

**ROSE FOUNDATION FOR COMMUNITIES  
AND THE ENVIRONMENT**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED  
DECEMBER 31, 2020**

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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, 2020**

**Table of Contents**

	<b><u>Page</u></b>
<b>INTRODUCTORY SECTION</b>	
Table of Contents .....	i
<b>FINANCIAL SECTION</b>	
<b>Independent Auditor's Report</b> .....	<b>1</b>
<b>Financial Statements:</b>	
Statement of Financial Position .....	3
Statement of Activities .....	4
Statement of Functional Expenses .....	5
Statement of Cash Flows .....	6
Notes to Financial Statements .....	7
<b>SUPPLEMENTAL SECTION</b>	
Schedule of Funds Without Donor Restrictions .....	21
Schedule of Funds With Donor Restrictions – Purpose Restrictions .....	22
Schedule of Fiscal Sponsorship .....	24
Schedule of Restitution Funds .....	26
Schedule of Funds with Donor Restrictions – Perpetual in Nature .....	28

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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 statement of financial position as of December 31, 2020, 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, 2020, 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 schedules included in the Supplemental Section, as listed in the Table of Contents, are presented for purposes of additional analysis and are 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  
May 26, 2021

**ROSE FOUNDATION FOR COMMUNITIES AND THE ENVIRONMENT**

**STATEMENT OF FINANCIAL POSITION  
AS OF DECEMBER 31, 2020**

**ASSETS**

Cash and cash equivalents (Note 2B)	\$3,703,071
Investments (Note 3)	4,181,375
Accounts receivable	1,000
Grants receivable	43,946
Prepays and deposits	14,990
Property and equipment, net of accumulated depreciation of \$43,575 (Note 4)	<u>8,338</u>
Total Assets	<u><u>\$7,952,720</u></u>

**LIABILITIES**

Accounts payable	\$20,059
Accrued compensation	71,089
Grants payable (Note 5)	777,802
Deferred revenue (Note 6)	<u>1,542,673</u>
Total Liabilities	<u>2,411,623</u>

**NET ASSETS (Note 2A)**

Without donor restrictions	1,331,896
With donor restrictions:	
Purpose restrictions (Note 8)	4,187,541
Perpetual in nature (Note 7)	<u>21,660</u>
Total Net Assets	<u>5,541,097</u>
Total Liabilities and Net Assets	<u><u>\$7,952,720</u></u>

See accompanying notes to financial statements

**ROSE FOUNDATION FOR COMMUNITIES AND THE ENVIRONMENT**

**STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2020**

	Without Donor Restrictions	With Donor Restrictions		Total
		Purpose Restrictions	Perpetual in Nature	
<b>SUPPORT AND REVENUE</b>				
Support				
Donations and bequests	\$131,247	\$727,973		\$859,220
Grants:				
Public foundations	20,000	422,500		442,500
Private foundations		1,278,253		1,278,253
Governmental	168,235	92,799		261,034
Restitution payments:				
Restitution receipts		3,229,532		3,229,532
Special events	23,456			23,456
Total Support	<u>342,938</u>	<u>5,751,057</u>		<u>6,093,995</u>
Revenue				
Net investment income (Note 3)	414,233	3,304	\$3,964	421,501
Return of net funds		12,719		12,719
Transfers	(29,142)	29,142		
Total Revenue	<u>385,091</u>	<u>45,165</u>	<u>3,964</u>	<u>434,220</u>
Net assets released from restrictions (Note 8)	<u>5,490,474</u>	<u>(5,490,474)</u>		
Total Support and Revenue	<u>6,218,503</u>	<u>305,748</u>	<u>3,964</u>	<u>6,528,215</u>
<b>OPERATING EXPENSES</b>				
Program service	5,320,969			5,320,969
Support services:				
Management and general	400,614			400,614
Fundraising	277,040			277,040
Total Expenses	<u>5,998,623</u>			<u>5,998,623</u>
Change in net assets	219,880	305,748	3,964	529,592
Net Assets at Beginning of Year	<u>1,112,016</u>	<u>3,881,793</u>	<u>17,696</u>	<u>5,011,505</u>
Net Assets at End of Year	<u>\$1,331,896</u>	<u>\$4,187,541</u>	<u>\$21,660</u>	<u>\$5,541,097</u>

See accompanying notes to financial statements

**ROSE FOUNDATION FOR COMMUNITIES AND THE ENVIRONMENT**

**STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2020**

	Program Services	Support Services		Total
		Management and General	Fundraising	
FUNCTIONAL EXPENSES				
Personnel - salaries	\$331,768	\$268,559	\$167,956	\$768,283
Personnel - benefits and payroll taxes	88,357	71,522	44,730	204,609
Grants awarded	4,658,372			4,658,372
Professional fees	119,868	13,344	18,293	151,505
Bank and credit card fees	2,988	1,086	552	4,626
Depreciation (Note 4)	1,390	1,019	679	3,088
Dues, subscriptions and professional development	3,699	1,863	1,098	6,660
Equipment maintenance	1,582	1,106	797	3,485
Insurance	2,102	1,541	1,028	4,671
Office supplies	18,646	3,318	1,594	23,558
Postage	1,880	1,142	860	3,882
Printing	3,467	2,180	2,076	7,723
Rent (Note 9)	59,693	31,280	30,148	121,121
Telephone and website	2,907	1,949	1,393	6,249
Travel and transportation	4,095	705	573	5,373
Events			5,263	5,263
Training	20,155			20,155
Total Functional Expenses	<u>\$5,320,969</u>	<u>\$400,614</u>	<u>\$277,040</u>	<u>\$5,998,623</u>

See accompanying notes to financial statements

ROSE FOUNDATION FOR COMMUNITIES AND THE ENVIRONMENT

STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2020

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	<u>\$529,592</u>
Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities:	
Depreciation	3,088
Realized gain on investments	145,271
Unrealized gain on investments	192,691
Decrease in accounts receivable	2,000
Decrease in grants receivable	25,733
(Increase) in prepaids and deposits	(5,647)
(Decrease) in accounts payable	(35,546)
Increase in accrued compensation	22,541
(Decrease) in grants payable	(214,100)
Increase in deferred revenue	<u>1,281,108</u>
Total Adjustments	<u>1,417,139</u>
Net Cash Provided by Operating Activities	<u>1,946,731</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase and reinvestment of investments	(2,168,353)
Sales of investments	1,936,643
Net (reinvestment) of dividend and interest income	(76,577)
Investment expenses, fees and other	(38,617)
Purchase of property and equipment	<u>(5,118)</u>
Net Cash (Used) by Investing Activities	<u>(352,022)</u>

NET INCREASE IN CASH AND CASH EQUIVALENTS	1,594,709
Cash and Cash Equivalents, Beginning of Year	<u>2,108,362</u>
Cash and Cash Equivalents, End of Year	<u><u>\$3,703,071</u></u>

SUPPLEMENTARY INFORMATION:

No taxes or interest were paid by the Foundation during 2020.

See accompanying notes to financial statements

**ROSE FOUNDATION FOR THE COMMUNITIES AND THE ENVIRONMENT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

**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. The Foundation 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**

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). The financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) in the Accounting Standards Codification (ASC), No. 958, *Financial Statements of Not-for-Profit Organizations*.

The Foundation reports information regarding its financial position and activities according to two classes of net assets:

*Net Assets Without Donor Restrictions* – Net assets available for use in general operations that are not subject to or are no longer subject to donor-imposed restrictions.

*Net Assets With Donor Restrictions* – Net assets whose use is limited by donor-imposed time and/or purpose 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.

**ROSE FOUNDATION FOR THE COMMUNITIES AND THE ENVIRONMENT**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

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

Revenues are reported as increases in net assets without donor restriction unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of donor restrictions on the net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

***B. 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.

***C. Investments***

Investments are reported at their fair values in the statement of financial position using readily determinable market values. Net investment return/(loss) is reported in the statement of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses.

***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. 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 assigned at 5 years for computers and equipment and 7 years for furniture and fixtures. Expenditures for maintenance and repairs are charged to expenses as incurred.

***F. Support and Revenues***

Support consists of donations, bequests, and grants from individuals, public and private foundations, governments as well as restitution payments from corporations. Unconditional promises to give are recognized as revenues or gains in the period received and as assets depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.



**ROSE FOUNDATION FOR THE COMMUNITIES AND THE ENVIRONMENT**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

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

***G. 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.

***H. Advertising Costs***

Advertising costs, if any, are expensed as incurred.

***I. Functional Allocation of Expenses***

The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement 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, based on the type of expense.

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.

***J. 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, 2020.

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.

***K. Use of 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.

**ROSE FOUNDATION FOR THE COMMUNITIES AND THE ENVIRONMENT**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

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

**L. Fair Value Measurements**

The Foundation reports certain assets and liabilities at fair value in the financial statements. 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 observable and non-observable inputs. Observable inputs consist of data obtained from independent sources. Non-observable inputs reflect industry assumptions. These two types of inputs are used to create the fair value hierarchy, giving preference to observable inputs.

The three-tier hierarchy categorizes the inputs as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that can be accessed at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.

Level 3: Unobservable inputs for the asset or liability. In these situations, the Foundation develops inputs using the best information available in the circumstances.

In some cases, the inputs used to measure the fair value of an asset or a liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, taking into account factors specific to the asset or liability. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to our assessment of the quality, risk, or liquidity profile of the asset or liability.

**M. Financial Instruments and Credit Risk**

Financial instruments that potentially subject the Foundation to concentration of credit risk consist primarily of cash and investments. The Foundation holds its cash with four separate financial institutions, and substantially all of its investments with one financial institution. These balances may at times exceed FDIC and SIPC insurance limits. The Foundation invests only with financial institutions with strong credit ratings and has established guidelines relative to diversification and maturities that maintain safety and liquidity.

As of December 31, 2020, the Foundation had exceeded the Federal Depository Insurance Corporation limit cash limit of \$250,000 on its depository accounts. At December 31, 2020, the Foundation had approximately \$1,174,477 on deposit in excess of federally insured limits. The Foundation has not experienced any losses on its federally insured accounts and believes they are not exposed to any significant credit risk from cash.

**ROSE FOUNDATION FOR THE COMMUNITIES AND THE ENVIRONMENT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

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

*N. Subsequent Events*

The Foundation evaluated subsequent events for recognition and disclosure through May 26, 2021, the date which these financial statements were available to be issued.

In October 2019, as part of a class action suit against Apple, Inc., the Foundation was named as the cy pres beneficiary for any residual settlement funds. In February 2021, the Foundation received \$5.9 million in cy pres funds, which will be distributed in future years to grantees.

**NOTE 3 – INVESTMENTS**

The Foundation's overall investment goal is to protect the corpus of its endowments and provide income to support grants to the community, with growth over time as a secondary objective. Generally, this means that endowments shall be anchored in fixed income investments to provide an income stream for annual grants, while having some equity component that offers the potential for growth over time. Overall, the Foundation's endowments must generate returns which match those of the broad market indices and specific benchmarks, while the weight of the corpus supports the overall mission of the Foundation.

All portfolio holdings must be of high quality, chosen with prevailing standards for care, skill, fiduciary prudence and diligence, and may include holdings in mutual funds.

Bonds or other fixed income securities must be rated "A" or better by Standard & Poor or Moody's at the time of purchase. The holding of junk bonds (i.e. bonds rated below "BBB" by S&P or Moody's), or purchase of private placements of any kind, options, futures, warrants, margin purchases, short sales and/or real estate is prohibited. Investment in derivatives or commodities, especially those related to food or energy, is discouraged. Holdings in any one company or issuer shall not exceed 10% of the total value of the portfolio. No more than 25% of the portfolio shall be invested in any single economic sector. However, unrated US Treasury and other US government securities are eligible for inclusion in the portfolio, and holdings of US government securities may exceed 10% of the total value of the portfolio.

**ROSE FOUNDATION FOR THE COMMUNITIES AND THE ENVIRONMENT**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

**NOTE 3 – INVESTMENTS (Continued)**

The following are the major categories of marketable equity securities measured at fair value on a recurring basis during the year ended December 31, 2020 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		
Mutual funds - Bond funds		856,887	856,887
Equities	\$1,256,858		1,256,858
Exchange Traded Funds	98,147		98,147
Agency Securities	1,676,175		1,676,175
Other Assets	28,633		28,633
	\$3,059,813	\$1,121,562	\$4,181,375

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

Net investment return consisted of the following for the year ended December 31, 2020:

Interest and dividend income	\$96,884
Realized gain on investments	145,271
Unrealized gain on investments	192,691
Investment expenses	(13,345)
Total investment income, net	\$421,501

**NOTE 4 – PROPERTY AND EQUIPMENT**

Property and equipment consisted of the following at December 31, 2020:

	Balance January 1, 2020	Additions	Balance December 31, 2020
	Computers and Equipment	\$46,795	\$5,118
Less accumulated depreciation	(40,487)	(3,088)	(43,575)
Property and equipment, net	\$6,308	\$2,030	\$8,338

**ROSE FOUNDATION FOR THE COMMUNITIES AND THE ENVIRONMENT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

**NOTE 5 – GRANTS PAYABLE**

As of December 31, 2020, the Foundation recorded grants payable related to grants approved prior to year-end. The following summarizes grants payable at December 31, 2020:

	Balance December 31, 2020
California Watersheds	\$99,250
Central Valley	150,000
Columbia River	11,500
Consumer Products	12,500
Donor Advised Groups	2,000
Financial Education	25,000
Grassroots	25,650
Grays Harbor	30,000
Leadership	5,000
Orca Fund	229,228
Puget Sound Stewardship	187,674
Total Grants Payable	\$777,802

**NOTE 6 – DEFERRED REVENUE**

The Foundation receives grants from public and private foundations, as well as restitution payments from various corporations. Certain grant agreements and restitution payments are advanced to finance program expenditures and are conditional on performance of the terms of the agreement. Deferred revenue constitutes the amount of grants awarded and restitution payments in which allowable program expenditures have not been incurred. As of December 31, 2020, deferred revenue consists of the following:

HSBC Bank Restitution	\$1,352,861
Other	189,812
Total deferred revenue	\$1,542,673

**ROSE FOUNDATION FOR THE COMMUNITIES AND THE ENVIRONMENT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

**NOTE 7 – ENDOWMENT**

The Foundation's endowment consists of a donor restricted balance 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.

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 retains in perpetuity (a) the original value of the gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the 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. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by SPMIFA. The Foundation 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 Foundation 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 appreciation of investments
6. Other resources of the Foundation
7. The investment policies of the Foundation

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 Foundation 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.

**ROSE FOUNDATION FOR THE COMMUNITIES AND THE ENVIRONMENT**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

**NOTE 7 – ENDOWMENT (Continued)**

Spending Policy and how the Investment Objectives Relate to Spending Policy

The Foundation currently distributes all income from endowment assets.

The changes in endowment net assets for the year ended December 31, 2020 were as follows:

	Restricted in Perpetuity	Total
Endowment net assets, December 31, 2019	\$17,696	\$17,696
Investment return:		
Investment income, net	2,961	2,961
Interest and dividends	1,003	1,003
Total investment return	3,964	3,964
Endowment net assets, December 31, 2020	\$21,660	\$21,660

The endowment net asset composition by type of fund as of December 31, 2020, consists of the following:

	Perpetual in Nature	Total
Donor-restricted endowment funds	\$21,660	\$21,660
Total Funds	\$21,660	\$21,660

Funds with Deficiencies

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). The Foundation has interpreted SPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. At December 31, 2020, the Foundation had no underwater endowments.

**ROSE FOUNDATION FOR THE COMMUNITIES AND THE ENVIRONMENT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

**NOTE 8 – NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions are restricted for the following purposes at December 31, 2020:

New Voices Are Rising	\$641
Northern CA Grassroots Fund	52,718
Grassroots Leadership Fund	97,758
Donor Advised	470,658
Fiscally Sponsored	200,624
Restitution	3,363,047
Community Water Center	2,095
	<u>\$4,187,541</u>

For the year ended December 31, 2020, net assets were released from restriction from donor sources as follows:

New Voices Are Rising	\$297,392
Northern CA Grassroots Fund	213,539
Grassroots Leadership Fund	99,179
Donor Advised	463,239
Fiscally Sponsored	1,556,354
Restitution	2,860,771
	<u>\$5,490,474</u>



**ROSE FOUNDATION FOR THE COMMUNITIES AND THE ENVIRONMENT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

**NOTE 9 – OPERATING LEASES AND SERVICE AGREEMENTS**

The Foundation leases its office space under a 120-month non-cancelable operating lease which commenced on March 1, 2018 and terminates on February 29, 2028. The minimum monthly lease rate for the office space starts at \$9,000 per month, adjusted annually by 3% each March 1st. At the end of 120-month term, the Foundation has an option to renew the lease for another 5-year term.

For the year ended December 31, 2020, rent expense was \$121,121.

In March 2018, the Foundation entered into a 48-month lease for one Color Laser Multifunction Printer. The monthly minimum lease payments for the Color Laser Multifunction Printer are \$251.

Future minimum payments under these leases are as follows:

<u>Fiscal Year Ending:</u>	
2021	\$120,023
2022	121,610
2023	124,594
2024	128,332
2025	132,182
2026-2030	722,823
2031-2033	347,625
	<u>\$1,697,189</u>

**NOTE 10 – 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, 2020 the Board approved a contribution to the plan which totaled \$41,763.

**NOTE 11 – CONCENTRATIONS**

A significant portion of the Foundation’s total revenue is derived from restitution payments from various causes. For the year ended December 31, 2020, support from restitution was 54% of total revenue.

**ROSE FOUNDATION FOR THE COMMUNITIES AND THE ENVIRONMENT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

**NOTE 12 – LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, consisted of the following at December 31, 2020:

Total current financial assets:	
Cash and cash equivalents	\$3,703,071
Investments	4,181,375
Accounts receivable	1,000
Grants receivable	43,946
Total current financial assets	7,929,392
Contractual or donor-imposed restrictions:	
Donor-imposed restrictions for specific purposes	(4,187,541)
Endowment fund - restricted in perpetuity	(21,660)
Financial Assets Available to Meet Cash Needs for Expenditures Within One Year	\$3,720,191

**NOTE 13 – 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 14 – PAYCHECK PROTECTION PROGRAM**

On April 23, 2020, the Foundation received a \$168,235 loan from the U.S. Small Business Administration Paycheck Protection Program (PPP), with an interest rate of 1.0% that matures on April 30, 2022. The loan was made pursuant to Section 1102 and 1106 of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). Section 1106 of the CARES Act provides that up to the full principal amount plus interest accrued on loans guaranteed under the PPP may qualify for forgiveness if the Foundation uses the loan proceeds for forgivable purposes. The Foundation recognized the amount received as grant revenue, as qualified expenses occurred during 2020, and in March 2021, the Foundation received notice of full forgiveness of the loan.

**SUPPLEMENTAL SECTION**

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**ROSE FOUNDATION FOR COMMUNITIES AND THE ENVIRONMENT**

**SCHEDULE OF FUNDS WITHOUT DONOR RESTRICTIONS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

	<u>General Fund</u>	<u>Grants Program Administration</u>	<u>Reserve Fund</u>	<u>Total</u>
<b>SUPPORT AND REVENUE</b>				
Support				
Donations and bequests	\$131,190	\$57		\$131,247
Grants:				
Public foundations		20,000		20,000
Governmental	168,235			168,235
Special events	23,456			23,456
Total Support	<u>322,881</u>	<u>20,057</u>		<u>342,938</u>
Revenue				
Net investment income	358,134		\$56,099	414,233
Return of net funds				
Transfers	(212,054)	283,711	(100,799)	(29,142)
Total Revenue	<u>146,080</u>	<u>283,711</u>	<u>(44,700)</u>	<u>385,091</u>
Net assets released from restrictions	<u>5,178,315</u>	<u>312,159</u>		<u>5,490,474</u>
Total Support and Revenue	<u>5,647,276</u>	<u>615,927</u>	<u>(44,700)</u>	<u>6,218,503</u>
<b>OPERATING EXPENSES</b>				
Program service	5,008,810	312,159		5,320,969
Support services:				
Management and general	400,614			400,614
Fundraising	277,040			277,040
Total Expenses	<u>5,686,464</u>	<u>312,159</u>		<u>5,998,623</u>
Change in net assets	(39,188)	303,768	(44,700)	219,880
Net Assets at Beginning of Year	<u>242,423</u>	<u>156,881</u>	<u>712,712</u>	<u>1,112,016</u>
Net Assets at End of Year	<u>\$203,235</u>	<u>\$460,649</u>	<u>\$668,012</u>	<u>\$1,331,896</u>

**ROSE FOUNDATION FOR COMMUNITIES AND THE ENVIRONMENT**

**SCHEDULE OF FUNDS WITH DONOR RESTRICTIONS - PURPOSE RESTRICTIONS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

	<u>New Voices Are Rising</u>	<u>Grassroots Fund</u>	<u>Grassroots Leadership</u>	<u>Coast to Crest Trail Project</u>	<u>Community Water Center Fund</u>
<b>SUPPORT AND REVENUE</b>					
Support					
Donations and bequests	\$59,056	\$26,979			
Grants:					
Public foundations	62,500				
Private foundations	30,000	154,000	\$196,937		
Governmental	92,799				
Restitution payments:					
Restitution receipts	36,894				
Total Support	<u>281,249</u>	<u>180,979</u>	<u>196,937</u>		
Revenue					
Investment income					
Interest and dividends					
Return of funds					
Transfers	1,000	26,599		(\$2,353)	
Total Revenue	<u>1,000</u>	<u>26,599</u>		<u>(2,353)</u>	
Net assets released from restrictions	<u>(297,392)</u>	<u>(213,539)</u>	<u>(99,179)</u>		
Total Support and Revenue	<u>(15,143)</u>	<u>(5,961)</u>	<u>97,758</u>	<u>(2,353)</u>	
Change in net assets	(15,143)	(5,961)	97,758	(2,353)	
Net Assets at Beginning of Year	<u>15,784</u>	<u>58,679</u>		<u>2,353</u>	<u>\$2,095</u>
Net Assets at End of Year	<u><u>\$641</u></u>	<u><u>\$52,718</u></u>	<u><u>\$97,758</u></u>		<u><u>\$2,095</u></u>

<u>Donor Advised</u>	<u>Fiscally Sponsored</u>	<u>Restitution Funds</u>	<u>Total</u>
\$492,895	\$149,043		\$727,973
	360,000		422,500
	897,316		1,278,253
			92,799
		\$3,192,638	3,229,532
<u>492,895</u>	<u>1,406,359</u>	<u>3,192,638</u>	<u>5,751,057</u>
		3,304	3,304
12,719			12,719
(32,439)	19,996	16,339	29,142
<u>(19,720)</u>	<u>19,996</u>	<u>19,643</u>	<u>45,165</u>
<u>(463,239)</u>	<u>(1,556,354)</u>	<u>(2,860,771)</u>	<u>(5,490,474)</u>
<u>9,936</u>	<u>(129,999)</u>	<u>351,510</u>	<u>305,748</u>
9,936	(129,999)	351,510	305,748
<u>460,722</u>	<u>330,623</u>	<u>3,011,537</u>	<u>3,881,793</u>
<u>\$470,658</u>	<u>\$200,624</u>	<u>\$3,363,047</u>	<u>\$4,187,541</u>

**ROSE FOUNDATION FOR COMMUNITIES AND THE ENVIRONMENT**

**SCHEDULE OF FISCAL SPONSORSHIP  
FOR THE YEAR ENDED DECEMBER 31, 2020**

	<u>Bay Area Environmental Health Network</u>	<u>Blue Tomorrow Group</u>	<u>The CEQA Project</u>	<u>Water Climate Project</u>	<u>Fresno Building Healthy Communities</u>
<b>SUPPORT AND REVENUE</b>					
Support					
Donations and bequests			\$6,000	\$50	
Grants:					
Public foundations					
Private foundations					\$494,812
Total Support			<u>6,000</u>	<u>50</u>	<u>494,812</u>
Revenue					
Transfers					
Total Revenue					
Net assets released from restrictions			<u>(6,000)</u>	<u>(5)</u>	<u>(494,812)</u>
Total Support and Revenue				<u>45</u>	
Change in net assets				45	
Net Assets at Beginning of Year	<u>\$10,324</u>	<u>\$128</u>			
Net Assets at End of Year	<u><u>\$10,324</u></u>	<u><u>\$128</u></u>		<u><u>\$45</u></u>	



<u>Foundation Partnership</u>	<u>Just Cities</u>	<u>Together Restoring Economic Empowerment</u>	<u>Friends of Sierra Valley</u>	<u>Sogorea Te' Land Trust</u>	<u>Total</u>
\$3,250	\$105,832	\$1,025		\$32,890	\$149,047
	110,000			250,000	360,000
	402,500				897,312
<u>3,250</u>	<u>618,332</u>	<u>1,025</u>		<u>282,890</u>	<u>1,406,359</u>
	19,996				19,996
	19,996				19,996
<u>(2,500)</u>	<u>(486,285)</u>	<u>(103)</u>		<u>(566,649)</u>	<u>(1,556,354)</u>
<u>750</u>	<u>152,043</u>	<u>922</u>		<u>(283,759)</u>	<u>(129,999)</u>
750	152,043	922		(283,759)	(129,999)
<u>6,509</u>	<u>28,481</u>	<u>23</u>	<u>\$664</u>	<u>284,494</u>	<u>330,623</u>
<u>\$7,259</u>	<u>\$180,524</u>	<u>\$945</u>	<u>\$664</u>	<u>\$735</u>	<u>\$200,624</u>

**ROSE FOUNDATION FOR COMMUNITIES AND THE ENVIRONMENT**

**SCHEDULE OF RESTITUTION FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

	<u>Southeast Madera County</u>	<u>Puget Sound &amp; Salish Sea</u>	<u>Grays Harbor &amp; Chehalis River Watershed</u>	<u>Columbia River Fund</u>	<u>California Watershed Protection</u>
SUPPORT AND REVENUE					
Support					
Restitution payments:					
Restitution receipts		\$1,364,000		\$524,000	\$804,875
Total Support		<u>1,364,000</u>		<u>524,000</u>	<u>804,875</u>
Revenue					
Interest and dividends					
Transfers					(14,111)
Total Revenue					<u>(14,111)</u>
Net assets released from restrictions		(1,174,707)	(\$60,000)	(288,397)	(643,288)
Total Support and Revenue		<u>189,293</u>	<u>(60,000)</u>	<u>235,603</u>	<u>147,476</u>
Change in net assets		189,293	(60,000)	235,603	147,476
Net Assets at Beginning of Year	\$201,315	1,043,901	119,485	144,419	486,461
Net Assets at End of Year	<u>\$201,315</u>	<u>\$1,233,194</u>	<u>\$59,485</u>	<u>\$380,022</u>	<u>\$633,937</u>

Spokane River Fund	Other Restitutions	ORCA Fund	Kern County Air Pollution Mitigation Fund	Consumer Products Fund	Environmental Health & Toxics Fund	Total
\$4,163	\$125,000	\$275,000	\$95,600			\$3,192,638
4,163	125,000	275,000	95,600			3,192,638
			3,304	\$33,500	(\$3,050)	3,304
			3,304	33,500	(3,050)	16,339
(333)	(12,500)	(256,728)	(25,806)	(389,412)	(9,600)	(2,860,771)
3,830	112,500	18,272	73,098	(355,912)	(12,650)	351,510
3,830	112,500	18,272	73,098	(355,912)	(12,650)	351,510
35,204	52,775		559,415	355,912	12,650	3,011,537
\$39,034	\$165,275	\$18,272	\$632,513			\$3,363,047

**ROSE FOUNDATION FOR COMMUNITIES AND THE ENVIRONMENT**

**SCHEDULE OF FUNDS WITH DONOR RESTRICTIONS - PERPETUAL IN NATURE  
FOR THE YEAR ENDED DECEMBER 31, 2020**

	Anthony Prize Endowment	Total
REVENUE		
Realized and unrealized gains (losses), net	\$2,961	\$2,961
Interest and dividends	1,003	1,003
Total Revenue	<u>3,964</u>	<u>3,964</u>
Change in net assets	3,964	3,964
Net Assets at Beginning of Year	<u>17,696</u>	<u>17,696</u>
Net Assets at End of Year	<u><u>\$21,660</u></u>	<u><u>\$21,660</u></u>