

EL VIENTO FOUNDATION

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2017

**WITH INDEPENDENT ACCOUNTANTS'
REVIEW REPORT**

**EL VIENTO FOUNDATION
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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Board of Directors of
El Viento Foundation
Huntington Beach, California

We have reviewed the accompanying financial statements of El Viento Foundation (a nonprofit organization) (the "Foundation"), which comprise the statement of financial position as of June 30, 2017, and the related statements of activities and changes in net assets, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of Foundation management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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.

Accountants' Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountants' Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

White Nelson Diehl Evans LLP

Irvine, California
November 28, 2017

EL VIENTO FOUNDATION
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2017

ASSETS

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Current Assets:				
Cash and cash equivalents	\$ 412,538	\$ -	\$ -	\$ 412,538
Prepaid expenses	1,000	-	-	1,000
Other current assets	457	-	-	457
	<hr/>	<hr/>	<hr/>	<hr/>
Total Current Assets	413,995	-	-	413,995
Fixed Assets:				
Equipment, furniture, and fixtures, at cost	37,186	-	-	37,186
Less: Accumulated depreciation	(7,773)	-	-	(7,773)
	<hr/>	<hr/>	<hr/>	<hr/>
Total Fixed Assets, at Net Book Value	29,413	-	-	29,413
Other Assets:				
Beneficial interest in foundation endowment	310,500	-	177,106	487,606
Golden West College Foundation fund	36,434	-	-	36,434
	<hr/>	<hr/>	<hr/>	<hr/>
Total Other Assets	346,934	-	177,106	524,040
	<hr/>	<hr/>	<hr/>	<hr/>
Total Assets	<u>\$ 790,342</u>	<u>\$ -</u>	<u>\$ 177,106</u>	<u>\$ 967,448</u>

LIABILITIES AND NET ASSETS

Current Liabilities:				
Accrued expenses	\$ 367	\$ -	\$ -	\$ 367
Accrued vacation and payroll	40,345	-	-	40,345
	<hr/>	<hr/>	<hr/>	<hr/>
Total Current Liabilities	40,712	-	-	40,712
Net Assets:				
Unrestricted	749,630	-	-	749,630
Temporarily restricted	-	-	-	-
Permanently restricted	-	-	177,106	177,106
	<hr/>	<hr/>	<hr/>	<hr/>
Total Net Assets	749,630	-	177,106	926,736
	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities and Net Assets	<u>\$ 790,342</u>	<u>\$ -</u>	<u>\$ 177,106</u>	<u>\$ 967,448</u>

See accompanying notes and independent accountants' review report.

EL VIENTO FOUNDATION
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Operating Revenues and Gains:				
Contributions				
Corporate and individual giving	\$ 209,857	\$ -	\$ -	\$ 209,857
Foundation grants	380,713	-	-	380,713
Fundraising	101,632	-	-	101,632
In-kind donations	46,146	-	-	46,146
Interest income	4,807	-	-	4,807
Investment income	51,039	-	-	51,039
	<u>794,194</u>	<u>-</u>	<u>-</u>	<u>794,194</u>
Total Operating Revenues and Gains				
Operating Expenses:				
Program services	660,075	-	-	660,075
Supporting services:				
General and administrative expenses	128,976	-	-	128,976
Fundraising expenses	123,897	-	-	123,897
	<u>912,948</u>	<u>-</u>	<u>-</u>	<u>912,948</u>
Total Operating Expenses				
Decrease in Net Assets	(118,754)	-	-	(118,754)
Net Assets at Beginning of the Year	<u>868,384</u>	<u>-</u>	<u>177,106</u>	<u>1,045,490</u>
Net Assets at End of the Year	<u>\$ 749,630</u>	<u>\$ -</u>	<u>\$ 177,106</u>	<u>\$ 926,736</u>

See accompanying notes and independent accountants' review report.

**EL VIENTO FOUNDATION
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2017**

Cash Flows from Operating Activities:	
Decrease in Net Assets	\$ (118,754)
Noncash Items Included in Decrease in Net Assets:	
Unrealized gains on investments	(51,039)
Depreciation expense	4,840
Changes in:	
Prepaid expenses	21,807
Other current assets	1,364
Accrued expenses	(2,943)
Accrued vacation and payroll	<u>23,399</u>
Net Cash and Cash Equivalents Used in Operating Activities	(121,361)
Cash Flows from Investing Activities:	
Proceeds from sale of investments	149,898
Purchase of fixed assets	(18,804)
Beneficial interest in foundation endowment funds	299
Beneficial interest in Golden West College Foundation fund	<u>(434)</u>
Net Cash and Cash Equivalents Provided by Investing Activities	<u>130,994</u>
Net Increase in Cash and Cash Equivalents	9,633
Cash and Cash Equivalents at Beginning of the Year	<u>402,905</u>
Cash and Cash Equivalents at End of the Year	<u><u>\$ 412,538</u></u>

See accompanying notes and independent accountants' review report.

EL VIENTO FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2017

	Program Services	Supporting Services		Total
		General and Administrative	Fundraising	
Functional Expenses:				
Advertising	\$ -	\$ -	\$ 10,778	\$ 10,778
Bank fees	-	-	8,812	8,812
Depreciation expense	-	4,840	-	4,840
Employee benefits	34,357	7,800	2,600	44,757
In-kind rent	33,645	6,000	3,000	42,645
Insurance	11,010	3,014	148	14,172
Miscellaneous	8,166	10,832	760	19,758
Office supplies	16,066	7,376	7,302	30,744
Outside services	1,310	52,793	41,745	95,848
Payroll and payroll taxes	459,360	36,321	23,249	518,930
Program activities and trips	86,453	-	-	86,453
Special events	-	-	25,503	25,503
Telephone	4,190	-	-	4,190
Training	5,518	-	-	5,518
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Functional Expenses	<u>\$ 660,075</u>	<u>\$ 128,976</u>	<u>\$ 123,897</u>	<u>\$ 912,948</u>

See accompanying notes and independent accountants' review report.

EL VIENTO FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

Note 1: Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

El Viento Foundation (the “Foundation”) is a nonprofit public benefit corporation that was incorporated in the state of California in 2000 for the purpose of providing children and young adults a variety of educational and recreational activities to encourage academic success. The Foundation’s program was started under the auspices of the Golden West College Foundation in 1997 and incorporated into its existing status as an independent in accordance with Section 501(c)(3) of the Internal Revenue Code (“IRC”) in 2000.

Basis of Presentation

The financial statements of the Foundation have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”). Contributions are recognized as revenues in the year received. The net assets, revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions as prescribed for not-for-profit organizations by the Financial Accounting Standards Board (“FASB”). Accordingly, the net assets of the Foundation are classified and reported as follows:

- *Unrestricted Net Assets* - Unrestricted net assets consist of resources that have not been restricted by the donor and represent contributions raised through various fundraising efforts and donated products and merchandise.
- *Temporarily Restricted Net Assets* - Temporarily restricted net assets consist of resources that were received with donor stipulations that limit use and represent contributions given specifically by the donor.
- *Permanently Restricted Net Assets* - Permanently restricted net assets consist of donor-imposed stipulations that are to be maintained permanently by the Foundation. Generally, the donors of such assets permit the Foundation to use all or part of the income earned on the assets.

Cash and Cash Equivalents

For purposes of reporting cash flows, cash and cash equivalents include petty cash funds, bank checking accounts used for operating purposes, and investments with maturities of three months or less from the original purchase date.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

EL VIENTO FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

Note 1: Nature of Operations and Summary of Significant Accounting Policies (Continued)

Support and Revenue

The Foundation receives grants and contributions from corporations, foundations, and individuals. The grants are recognized on an accrual basis based on funding provided through the term of the individual contracts, as specified by the grantor or donor.

Donated Services and Materials

A substantial number of volunteers have donated significant amounts of time in the operation of the Foundation. Consulting, professional fundraising, and information technology services meet the criteria of FASB Accounting Standards Codification (“ASC”) 958-605, *Accounting for Contributions Received*, and have been recognized in the accompanying statement of activities and changes in net assets as revenue and a corresponding expense. In addition, many individuals volunteer their time and perform a variety of tasks that assist the Foundation that do not meet the requirements to be recognized for financial statement purposes. Donated materials and assets are recorded at fair market value at the date of the gift.

Fixed Assets

Fixed assets are stated at cost if purchased or fair value if donated, less accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets ranging from five years for computer equipment to seven years for furniture and fixtures. At June 30, 2017, depreciation expense totaled \$4,840.

Income Taxes

The Foundation is recognized as a tax-exempt foundation under Section 501(c)(3) of the IRC and the corresponding state code. Accordingly, there is no provision for income taxes in the accompanying financial statements. In addition, the Foundation has been classified as an entity that is not a private foundation within the meaning of IRC Section 509(a) and qualifies for deductible contributions as provided in Section 170 (b)(1)(A)(vi) of the IRC.

The Foundation adopted the provisions of FASB ASC 740-10-25 (formerly FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes*). In accordance with ASC 740-10-25, an organization must recognize the tax benefit associated with tax taken for tax return purposes when it is more likely than not the position will be sustained. The implementation of ASC 740-10-25 had no impact on the Foundation’s financial statements. The Foundation does not believe that there are any material uncertain tax positions, and accordingly, it has not recognized any liability for unrecognized tax benefits or any related interest or penalties.

The Foundation’s tax returns from 2014 to 2016 are open to review for federal income tax purposes and tax returns from 2013 to 2016 are open to review for state income tax purposes.

EL VIENTO FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

Note 1: Nature of Operations and Summary of Significant Accounting Policies (Continued)

Advertising Costs

Advertising costs are charged to general and administrative and fundraising expenses when incurred. Advertising costs charged to these services for the year ended June 30, 2017, totaled \$10,778.

Use of Estimates

The preparation of financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and gains, and expenses and losses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Actual results may differ from estimated amounts.

Investments

The Foundation records equity securities with readily determinable fair values, and all investments in debt securities, in accordance with FASB ASC 958-320 and subsections (formerly Statement of Financial Accounting Standards No. 124, *Accounting for Certain Investments Held by Not-for-Profit Foundations*). This standard requires these types of investments to be reported at fair value, with gains and losses included in the statement of activities and changes in net assets.

Investment Valuation and Income Recognition

The Foundation's investments are stated at fair value at June 30, 2017. Realized and unrealized gains and losses are reflected in the accompanying statement of activities and changes in net assets as investment income. Brokerage fees are added to the acquisition costs of assets purchased and subtracted from the proceeds of assets sold.

Purchases and sales of investments are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Capital gains and/or losses are reported the day after the trade date.

The fair value of fixed-income investments is based on quoted prices in active markets for identical assets or, if there are no such active markets, the fixed income investments are valued using quoted prices for similar assets or quoted prices in markets that are not active. Fixed-income mutual funds, domestic equity securities, and mutual funds that hold equity securities are based on quoted prices in active markets for identical assets.

Alternative investments include hedge funds, private equity, interests in closely held entities, and real estate funds. The fair value of hedge funds, private equity, and real estate funds is based on the net asset value of the fund. The fair value of interests in closely held entities is based on appraisals and management's review and assessment of current financial statements.

EL VIENTO FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

Note 1: Nature of Operations and Summary of Significant Accounting Policies (Continued)

New Pronouncements

In August 2016, the FASB issued Accounting Standards Update (“ASU”) 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. This is the culmination of Phase 1 of a project that makes significant changes to not-for-profit financial reporting requirements that have been in place since 1993 (FASB Statement of Accounting Standards Nos. 116 and 117). The update aims to improve how a not-for-profit organization classifies its net assets and improves information in its financial statements and notes about its financial performance, cash flow, and liquidity. With limited exceptions for certain disclosures, the new guidance is required to be applied on a retrospective basis for all years reported. The new guidance will be effective for annual financial statements for fiscal years beginning after December 15, 2017, and for interim periods with fiscal years beginning after December 15, 2018. Early adoption is permitted. The Foundation is currently evaluating the impact of the provisions of ASU 2016-14 on the presentation of its financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. ASU 2016-02 requires the recognition of lease assets and lease liabilities by lessees for those leases classified as operating leases under previous standards. For leases with a term of 12 months or less, a lessee is permitted to make an accounting policy election by class of asset not to recognize lease assets and lease liabilities. ASU 2016-02 is effective for fiscal years beginning after December 15, 2019, and early application is permitted. The Foundation is currently evaluating the impact of the provisions of ASU 2016-02 on the presentation of its financial statements.

Note 2: Concentrations, Risks, and Uncertainties

The Foundation maintains cash balances at a financial institution. At June 30, 2017, accounts at this institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. At June 30, 2017, the Foundation had no balances in excess of federally insured limits.

Financial instruments that potentially subject the Foundation to concentrations of credit risk consist principally of cash deposits at a brokerage firm. Balances are insured up to \$500,000, with a limit of \$100,000 for cash, by the Securities Investor Protection Corporation (“SIPC”). At June 30, 2017, the Foundation had no balances in excess of SIPC-insured limits.

The Foundation’s endowment fund investments maintained by the Foundation mentioned in Note 6 are not insured. The uninsured balance was \$524,040 as of June 30, 2017.

EL VIENTO FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

Note 3: Donated Materials and Facilities

The estimated fair market value of donated materials and facilities included in the financial statements for the year ended June 30, 2017, is as follows:

Support:	
Donated rent	\$ 42,646
Donated supplies	<u>3,500</u>
Total	<u>\$ 46,146</u>
Expenses:	
General and administrative	<u>\$ 46,146</u>
Total	<u>\$ 46,146</u>

Note 4: Fixed Assets

At June 30, 2017, fixed assets consist of the following:

Fixed Assets:	
Computer equipment	\$ 29,004
Furniture and fixtures	<u>8,182</u>
Total fixed assets, at cost	37,186
Less: Accumulated depreciation	<u>(7,773)</u>
Fixed Assets, at Net Book Value	<u>\$ 29,413</u>

Note 5: Commitments and Contingencies

Operating Leases

The Foundation leases office space under noncancelable operating leases expiring in various years through July 2020.

Minimum future rental payments under these noncancelable operating leases having remaining terms in excess of one year as of June 30, 2017, are as follows:

2018	\$ 20,818
2019	22,611
2020	23,741
2021	<u>1,986</u>
	<u>\$ 69,156</u>

Rental expense for the year ended June 30, 2017, totaled \$10,500.

EL VIENTO FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

Note 6: Endowment Funds

The Foundation's endowment funds are made up of two funds established for a variety of purposes. Its endowment includes both donor-restricted funds and unrestricted investment funds designated by the Board of Directors to be included in the endowment fund. As required by U.S. GAAP, net assets associated with endowment funds, including unrestricted investment funds designated by the Board of Directors to be included in the endowment funds, are classified and reported based on existence or absence of donor-imposed restrictions.

Through December 31, 2007, the Foundation's management and investment of donor-restricted endowment funds were subject to the provision of the Uniform Management of Institutional Funds Act ("UMIFA"). In 2006, the Uniform Law Commission approved the model act, the Uniform Prudent Management of Institutional Funds Act ("UPMIFA"), which serves as a guideline for states to use in enacting legislation. Among UPMIFA's most significant changes is the elimination of UMIFA's important concept of historic dollar value threshold, the amount below which a foundation could not spend from the donor-restricted endowment fund, in favor of a more robust set of guidelines about what constitutes prudent spending.

In 2008, the State of California enacted UPMIFA, the provisions of which apply to endowment funds existing on or established after that date. Based on its interpretation of the provisions of UPMIFA, the Foundation is required to act prudently when making decisions to spend or accumulate donor-restricted endowment assets and in doing so to consider a number of factors, including the duration and preservation of its donor-restricted endowment funds. As a result of this interpretation, the Foundation classifies the original value of gifts with donor-imposed restrictions as permanently restricted net assets, with such funds retained as a permanent endowment.

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 for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA.

The Foundation was named as a beneficiary of the El Viento Endowment Fund, established in August 2001. The Foundation's investments are governed by a written investment policy of the Orange County Community Foundation (the "OCCF"), the principal objective of which is to make investments in a thoughtful and prudent manner so as to preserve and enhance the Foundation's ability to provide for the benefits of students. The El Viento Board of Directors has outsourced the management of the El Viento Endowment Fund to the OCCF. The Finance Committee of the El Viento Board of Directors approves the investment policy of the OCCF and reviews the quarterly statements provided by the OCCF.

EL VIENTO FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

Note 6: Endowment Funds (Continued)

The oversight of the investment portfolio is the responsibility of the OCCF Investment Committee whose members are appointed by and serve the OCCF Board of Directors. It is also the responsibility of the OCCF Investment Committee to administer the investment portfolio in compliance with all written policies approved by the OCCF Board of Directors. Annual distributions are subject to the policies of the OCCF, which limit them to a maximum of 5 percent of the rolling average of the total account balance over the prior 12 months.

Accordingly, the Foundation records the asset “beneficial interest in foundation endowment” as stated on the statement of financial position, which is equivalent to the present value of the expected future cash flows from the endowment.

The OCCF Investment Committee has contracted with an independent trust foundation for the purpose of managing the investment and reinvestment of fund assets in a manner consistent with the overall investment policy as approved by the OCCF Board of Directors.

The Foundation’s investment objectives, as determined by the OCCF, are as follows:

- Preserve the investment portfolio’s corpus over the long term.
- Ensure the investment portfolio’s long-term ability to distribute income.
- Ensure that restricted donations are protected so that they are available for the target use.

In achieving the objectives, the Foundation’s primary investment mission is to preserve principal and purchasing power in real dollar terms over time while supporting current income requirements.

The following is the endowment net asset composition by type of fund as of June 30, 2017:

	<u>Temporarily Unrestricted</u>	<u>Permanently Restricted</u>	<u>Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	\$ -	\$ 177,106	\$ 177,106
Board-designated endowment funds	<u>310,500</u>	<u>-</u>	<u>-</u>	<u>310,500</u>
Total Funds	<u>\$ 310,500</u>	<u>\$ -</u>	<u>\$ 177,106</u>	<u>\$ 487,606</u>

EL VIENTO FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

Note 6: Endowment Funds (Continued)

The following are the changes in the endowment net assets for the year ended June 30, 2017:

	<u>Temporarily Unrestricted</u>	<u>Permanently Restricted</u>	<u>Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 259,725	\$ -	\$ 177,106	\$ 436,831
Contributions	1,552	-	-	1,552
Investment return:				
Investment income	3,181	-	-	3,181
Unrealized gain	<u>51,074</u>	<u>-</u>	<u>-</u>	<u>51,074</u>
Total investment return	54,255	-	-	54,255
Amount appropriated for expenditure	<u>(5,032)</u>	<u>-</u>	<u>-</u>	<u>(5,032)</u>
Endowment Net Assets, End of Year	<u>\$ 310,500</u>	<u>\$ -</u>	<u>\$ 177,106</u>	<u>\$ 487,606</u>

Note 7: Fair Value Measurements

The Foundation adopted FASB ASC 820, *Fair Value Measurements and Disclosures*. FASB ASC 820-10 defines fair value, establishes a framework for measuring fair value, and requires enhanced disclosures about fair value measurement.

FASB ASC 820 establishes a three-level valuation hierarchy for disclosure of fair value measurements. The valuation hierarchy is based upon the transparency of inputs in the valuation of an asset as of the measurement date. The three levels are defined as follows:

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

Level 2: Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3: Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

EL VIENTO FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

Note 7: Fair Value Measurements (Continued)

Fair value is a market-based measurement considered from the perspective of a market participant rather than an entity-specific measurement. Therefore, even when market assumptions are not readily available, the Foundation's own assumptions are set to reflect those that market participants would use in pricing the asset or liability at the measurement date.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

At June 30, 2017, the Organization held investments in the long-term investment pool of OCCF, which included a portfolio of common stocks, bonds, mutual funds, alternative investments, and cash equivalents. Alternative investments are composed of hedge funds, private equities, interests in closely held entities, and real estate funds.

A description of the valuation methodologies used for assets measured at fair value is disclosed in Note 1. There have been no changes in the methodologies used during the year ended June 30, 2017.

The fair value of the hedge funds, private equities, and real estate funds is based on the net asset value of the fund and the Foundation's shares/ownership interest in the respective fund. Net asset values are evaluated by the OCCF to determine if the values of these investments should be adjusted. Factors considered may include, but are not limited to, estimates of liquidation value, prices of recent transactions in the same or similar funds, current performance, future expectations of the particular investment, and changes in market outlook and the financing environment. The fair value of interests in closely held entities is based on appraisals and the OCCF's review and assessment of current financial statements. Valuations of alternative investments are reviewed at least twice a year using a variety of qualitative factors to subjectively determine the most appropriate valuation methodologies. The estimated fair values may differ from the values that would have been used had a ready market for these securities existed.

Note 8: Subsequent Events

Events occurring after June 30, 2017, have been evaluated for possible adjustment to the financial statements or disclosure as of November 28, 2017, which is the date the financial statements were available to be issued.