



CALIFORNIA EMERGING TECHNOLOGY FUND

(A California Not-for-Profit Public Benefit Corporation)

FINANCIAL STATEMENTS

JUNE 30, 2019 AND JUNE 30, 2018



CALIFORNIA EMERGING TECHNOLOGY FUND

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Independent Auditors' Report

The Board of Directors
California Emerging Technology Fund

We have audited the accompanying financial statements of California Emerging Technology Fund (a California not-for-profit public benefit corporation) which comprise the statement of financial position as of June 30, 2019 and June 30, 2018, and the related statements of activities, functional expenses and 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 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 entity'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 entity'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 California Emerging Technology Fund as of June 30, 2019 and June 30, 2018, 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.

A handwritten signature in cursive script that reads "Rina Accountancy Corporation".

Certified Public Accountants

San Francisco, California
October 19, 2019

CALIFORNIA EMERGING TECHNOLOGY FUND

STATEMENTS OF FINANCIAL POSITION

<u>ASSETS</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>
CURRENT:		
Cash and cash equivalents	\$ 9,827,085	\$ 9,334,868
Grants receivable, current	6,540,000	6,520,000
Prepaid expenses	45,822	27,308
	<hr/>	<hr/>
TOTAL CURRENT ASSETS	16,412,907	15,882,176
GRANTS RECEIVABLE, net of current	6,500,000	13,000,000
PROPERTY AND EQUIPMENT, net	3,343	3,081
	<hr/>	<hr/>
	\$ 22,916,250	\$ 28,885,257
	<hr/>	<hr/>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT:		
Accounts payable and accrued expenses	\$ 76,300	\$ 94,193
Cash held for Frontier grants	259,768	303,339
Grants payable - short term	1,028,140	552,340
	<hr/>	<hr/>
TOTAL CURRENT LIABILITIES	1,364,208	949,872
Grants payable - long term	380,000	289,800
	<hr/>	<hr/>
TOTAL LIABILITIES	1,744,208	1,239,672
NET ASSETS:		
Without donor restrictions	(97,703)	801,727
With donor restrictions	21,269,745	26,843,858
	<hr/>	<hr/>
TOTAL NET ASSETS	21,172,042	27,645,585
	<hr/>	<hr/>
	\$ 22,916,250	\$ 28,885,257
	<hr/>	<hr/>

See notes to financial statements.

CALIFORNIA EMERGING TECHNOLOGY FUND

STATEMENT OF ACTIVITIES

	For the Year Ended June 30, 2019		
	Without donor restrictions	With donor restrictions	Total
SUPPORT AND REVENUE:			
Non federal grants	\$ -	\$ 60,000	\$ 60,000
Interest income, net	800	8,270	9,070
Other miscellaneous income	866	-	866
Loss on disposal of assets	-	-	-
Net assets released from restrictions	5,642,383	(5,642,383)	-
TOTAL SUPPORT AND REVENUE	5,644,049	(5,574,113)	69,936
EXPENSES:			
Program services	6,119,615	-	6,119,615
Management and general	423,864	-	423,864
TOTAL EXPENSES	6,543,479	-	6,543,479
DECREASE IN NET ASSETS	(899,430)	(5,574,113)	(6,473,543)
NET ASSETS, beginning of year	801,727	26,843,858	27,645,585
NET ASSETS, end of year	\$ (97,703)	\$ 21,269,745	\$ 21,172,042

See notes to financial statements.

CALIFORNIA EMERGING TECHNOLOGY FUND

STATEMENT OF ACTIVITIES

	For the Year Ended June 30,2018		
	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
SUPPORT AND REVENUE:			
Non federal grants	\$ -	\$ 50,000	\$ 50,000
Interest income, net	1,166	5,073	6,239
Other miscellaneous income	528	-	528
Loss on disposal of assets	(357)	-	(357)
Net assets released from restrictions	<u>4,931,562</u>	<u>(4,931,562)</u>	<u>-</u>
 TOTAL SUPPORT AND REVENUE	<u>4,932,899</u>	<u>(4,876,489)</u>	<u>56,410</u>
 EXPENSES:			
Program services	5,949,655	-	5,949,655
Management and general	<u>450,125</u>	<u>-</u>	<u>450,125</u>
 TOTAL EXPENSES	<u>6,399,780</u>	<u>-</u>	<u>6,399,780</u>
 DECREASE IN NET ASSETS	(1,466,881)	(4,876,489)	(6,343,370)
 NET ASSETS, beginning of year	<u>2,268,608</u>	<u>31,720,347</u>	<u>33,988,955</u>
 NET ASSETS, end of year	<u>\$ 801,727</u>	<u>\$ 26,843,858</u>	<u>\$ 27,645,585</u>

See notes to financial statements.

CALIFORNIA EMERGING TECHNOLOGY FUND

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2019

	Program Services	Management and General	Total
Personnel costs:			
Salaries, other compensation and expense reimbursement	\$ 1,073,982	\$ 189,526	\$ 1,263,508
Employee benefits	109,707	19,360	129,067
Employee retirement	125,880	22,214	148,094
Payroll taxes	62,598	11,047	73,645
Vacation liability expense	(15,210)	(2,684)	(17,894)
Total personnel costs	1,356,957	239,463	1,596,420
Other expenses:			
School2Home	1,850,738	-	1,850,738
Consultants and outside services	261,765	-	261,765
Programs - Charter Territory	957,670	-	957,670
Broadband adoption	163,771	-	163,771
Grant awards	1,176,000	-	1,176,000
Media relations and communications	151,142	-	151,142
Professional services	-	120,120	120,120
Occupancy	60,023	10,592	70,615
Board leadership and meetings	-	42,317	42,317
Information technology	52,791	-	52,791
Telephone	15,993	2,822	18,815
Regional roundtables and outreach	24,312	-	24,312
Insurance	20,062	3,540	23,602
Equipment lease and maintenance	8,707	1,537	10,244
Printing and reproduction	6,947	1,226	8,173
Postage and delivery services	2,740	483	3,223
Depreciation	2,961	522	3,483
Miscellaneous	7,036	1,242	8,278
Total expenses	\$ 6,119,615	\$ 423,864	\$ 6,543,479

See notes to financial statements.

CALIFORNIA EMERGING TECHNOLOGY FUND

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2018

	Program Services	Management and General	Total
Personnel costs:			
Salaries, other compensation and expense reimbursement	\$ 1,061,387	\$ 187,304	\$ 1,248,691
Employee benefits	101,655	17,939	119,594
Employee retirement	94,716	16,714	111,430
Payroll taxes	57,119	10,080	67,199
Vacation liability expense	25,788	4,551	30,339
Total personnel costs	1,340,665	236,588	1,577,253
Other Expenses:			
School2Home	1,386,939	-	1,386,939
Consultants and outside services	265,428	-	265,428
Programs - Charter Territory	936,594	-	936,594
Broadband adoption	216,329	-	216,329
Grant awards	1,440,040	-	1,440,040
Media relations and communications	150,653	-	150,653
Professional services	-	133,742	133,742
Occupancy	67,044	11,831	78,875
Board leadership and meetings	-	53,432	53,432
Information technology	43,369	-	43,369
Telephone	20,375	3,595	23,970
Regional roundtables and outreach	20,242	-	20,242
Insurance	16,927	2,987	19,914
Equipment lease and maintenance	7,468	1,318	8,786
Printing and reproduction	14,567	2,571	17,138
Postage and delivery services	11,685	2,062	13,747
Depreciation	1,206	213	1,419
Miscellaneous	10,124	1,786	11,910
Total expenses	\$ 5,949,655	\$ 450,125	\$ 6,399,780

See notes to financial statements.

CALIFORNIA EMERGING TECHNOLOGY FUND

STATEMENTS OF CASH FLOWS

	Year Ended June 30, 2019	Year Ended June 30, 2018
CASH FLOWS FROM OPERATING ACTIVITIES:		
Decrease in net assets	\$ (6,473,543)	\$ (6,343,370)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation expense	\$ 3,483	\$ 1,419
Loss on disposal of property and equipment	-	357
Changes in operating assets and liabilities:		
Prepaid expenses	(18,515)	11,741
Grants receivable	6,480,000	6,500,000
Accounts payable and accrued expenses	(17,892)	30,340
Cash held for Frontier grants	(43,571)	(391,685)
Grants payable	566,000	842,140
	<u>6,969,505</u>	<u>842,140</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	495,962	650,942
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	<u>(3,745)</u>	<u>-</u>
NET CASH USED BY INVESTING ACTIVITIES	(3,745)	-
CASH FLOWS FROM FINANCING ACTIVITIES		
	<u>-</u>	<u>-</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	492,217	650,942
CASH AND CASH EQUIVALENTS, beginning of year	<u>9,334,868</u>	<u>8,683,926</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 9,827,085</u>	<u>\$ 9,334,868</u>

See notes to financial statements.

CALIFORNIA EMERGING TECHNOLOGY FUND

NOTES TO FINANCIAL STATEMENTS – JUNE 30, 2019 AND JUNE 30, 2018

Note 1. NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Nature of business:

The California Emerging Technology Fund (CETF) was established and funded through the SBC/AT&T and Verizon/MCI merger agreements approved by the California Public Utilities Commission (CPUC) in November 2005 to help bridge the Digital Divide. It became a qualified public benefit entity in May 2006.

As a condition of approval of the mergers, CPUC required the surviving companies, AT&T and Verizon, to collectively provide a total of \$60 million over a 5-year period to CETF in shareholder contributions “for the purpose of achieving ubiquitous access to broadband and advanced services in California, particularly in underserved communities, through the use of emerging technologies by 2010”. AT&T and Verizon are required to contribute \$9 million and \$3 million each per year, respectively. Funds dedicated to CETF were used to attract matching funds in like amounts from other organizations. As a result, CETF total audited expenditures to date through June 30, 2017 exceed \$79 million. Additional match funds from grantees were documented and verified by CETF and external audits although their match dollars did not flow through CETF.

The stated mission of CETF is to provide leadership statewide to minimize the Digital Divide by accelerating the deployment and adoption of broadband and other advanced communication services to un-served and underserved communities. This mission is being accomplished through implementation of a 5-year strategic action plan and performance metrics for broadband deployment and adoption approved by the CETF Board of Directors.

The CETF Board of Directors set overall goals to be accomplished in a decade (by June 2017) of 98% deployment (98% of all households having access to high-speed Internet infrastructure) and 80% adoption (80% of all households using the Internet from their homes with high-speed service). Thus, CETF spent all \$60 million of the original Seed Capital by June 2017.

During the year ended June 30, 2017, CETF entered into Memoranda of Understanding with both Frontier Communications, Inc. and Charter Communications, Inc. to implement public benefits as a result of corporate consolidations. CETF will be managing charitable funds from Frontier to achieve new broadband adoptions by low-income households in their service areas. And, CETF will receive \$32.5 million from Charter through 2021 to continue organizational operations and support School2Home and other digital inclusion programs in their service areas.

CALIFORNIA EMERGING TECHNOLOGY FUND

NOTES TO FINANCIAL STATEMENTS – JUNE 30, 2019 AND JUNE 30, 2018

Note 1. NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Financial statement presentation:

CETF prepares its financial statements following professional accounting standards where CETF is required to report information regarding its financial position and activities according to two classes of net assets: without donor restrictions, and with donor restrictions. Descriptions of these categories are as follows:

Without donor restrictions:

The portion of net assets available for use in general operations and not subject to donor-imposed restrictions.

With donor restrictions:

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

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. Under this method, revenues are recorded when rights to receive them are earned, or when services have been provided, and expenditures are recorded when an obligation to pay is incurred.

Revenue recognition:

Contribution income is recognized when there is an unconditional promise to give. Revenues are reported as increases in unrestricted net assets unless their use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Appreciation or depreciation in market value of investments and gains and losses on other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expiration of temporary restrictions on net assets is reported as net assets released from restrictions. Grant income is recognized when the service is provided and conditions are satisfied.

Cash and cash equivalents:

CETF considers all unrestricted highly liquid investments with original maturities of three months or less to be cash equivalents.

CALIFORNIA EMERGING TECHNOLOGY FUND

NOTES TO FINANCIAL STATEMENTS – JUNE 30, 2019 AND JUNE 30, 2018

Note 1. NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Contributions and unconditional promises to give:

Contributions, including unconditional promises to give, are recognized as revenues in the period received. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value at the date of donation. Contributions to be received after one year are presented at their discounted value.

A substantial number of unpaid volunteers and board of director members have made significant contributions of their time and other resources to support CETF's activities. The value of these services is not reflected in these statements since it is not susceptible to objective measurement or valuation.

Property and equipment:

Property and equipment are recorded at cost and depreciated on a straight-line basis over their estimated useful life. Major additions are capitalized, and repair and maintenance that do not improve or extend the life of the assets are expensed.

Grant commitments and payments:

CETF has made grant commitments of approximately \$2.6 million. Total grant payments were approximately \$610 thousand and \$600 thousand, with the remaining commitments of \$1.4 million and \$850 thousand accrued as a liability as of June 30, 2019 and 2018, respectively

Functional allocation of expenses:

Costs of providing programs and other activities are accumulated into separate groupings as either direct or indirect. Indirect or shared costs are allocated to the programs and supporting services by a method which best measured the relative degree of benefit. Accordingly, certain costs have been allocated between the program and supporting services in reasonable ratios determined by management.

Contingent liabilities:

Conditions contained within various contracts and grants awarded to CETF are subject to the funding organizations' criteria and regulations, as well as CPUC enabling order, under which expenditures may be charged against and may be subject to audits under such regulations and criteria. Occasionally, such audits may determine that certain costs incurred against the contracts or grant awards may not comply with the established criteria that govern them. In such cases, CETF could be held responsible for payments to the funding organizations and/or oversight public agencies for the costs or be subject to the reductions of future funding in the amount of the costs. Management does not anticipate any material questioned costs for the contracts administered and/or grants received and/or awarded during the audit period.

Income tax status:

CETF is a not-for-profit organization, exempt from income tax under Section 501(c)(3) and the applicable code section of the State of California Revenue and Taxation Code. In addition, CETF 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)(2) of the U.S. Internal Revenue Code.

CALIFORNIA EMERGING TECHNOLOGY FUND

NOTES TO FINANCIAL STATEMENTS – JUNE 30, 2019 AND JUNE 30, 2018

Note 1. NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Allocation of expenses:

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries, payroll taxes, and benefits, which are allocated on the basis of estimates of time and effort.

Change in accounting principle:

In August 2016, the Financial Accounting Standards Board (FASB) issued *Accounting Standards Update (ASU) 2016-04 Not-for-Profit Entities (Topic 958) Presentation of Financial Statements of Not-for-Profit Entities*. The amendments in this update are designed to improve the current net asset classification requirements and the information presented in financial statements and notes about a not-for-profit entity's (NFP's) liquidity, financial performance, and cash flows. The amendments in this update are effective for annual financial statements issued for fiscal years beginning after December 15, 2017. ASU 2016-14 has been adopted for the June 30, 2019 financial statements.

Subsequent Events:

Management has evaluated subsequent events through October 19, 2019, the date which the financial statements were available for issue. No significant events were identified that require additional disclosure.

Note 2. NATURE OF ESTIMATES:

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

Note 3. CONCENTRATIONS OF CREDIT RISK:

Financial instruments that potentially subject CETF to concentrations of credit risk consist principally of cash and cash equivalents. Cash and cash equivalents were held in financial institutions in the United States of America. Cash and cash equivalents in interest bearing accounts were held in financial institutions in amounts exceeding the guaranteed amounts of the FDIC. CETF is exposed to credit loss for amounts in excess of insured limits in the event of non-performance by the institutions. However, management does not anticipate non-performance by these institutions and has not experienced any losses on deposits of cash and cash equivalents.

Note 4: LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS:

CETF's short term financial assets as of the balance sheet date, reduced by amounts not available for general use due to donor-imposed restrictions within one year of the balance sheet date is less than zero. CETF expects to fund ongoing expenditures from long term receivables and accumulated earnings.

CALIFORNIA EMERGING TECHNOLOGY FUND

NOTES TO FINANCIAL STATEMENTS – JUNE 30, 2019 AND JUNE 30, 2018

Note 5. GRANTS RECEIVABLE:

During the year ended June 30, 2017 CETF received a five-year grant from Charter Communications pursuant to a Memorandum of Understanding (MOU) as part of their public benefit obligations in conjunction with their acquisition of Time Warner Cable in California which were approved and imposed by the California Public Utilities Commission. The MOU provides for \$6.5 million per year for five years, of which \$13 million has been received. Future grant receivable payments are as follows:

Year Ending June 30,	
2020	\$ 6,500,000
2021	<u>6,500,000</u>
	<u><u>\$ 13,000,000</u></u>

Note 6. PROPERTY AND EQUIPMENT:

Property and equipment and accumulated depreciation consist of the following:

	June 30,	
	<u>2019</u>	<u>2018</u>
Furniture and fixtures	\$ 32,347	\$ 32,347
Computers	<u>74,640</u>	<u>68,799</u>
Totals	106,987	101,146
Less accumulated depreciation	<u>(103,644)</u>	<u>(98,065)</u>
	<u><u>\$ 3,343</u></u>	<u><u>\$ 3,081</u></u>

Total depreciation expense for the years ended June 30, 2019 and 2018 was \$3,483 and \$1,819, respectively.

Note 7. GRANTS PAYABLE:

CETF's future grants payable are expected to be paid as follows:

Year Ending June 30,	
2020	\$ 1,028,140
2021	<u>380,000</u>
	<u><u>\$ 1,408,140</u></u>

CALIFORNIA EMERGING TECHNOLOGY FUND

NOTES TO FINANCIAL STATEMENTS – JUNE 30, 2019 AND JUNE 30, 2018

Note 8. CASH HELD FOR FRONTIER GRANTS:

CETF and Frontier Communications entered in a Memorandum of Understanding (MOU) to work to ensure tangible public benefits are derived from the Frontier acquisition of the Verizon wireline network in California. The MOU provides that CETF and Frontier will outreach to community-based organizations (CBOs) to achieve 50,000 broadband adoptions by low-income households. The MOU requires Frontier to provide \$3 million and 50,000 Internet-enabled devices to be available for grants to CBOs to be administered by CETF. CETF has encumbered through grant agreements with CBOs all \$3 million and 50,000 devices. The grant agreements are subject to funding and devices being made available by Frontier.

Frontier has transferred \$50 thousand and \$0 to CETF during the years ended June 30, 2019 and 2018, respectively. Grants totaling \$57,865 and \$385,250 were paid, leaving cash held for future grants of \$259,768 and \$303,339, for the years ended June 30, 2019 and 2018, respectively. CETF has future commitments to conditional grants totaling \$2,242,670 and \$2,308,930 at June 30, 2019 and 2018, respectively which are subject to MOU compliance by Frontier. CETF filed a petition in May 2018 with the California Public Utilities Commission (CPUC) seeking assistance in securing Frontier’s compliance with the public benefits in the MOU. The CPUC accepted the petition and the matter has been resolved in an amended agreement to ensure payment of all grant commitments to community-based organizations. CETF and Frontier are working collaboratively to implement the MOU.

Note 9. NET ASSETS WITH DONOR RESTRICTIONS:

Net assets with donor restrictions consisted of the following at June 30, 2019:

	Beginning Balance June 30, 2018	Contributions and Income	Released from Restrictions	Ending Balance June 30, 2019
Charter territory	\$ 26,843,858	\$ 8,270	\$ 5,622,383	\$ 21,229,745
City of San Jose	-	20,000	20,000	-
Oscar Romero School	-	40,000	-	40,000
Totals	\$ 26,843,858	\$ 68,270	\$ 5,642,383	\$ 21,269,745

Net assets with donor restrictions consisted of the following at June 30, 2018:

	Beginning Balance June 30, 2017	Contributions and Income	Released from Restrictions	Ending Balance June 30, 2018
Charter territory	\$ 31,700,461	\$ 5,073	\$ 4,861,676	\$ 26,843,858
Other broadband adoption	19,886	-	19,886	-
Oscar Romero School	-	50,000	50,000	-
Totals	\$ 31,720,347	\$ 55,073	\$ 4,931,562	\$ 26,843,858

CETF also has a conditional grant of \$50,000 for the Oscar Romero School that will be received and expended during the year ended June 30, 2020.

CALIFORNIA EMERGING TECHNOLOGY FUND

NOTES TO FINANCIAL STATEMENTS – JUNE 30, 2019 AND JUNE 30, 2018

Note 10. RETIREMENT PLAN:

CETF has established a 401(k) retirement plan to provide eligible employees with retirement benefits. Eligible employees include all employees, except for leased and hourly paid employees. The CETF contributes 10% of active participants' compensation to the plan. For the years ended June 30, 2019 and 2018, contributions to the plan amounted to \$148,094 and \$111,430, respectively. It is the organization's policy to offset contributions with amounts forfeited. During the year ended June 30, 2019 and 2018, there were forfeitures of \$0.

Note 11. LEASE COMMITMENTS:

CETF is a party to a three-year non-cancelable operating sub-lease ending in year 2021 for facility located in a commercial building in Oakland, CA. The monthly rent ranges from \$4,300 to \$4,850.

Effective December 1, 2014, CETF entered into a two year lease at the office in Southern California. CETF is required to pay shared costs associated with the operation of the facility and other occupancy related common costs based on a prorated allocation formula. CETF also leases certain equipment under monthly operating leases.

CETF's future minimum rental commitments and operating lease shared costs under all such non-cancellable operating leases are as follows:

<u>Years Ending</u> <u>June 30,</u>	<u>Real Property</u>	<u>Equipment</u>	<u>Total</u>
2020	\$ 54,070	\$ 8,628	\$ 62,698
2021	22,800	8,628	31,428
2022	-	6,891	6,891
2023	-	1,680	1,680
Total	<u>\$ 76,870</u>	<u>\$ 25,827</u>	<u>\$ 102,697</u>

Total operating lease and facilities related expenses for the years ended June 30, 2019 and 2018 were \$70,615 and \$81,531, respectively.

SUPPLEMENTAL INFORMATION

CALIFORNIA EMERGING TECHNOLOGY FUND

STATEMENT OF FINANCIAL POSITION BY REVENUE SOURCE

<u>ASSETS</u>	<u>June 30, 2019</u>				
	<u>Seed Capital Earnings</u>	<u>Charter Grant</u>	<u>Consolidated</u>	<u>Frontier</u>	<u>Total</u>
CURRENT:					
Cash and cash equivalents	\$ 3,037,572	\$ 6,529,745	\$ 9,567,317	\$ 259,768	\$ 9,827,085
Investments	-	-	-	-	-
Advances from charter	(1,700,000)	1,700,000	-	-	-
Grants receivable, current	40,000	6,500,000	6,540,000	1,315	6,541,315
Prepaid expenses	45,822	-	45,822	-	45,822
TOTAL CURRENT ASSETS	1,423,394	14,729,745	16,153,139	261,083	16,414,222
GRANTS RECEIVABLE	-	6,500,000	6,500,000	2,000,000	6,500,000
PROPERTY AND EQUIPMENT	3,343	-	3,343	-	3,343
	<u>\$ 1,426,737</u>	<u>\$ 21,229,745</u>	<u>\$ 22,656,482</u>	<u>\$ 2,261,083</u>	<u>\$ 22,917,565</u>
 <u>LIABILITIES AND NET ASSETS</u>					
CURRENT:					
Accrued expenses	\$ 76,300	\$ -	\$ 76,300	\$ -	\$ 76,300
Grants payable - short term	1,028,140	-	1,028,140	-	1,028,140
TOTAL CURRENT LIABILITIES	1,104,440	-	1,104,440	-	1,104,440
Grants payable - long term	380,000	-	380,000	2,242,670	2,622,670
TOTAL LIABILITIES	1,484,440	-	1,484,440	2,242,670	3,727,110
NET ASSETS:					
Unrestricted	(97,703)	-	(97,703)	18,413	(79,290)
Temporarily restricted	40,000	21,229,745	21,269,745	-	21,269,745
Permanently restricted	-	-	-	-	-
TOTAL NET ASSETS	(57,703)	21,229,745	21,172,042	18,413	21,190,455
	<u>\$ 1,426,737</u>	<u>\$ 21,229,745</u>	<u>\$ 22,656,482</u>	<u>\$ 2,261,083</u>	<u>\$ 24,917,565</u>

See notes to financial statements.