Revenue	<u>1,152</u>	<u>(21,655)</u>	<u>(95,000)</u>	<u>8,856</u>
Change in net assets	1,152	(21,655)	(95,000)	8,856
Net Assets at Beginning of Year	<u>802</u>	<u>288,536</u>	<u>95,000</u>	<u>(6,503)</u>
Net Assets at End of Year	<u>\$1,954</u>	<u>\$266,881</u>	<u>          </u>	<u>\$2,353</u>

<u>Community Water Center Fund</u>	<u>Donor Advised</u>	<u>Fiscal Sponsor</u>	<u>Restitution</u>	<u>Total</u>
\$8,000	\$1,358,889	\$147,648		\$1,556,515
		106,650		107,650
		3,014,180		3,284,180
				91,594
			\$4,449,123	4,449,123
<u>8,000</u>	<u>1,358,889</u>	<u>3,268,478</u>	<u>4,449,123</u>	<u>9,489,062</u>
			6,384	6,384
	15,000			15,000
	<u>(18,825)</u>	<u>7,000</u>	<u>(29,168)</u>	<u>104,000</u>
	<u>(3,825)</u>	<u>7,000</u>	<u>(22,784)</u>	<u>125,384</u>
<u>(8,080)</u>	<u>(987,718)</u>	<u>(1,962,130)</u>	<u>(3,845,594)</u>	<u>(7,459,734)</u>
<u>(80)</u>	<u>367,346</u>	<u>1,313,348</u>	<u>580,745</u>	<u>2,154,712</u>
(80)	367,346	1,313,348	580,745	2,154,712
<u>2,175</u>	<u>768,296</u>	<u>120,139</u>	<u>2,696,595</u>	<u>3,965,040</u>
<u>\$2,095</u>	<u>\$1,135,642</u>	<u>\$1,433,487</u>	<u>\$3,277,340</u>	<u>\$6,119,752</u>

ROSE FOUNDATION FOR COMMUNITIES AND THE ENVIRONMENT

SCHEDULE OF FISCAL SPONSORSHIP  
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Bay Area Environmental Health Network</u>	<u>CA Business Alliance for Clean Economy</u>	<u>Fresno Building Healthy Communities</u>	<u>Foundation Partnership</u>	<u>Investor Environmental Health Network</u>
SUPPORT AND REVENUE					
Support					
Donations and bequests				\$3,510	\$45,150
Grants:					
Public foundations	\$5,000	\$75,000	\$10,000		
Private foundations		60,000	2,346,680		50,000
Total Support	<u>5,000</u>	<u>135,000</u>	<u>2,356,680</u>	<u>3,510</u>	<u>95,150</u>
Revenue					
Transfers	<u>5,000</u>				
Total Revenue	<u>5,000</u>				
Net assets released from restrictions	<u>(4,990)</u>	<u>(135,000)</u>	<u>(1,196,199)</u>	<u>(5,501)</u>	<u>(150,720)</u>
Total Support and Revenue	<u>5,010</u>		<u>1,160,481</u>	<u>(1,991)</u>	<u>(55,570)</u>
Change in net assets	5,010		1,160,481	(1,991)	(55,570)
Net Assets at Beginning of Year	<u>7,805</u>			<u>6,500</u>	<u>55,570</u>
Net Assets at End of Year	<u>\$12,815</u>		<u>\$1,160,481</u>	<u>\$4,509</u>	

<u>Dellums Institute</u>	<u>Community Alliance Agroecology</u>	<u>Just &amp; Resilient Future Fund</u>	<u>Together Restoring Economic Empowerment</u>	<u>Wilderness Reflections</u>	<u>Total</u>
\$3,885		\$91,892	\$311	\$2,900	\$147,648
	\$13,500	500	2,650		106,650
200,000	287,500	70,000			3,014,180
<u>203,885</u>	<u>301,000</u>	<u>162,392</u>	<u>2,961</u>	<u>2,900</u>	<u>3,268,478</u>
		2,000			7,000
		2,000			7,000
<u>(112,916)</u>	<u>(349,209)</u>	<u>(1,895)</u>	<u>(2,800)</u>	<u>(2,900)</u>	<u>(1,962,130)</u>
<u>90,969</u>	<u>(48,209)</u>	<u>162,497</u>	<u>161</u>		<u>1,313,348</u>
90,969	(48,209)	162,497	161		1,313,348
<u>2,031</u>	<u>48,209</u>		<u>24</u>		<u>120,139</u>
<u>\$93,000</u>		<u>\$162,497</u>	<u>\$185</u>		<u>\$1,433,487</u>

ROSE FOUNDATION FOR COMMUNITIES AND THE ENVIRONMENT

SCHEDULE OF RESTITUTION FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2017

	Environmental Fund	Central Valley Disadvantage Community Fund	Kern County Air Pollution Mitigation Fund	Consumer Privacy Rights Fund	Consumer Financial Education Fund	Total
<b>SUPPORT AND REVENUE</b>						
Support						
Restitution payments:						
Restitution receipts	\$2,261,727	\$1,422,614	\$210,220	\$508,063	\$46,500	\$4,449,124
Total Support	<u>2,261,727</u>	<u>1,422,614</u>	<u>210,220</u>	<u>508,063</u>	<u>46,500</u>	<u>4,449,124</u>
Revenue						
Interest and dividends			6,383			6,383
Transfers	(26,918)				(2,250)	(29,168)
Total Revenue	<u>(26,918)</u>	<u></u>	<u>6,383</u>	<u></u>	<u>(2,250)</u>	<u>(22,785)</u>
Net assets released from restrictions	(2,084,997)	(1,422,614)	(288,188)	(\$40,645)	(\$9,150)	(3,845,594)
Total Support and Revenue	<u>149,812</u>	<u>0</u>	<u>(71,585)</u>	<u>467,418</u>	<u>35,100</u>	<u>580,745</u>
Change in net assets	149,812	0	(71,585)	467,418	35,100	580,745
Net Assets at Beginning of Year	<u>2,274,042</u>	<u></u>	<u>399,325</u>	<u>23,228</u>	<u></u>	<u>2,696,595</u>
Net Assets at End of Year	<u>\$2,423,854</u>	<u>\$0</u>	<u>\$327,740</u>	<u>\$490,646</u>	<u>\$35,100</u>	<u>\$3,277,340</u>

ROSE FOUNDATION FOR COMMUNITIES AND THE ENVIRONMENT

SCHEDULE PERMANENTLY RESTRICTED FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Anthony Prize</u>	<u>Total</u>
REVENUE		
Revenue		
Investment income	\$1,410	\$1,410
Interest and dividends	1,023	1,023
Total Revenue	<u>2,433</u>	<u>2,433</u>
Net assets released from restrictions	<u>(1,435)</u>	<u>(1,435)</u>
Total Support and Revenue	<u>998</u>	<u>998</u>
Change in net assets	998	998
Net Assets at Beginning of Year	<u>16,162</u>	<u>16,162</u>
Net Assets at End of Year	<u><u>\$17,160</u></u>	<u><u>\$17,160</u></u>

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