

Chronicle Season of Sharing Fund

Financial Statements as of and for the
Years Ended June 30, 2018 and 2017, and
Independent Auditors' Report

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Chronicle Season of Sharing Fund
San Francisco, California

We have audited the accompanying financial statements of the Chronicle Season of Sharing Fund (the "Fund"), which comprise the statements of financial position as of June 30, 2018 and 2017, and the related statements of activities and changes in net assets and of cash flows for the years 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the 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 Fund'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 Fund'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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Fund as of June 30, 2018 and 2017, 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.

Deloitte + Touche LLP

September 28, 2018

CHRONICLE SEASON OF SHARING FUND

STATEMENTS OF FINANCIAL POSITION AS OF JUNE 30, 2018 AND 2017

	2018	2017
ASSETS		
CASH AND CASH EQUIVALENTS	\$ 2,725,689	\$ 935,439
SHORT TERM INVESTMENTS		1,600,000
RECEIVABLES	<u>113</u>	<u>27,822</u>
TOTAL	<u>\$ 2,725,802</u>	<u>\$ 2,563,261</u>
NET ASSETS		
UNRESTRICTED	\$ 2,211,872	\$ 1,960,312
TEMPORARILY RESTRICTED	<u>513,930</u>	<u>602,949</u>
TOTAL NET ASSETS	<u>\$ 2,725,802</u>	<u>\$ 2,563,261</u>

See notes to financial statements.

CHRONICLE SEASON OF SHARING FUND

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

	2018	2017
CHANGES IN UNRESTRICTED NET ASSETS:		
Revenues and support:		
Contributions	\$ 9,038,982	\$ 7,943,361
Contributed services	440,766	418,566
Interest income	20,982	9,766
Net assets released from restrictions	<u>719,019</u>	<u>639,444</u>
Total revenues and support	<u>10,219,749</u>	<u>9,011,137</u>
Expenses:		
Program services:		
Family needs and housing assistance programs:		
Alameda	1,372,750	1,281,503
Contra Costa	939,250	876,817
Marin	361,250	337,237
Napa	512,100	404,685
San Francisco	1,372,750	1,281,503
San Mateo	722,500	674,475
Santa Clara	1,156,000	1,079,160
Solano	433,500	404,685
Sonoma	587,100	404,685
County food bank programs:		
Alameda	250,800	226,860
Contra Costa	171,600	155,220
Marin	66,000	59,700
Napa	91,800	71,640
San Francisco	250,800	226,860
San Mateo	132,000	119,400
Santa Clara	211,200	191,040
Solano	89,200	71,640
Sonoma	104,400	71,640
Grants to service providers	<u>13,404</u>	<u>12,861</u>
Total program services	<u>8,838,404</u>	<u>7,951,611</u>
Supporting services:		
Fund-raising-in-kind	403,702	376,874
Management and general-in-kind	37,064	41,692
Management and general (see Note 3)	<u>689,019</u>	<u>639,444</u>
Total supporting services	<u>1,129,785</u>	<u>1,058,010</u>
Total expenses	<u>9,968,189</u>	<u>9,009,621</u>
INCREASE IN UNRESTRICTED NET ASSETS	<u>251,560</u>	<u>1,516</u>
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS:		
Contributions	630,000	530,000
Net contributions released from restrictions	<u>(719,019)</u>	<u>(639,444)</u>
Decrease in temporarily restricted net assets	<u>(89,019)</u>	<u>(109,444)</u>
INCREASE (DECREASE) IN NET ASSETS	162,541	(107,928)
NET ASSETS—Beginning of year	<u>2,563,261</u>	<u>2,671,189</u>
NET ASSETS—End of year	<u>\$ 2,725,802</u>	<u>\$ 2,563,261</u>

See notes to financial statements.

CHRONICLE SEASON OF SHARING FUND

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase (decrease) in net assets	\$ 162,541	\$ (107,928)
Adjustments to reconcile increase (decrease) in net assets to net cash used in operating activities:		
Contributions of marketable securities	(292,882)	(535,516)
Proceeds from sales of contributed marketable securities	292,882	535,516
Decrease (increase) in receivables	<u>27,709</u>	<u>(27,514)</u>
Net cash provided by (used in) operating activities	<u>190,250</u>	<u>(135,442)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of short term investments		(3,800,000)
Maturities of short-term investments	<u>1,600,000</u>	<u>2,200,000</u>
Net cash provided by (used in) investing activities	<u>1,600,000</u>	<u>(1,600,000)</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,790,250	(1,735,442)
CASH AND CASH EQUIVALENTS—Beginning of year	<u>935,439</u>	<u>2,670,881</u>
CASH AND CASH EQUIVALENTS—End of year	<u>\$2,725,689</u>	<u>\$ 935,439</u>

See notes to financial statements.

CHRONICLE SEASON OF SHARING FUND

NOTES TO FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

1. GENERAL INFORMATION

The Chronicle Season of Sharing Fund (“Season of Sharing”) is a charitable organization established by the San Francisco Chronicle in collaboration with the Evelyn & Walter Haas, Jr. Fund, in 1986, to help people in need throughout the greater Bay Area in an efficient and cost-effective manner. The annual fund-raising efforts are held from Thanksgiving Day through New Year’s Day. Donations for critical family needs and housing assistance are distributed directly to the nine counties on a quarterly basis, and as grants, directly to service providers. Donations for the county food bank programs are distributed directly to the food banks in the nine Bay Area counties semiannually for the purchase of food not donated from other sources.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation—Season of Sharing presents its financial statements on the basis of unrestricted, temporarily restricted, and permanently restricted net assets in accordance with accounting principles generally accepted in the United States of America. Season of Sharing had no permanently restricted net assets at June 30, 2018 or 2017.

Cash and Cash Equivalents—Cash held as of June 30, 2018 and 2017, is held at one financial institution. Season of Sharing considered investments with a maturity of three months or less at the time of purchase to be cash equivalents.

Investments—Investments, consisting only of certificates of deposit, are reflected on the statements of financial position at historical cost with interest income reflected in the statements of activities and changes in net assets. Interest income is accrued when earned.

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Following is a description of each category in the fair value hierarchy and the financial assets and liabilities of the Fund that are included in each category at June 30, 2018 and 2017:

Level 1—Quoted prices in active markets for identical assets or liabilities. The types of assets and liabilities included in Level 1 are highly liquid and actively traded instruments with quoted market prices. The fund does not have any Level 1 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 other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities. The type of assets and liabilities included in Level 2 are typically either comparable to actively traded securities or contracts or priced with models using observable inputs. At June 30, 2017, Season of Sharing had certificates of

deposit with maturities greater than 90 days and less than 12 months when acquired of \$1,600,000 that were classified as short-term investments and reported at cost which approximates fair value.

Level 3—Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. The type of assets and liabilities included in Level 3 are those with inputs requiring significant management judgment or estimation. The Fund does not have any Level 3 assets or liabilities.

Receivables—Receivables include interest receivable and pledges receivable. Pledges receivable are unconditional promises to give that have not yet been received. Season of Sharing's pledges receivable are expected to be collected within one year. Based upon past experience and management's judgment, no allowance for uncollectible pledges receivable has been established.

Unrestricted Net Assets—Unrestricted net assets represent unrestricted resources available to support Season of Sharing's operations and temporarily restricted resources, which have become available in accordance with the intentions of the donors.

Temporarily Restricted Net Assets—Temporarily restricted net assets represent contributions whose use by Season of Sharing is limited by donor-imposed stipulations that can be fulfilled and removed by actions of Season of Sharing pursuant to those stipulations or expire with the passage of time. If a restriction is fulfilled in the same fiscal year in which the contribution is received, Season of Sharing classifies the support as temporarily restricted net assets and net assets released from restrictions. Temporarily restricted net assets at June 30, 2018 and 2017 are time and purpose restricted.

Revenue Recognition—Season of Sharing receives contributions from corporations, charitable organizations, community groups, and individuals. Such contributions are recognized as revenue when received or unconditionally promised. Contributions are considered to be available for the support of Season of Sharing's program services, unless specifically restricted by the donor. Contributions that are time or purpose restricted by the donor are reported as temporarily restricted support. When the time restrictions expire or when donor-imposed stipulations are fulfilled, temporarily restricted net assets are reclassified as unrestricted net assets and reported as net assets released from restrictions in the statements of activities and changes in net assets. Cash contributions of \$30,000 and \$30,500 were received from the San Francisco Chronicle the years ended June 30, 2018 and 2017, respectively.

Contributed Services—Season of Sharing receives contributed services, such as advertising and administrative services. Contributions of services are recognized when received if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. For the years ended June 30, 2018 and 2017, the estimated fair values of contributed services were \$440,766 and \$418,566, respectively, and are included in supporting services expenses in the accompanying statements of activities and changes in net assets. Of these amounts, the estimated value of contributed services provided by the San Francisco Chronicle totaled \$430,291 and \$408,528 for fiscal 2018 and 2017, respectively, and included cash payments made on behalf of Season of Sharing to third parties for services totaling \$26,589 and \$31,654 for fiscal 2018 and 2017, respectively.

Concentration of Credit Risk—Financial instruments, which potentially subject Season of Sharing to credit risk, consist primarily of cash and cash equivalents. Season of Sharing maintains cash and cash equivalents with a major financial institution. At times, such amounts may exceed Federal Deposit Insurance Corporation limits. However, the deposits may be redeemed upon demand and, as such, bear minimal risk.

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. These estimates and assumptions affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent Events—Season of Sharing has evaluated subsequent events through September 28, 2018, the date on which the financial statements were issued, and none were noted.

3. MANAGEMENT AND GENERAL EXPENSES

Management and general expenses are funded by the Evelyn and Walter Haas, Jr. Fund and the San Francisco Chronicle, so that 100% of donations go directly to those in need, and consist of the following for the years ended June 30, 2018 and 2017:

	2018	2017
Payroll	\$179,084	\$177,033
Administrative fees	40,874	40,772
Program fees	313,243	275,700
Office expenses	25,472	24,399
Travel	1,480	1,219
Consultants	92,305	78,415
Fundraising/communication	36,327	41,296
Legal	<u>234</u>	<u>610</u>
Total	<u>\$689,019</u>	<u>\$639,444</u>

4. ADDITIONAL CASH FLOW INFORMATION

Noncash activity related to the contribution of marketable securities for the years ended June 30, 2018 and 2017 were \$292,882 and \$535,516, respectively.

5. INCOME TAXES

Season of Sharing is a not-for-profit organization established under Section 501(c)(3) of the Internal Revenue Code and the California Revenue and Taxation Code Section 23701(d) and, accordingly, is exempt from federal and state taxes on income.

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