

SAMUEL MERRITT UNIVERSITY

DECEMBER 31, 2017 AND 2016

---

INDEPENDENT AUDITORS' REPORT,

FINANCIAL STATEMENTS

AND

SUPPLEMENTAL SCHEDULE

# Samuel Merritt University

## Independent Auditors' Report, Financial Statements and Supplemental Schedule

---

<b>Independent Auditors' Report</b>	1 - 2
<b>Financial Statements</b>	
Statement of Financial Position	3
Statement of Activities	4 - 5
Statement of Cash Flows	6
Notes to Financial Statements	7 - 27
<b>Supplemental Schedule</b>	
Supplemental Schedule of Changes in Endowments	28 - 32



A Century Strong

## **Independent Auditors' Report**

THE BOARD OF REGENTS  
SAMUEL MERRITT UNIVERSITY  
Oakland, California

### **Report on the Financial Statements**

We have audited the accompanying financial statements of **SAMUEL MERRITT UNIVERSITY (the University)** which comprise the statement of financial position as of December 31, 2017 and 2016, and the related statements of activities 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 representation 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 representation 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 of 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 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 the University as of December 31, 2017 and 2016, and the results of its activities and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matter**

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplemental schedule of changes in endowments is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits 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.

*Hood & Strong LLP*

San Francisco, California  
June 11, 2018

# Samuel Merritt University

## Statement of Financial Position

<i>December 31,</i>	2017	2016
<b>Assets</b>		
Cash and equivalents	\$ 23,457,549	\$ 31,737,586
Restricted cash	1,836,245	1,702,275
Accounts receivable, net:		
Students (net of allowance of \$449,337 in 2017 and \$423,665 in 2016)	27,419,686	22,667,828
Contracts and grants	1,686,636	901,154
Contributions (net of allowance of \$0 in 2017 and 2016)	856,844	799,157
Prepaid expenses and other assets	1,387,002	1,003,160
Investments	175,390,079	154,265,321
Notes receivable (net of allowance of \$694,495 in 2017 and 2016)	5,866,747	5,613,269
Plant and equipment, net of depreciation	12,462,161	9,922,362
<b>Total assets</b>	<b>\$ 250,362,949</b>	<b>\$ 228,612,112</b>
<b>Liabilities and Net Assets</b>		
<b>Liabilities:</b>		
Accounts payable and accrued liabilities	\$ 9,726,529	\$ 19,695,810
Deferred revenues and deposits	31,154,310	25,658,259
Refundable loan program advances	7,163,158	7,463,352
Other liabilities	374,946	332,010
<b>Total liabilities</b>	<b>48,418,943</b>	<b>53,149,431</b>
<b>Net Assets:</b>		
Unrestricted net assets:		
Board designated (\$700,000 plus of accumulated gains of \$431,852 in 2017 and \$264,910 in 2016)	1,131,852	964,910
Undesignated	135,262,605	116,162,974
<b>Total unrestricted net assets</b>	<b>136,394,457</b>	<b>117,127,884</b>
Temporarily restricted:		
Education and general	15,262,530	14,515,093
Accumulated endowment earnings	20,048,145	13,921,310
<b>Total temporarily restricted net assets</b>	<b>35,310,675</b>	<b>28,436,403</b>
Permanently restricted - endowment	30,238,874	29,898,394
<b>Total net assets</b>	<b>201,944,006</b>	<b>175,462,681</b>
<b>Total liabilities and net assets</b>	<b>\$ 250,362,949</b>	<b>\$ 228,612,112</b>

See accompanying notes to the financial statements.

# Samuel Merritt University

## Statement of Activities

*Year ended December 31, 2017*

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>Revenue and Support:</b>				
Tuition and fees	\$ 79,500,424			\$ 79,500,424
Less: University funded scholarships	(9,996,966)			(9,996,966)
Net tuition and fees	69,503,458			69,503,458
Increase in net present value of trusts		\$ 44,483	\$ 55,983	100,466
Private gifts, grants and bequests	33,686	1,875,088	284,497	2,193,271
Government grants	405,258			405,258
Kaiser and Alameda cost recovery	894,891			894,891
Other sources	229,470			229,470
Total revenue and support	71,066,763	1,919,571	340,480	73,326,814
Net assets released from restrictions	4,921,544	(4,921,544)		-
Net revenue and support	75,988,307	(3,001,973)	340,480	73,326,814
<b>Expenses:</b>				
Education and general:				
Instruction	40,498,799			40,498,799
Academic support	9,442,711			9,442,711
Student services	5,078,563			5,078,563
Institutional support	14,757,600			14,757,600
Auxiliary enterprises	1,062,545			1,062,545
Total expenses	70,840,218			70,840,218
<b>Changes in Net Assets Before Other Activities</b>	5,148,089	(3,001,973)	340,480	2,486,596
<b>Other Activities:</b>				
Investment earnings:				
Realized and unrealized gains	11,761,366	8,996,387		20,757,753
Investment income	2,357,118	879,858		3,236,976
<b>Change in Net Assets</b>	19,266,573	6,874,272	340,480	26,481,325
<b>Net Assets, beginning of year</b>	117,127,884	28,436,403	29,898,394	175,462,681
<b>Net Assets, end of year</b>	\$ 136,394,457	\$ 35,310,675	\$ 30,238,874	\$ 201,944,006

See accompanying notes to the financial statements.

# Samuel Merritt University

## Statement of Activities

*Year ended December 31, 2016*

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>Revenue and Support:</b>				
Tuition and fees	\$ 70,014,383			\$ 70,014,383
Less: University funded scholarships	(7,575,516)			(7,575,516)
Net tuition and fees	62,438,867			62,438,867
Increase in net present value of trusts		\$ 24,443	\$ 26,294	50,737
Private gifts, grants and bequests	13,735	3,033,869	1,059,809	4,107,413
Government grants	260,940			260,940
Kaiser and Alameda cost recovery	937,135			937,135
Other sources	509,894			509,894
Total revenue and support	64,160,571	3,058,312	1,086,103	68,304,986
Net assets released from restrictions	3,973,743	(3,973,743)		-
Net revenue and support	68,134,314	(915,431)	1,086,103	68,304,986
<b>Expenses:</b>				
Education and general:				
Instruction	36,888,486			36,888,486
Academic support	9,261,887			9,261,887
Student services	4,932,577			4,932,577
Institutional support	13,286,785			13,286,785
Auxiliary enterprises	1,002,008			1,002,008
Total expenses	65,371,743			65,371,743
<b>Changes in Net Assets Before Other Activities</b>	2,762,571	(915,431)	1,086,103	2,933,243
<b>Other Activities:</b>				
Investment earnings:				
Realized and unrealized gains	6,070,166	2,985,495		9,055,661
Investment income	2,208,855	933,156		3,142,011
<b>Change in Net Assets</b>	11,041,592	3,003,220	1,086,103	15,130,915
<b>Net Assets, beginning of year</b>	106,086,292	25,433,183	28,812,291	160,331,766
<b>Net Assets, end of year</b>	\$ 117,127,884	\$ 28,436,403	\$ 29,898,394	\$ 175,462,681

See accompanying notes to the financial statements.

# Samuel Merritt University

## Statement of Cash Flows

<i>Years ended December 31,</i>	2017	2016
<b>Operating Activities:</b>		
Change in net assets	\$ 26,481,325	\$ 15,130,915
Adjustments to reconcile net increase in net assets to net cash (used in) provided by operating activities:		
Contributions restricted for long term use	(284,497)	(1,059,809)
Depreciation	2,520,017	2,168,250
Realized and unrealized gains	(20,757,753)	(9,055,661)
Change in value of charitable remainder trusts	100,466	50,737
Changes in operating assets and liabilities:		
Accounts receivable	(5,695,493)	(2,251,967)
Prepaid and other assets	(383,842)	(48,931)
Accounts payable and accrued liabilities	(9,926,345)	9,590,246
Deferred revenue and deposits	5,496,051	2,851,240
Net cash (used in) provided by operating activities	(2,450,071)	17,375,020
<b>Investing Activities:</b>		
Acquisitions of plant and equipment	(5,059,816)	(3,512,696)
Purchases of investments	(3,945,481)	(12,152,369)
Proceeds from the sale of investments	3,578,476	8,503,171
Student loans activity, net	(253,478)	(1,370)
Net cash used in investing activities	(5,680,299)	(7,163,264)
<b>Financing Activities:</b>		
Contributions restricted for long term use	284,497	1,059,809
Return of government loan funds	(379,393)	(1,349,721)
Advances for government loan funds	79,199	31,352
Net cash used in financing activities	(15,697)	(258,560)
<b>Net (Decrease) Increase in Cash and Equivalents and Restricted Cash</b>	(8,146,067)	9,953,196
<b>Cash and Equivalents and Restricted Cash, Beginning of year</b>		
<b>Cash, Beginning of year</b>	33,439,861	23,486,665
<b>Cash and Equivalents and Restricted Cash, End of year</b>		
<b>Cash, End of year</b>	\$ 25,293,794	\$ 33,439,861
<b>Supplemental Cash Flow Information</b>		
Non-cash transaction:		
Accrued purchase of plant and equipment	\$ 837,673	\$ 499,401

See accompanying notes to the financial statements.



# Samuel Merritt University

## Notes to Financial Statements

---

### Note 1 - Organization and Operations:

Samuel Merritt University (the University) is a specialized institution of higher education located in Oakland, California, which offers doctoral, masters and baccalaureate degrees in health sciences. Its primary fields of study are nursing, occupational therapy, physical therapy, physician assistant and podiatric medicine.

The University is a California nonprofit public benefit corporation whose sole corporate member is Sutter Bay Hospitals. Sutter Bay Hospitals' sole corporate member is Sutter Health (Sutter). Prior to March 1, 2018, the University's sole corporate member was Sutter East Bay Hospitals. Effective March 1, 2018, Sutter East Bay Hospitals merged into Sutter Bay Hospitals, and Sutter East Bay Hospitals no longer exists as a separate legal entity.

The University's operations are primarily funded through revenue generated by tuition and fees. Additionally, the University receives private contributions from donors that increase the University's ability to provide instruction.

The University assists students in financing their education through private and institutional awards as well as federally funded student aid programs.

The University is accredited by WASC (Western Association of Schools and Colleges) Senior College and University Commission. The University programs are accredited by Accredited Council for Occupational Therapy Education, California Board of Registered Nursing, Commission on Collegiate Nursing Education, Commission on Accreditation in Physical Therapy Education, Council on Accreditation of Nurse Anesthesia Educational Programs, Accreditation Review Commission on Education for the Physician Assistant, and Council on Podiatric Medical Education (CPME). Accreditations are required for participation in federal and state student financial aid programs.

### Note 2 - Significant Accounting Policies:

#### a. Basis of Presentation

The University's financial statements are prepared on an accrual basis of accounting in accordance with U.S. generally accepted accounting principles for not-for-profit organizations which classifies resources into three net asset categories pursuant to any donor-imposed restrictions and applicable law. The categories are unrestricted, temporarily restricted and permanently restricted net assets.

#### b. Cash Equivalents

The University considers all instruments with a maturity of three months or less at the time of purchase to be cash equivalents, except for cash equivalents included in and managed with the University's pooled investments.

# Samuel Merritt University

## Notes to Financial Statements

---

c. Restricted Cash

Restricted cash represents cash that is restricted for specific purposes, including cash held in trust for students and alumni and cash available for future loans to students in the University's federal loan programs.

d. Investments

Non-pooled investments in marketable equity securities are carried at fair value based upon the observable quoted market price. Realized investment gains or losses are determined based upon the carrying values of specific investment funds sold.

Pooled investments are mainly invested in marketable securities by Sutter under its investment pools. The pooled investments are carried at fair value based upon the University's proportional share of the investments.

e. Fair Value Measurements

Fair value is 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. The University classifies its financial assets and liabilities measured at fair value on a recurring basis based on a fair value hierarchy with three levels of inputs. Level 1 values are based on unadjusted quoted prices in active markets for identical securities. Level 2 values are based on significant observable market inputs, such as quoted prices for similar securities and quoted prices in inactive markets. Level 3 values are based on significant unobservable inputs that reflect the University's determination of assumptions that market participants might reasonably use in valuing the securities. The valuation levels are not necessarily an indication of the risk or liquidity associated with the assets and liabilities measured at fair value.

Certain investments that are measured using the net asset value (NAV) per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The NAV amounts presented in the table in Note 3 are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statement of financial position.

f. Notes Receivable

Notes receivable consist principally of Federal student loans which bear interest of 3 to 5 percent annually. The notes are generally payable in monthly installments over a 10-year period beginning nine months after graduation.

# Samuel Merritt University

## Notes to Financial Statements

---

g. Plant and Equipment

Plant and equipment are stated at cost, if purchased, or estimated fair value at date of receipt, if donated. Depreciation is recorded using the straight-line method over estimated useful lives of 10 to 40 years for buildings and improvements, 3 to 25 years for furniture and equipment, and 7 years for library resources. The University conducts a physical inventory of plant and equipment every five years. The most recent inventory was conducted in 2013.

h. Refundable Loan Program Advances

The University records federally funded student loans received as refundable advances. The amount includes U.S. Department of Education and U.S. Department of Health and Human Services funds received and interest earned on the loans less certain allowable costs.

i. Description of Net Assets

All resources that are not restricted by donors are included in unrestricted net assets. Temporarily restricted net assets represent the portion of net assets whose use by the University is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled by actions of the University pursuant to those stipulations.

Permanently restricted net assets are the portion of net assets restricted by the donor for investment in perpetuity. Income, unrealized and realized gains and losses from these permanently restricted net assets are classified as temporarily restricted.

j. Revenue Recognition

Student tuition accounts receivable are recorded when students are billed. Tuition revenue is recorded as earned, on a pro rata basis over the applicable teaching period. Payments received for tuition for future periods are reported as deferred revenue. Collection or development of payment plans for tuition is required prior to registration for the following term.

Contributions and pledges are recognized as revenue when they are received or unconditionally pledged. Pledges receivable represent amounts committed by donors that have not been received by the University. Pledges are discounted to their estimated net present value using risk adjusted interest rates applicable to the years in which the promises are received.

# Samuel Merritt University

## Notes to Financial Statements

---

The University reports gifts of land, buildings, and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the University reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Contributions of assets other than cash are recorded at their estimated fair value.

k. Charitable Remainder Trust Receivable

Charitable remainder trust receivable represents the estimated net present value of the University's remainder interest in various irrevocable trusts held by third party trustees. Such receivables are estimated to be collected in periods beginning after 2018. The net present value of these receivables was actuarially determined using IRS life annuities and mortality tables and an annual investment return of 5.78 percent.

l. Functional Expense Allocations

Certain expenses, such as depreciation, employee benefits and technology and facility department expenses are allocated among program services and supporting services based on allocation methods and estimates made by the University's management.

m. Income Taxes

The principal activities of the University are exempt from income taxes under provisions of the U.S. Internal Revenue Code, Section 501(c) (3) and the California Tax Code.

n. Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and 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.

# Samuel Merritt University

## Notes to Financial Statements

---

o. Endowment Funds

For endowments that donors have not specifically defined a spending policy, State law allows the University to appropriate so much of net appreciation on endowment investments as is prudent considering the University's long and short-term needs, present and anticipated financial requirements, expected total return on its investments, price level trends, and general economic conditions. Under the University's endowment spending policy, between 4% and 5% of the quarterly rolling average market value of assets in the endowed fund(s), based on at least 12 and at most 20 quarters of data, may be appropriated. Amounts appropriated for spending may exceed actual realized earnings from endowments.

To satisfy its long-term rate-of-return objectives, the University relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The University targets a diversified assets allocation including investments in pooled investments managed by Sutter, a related party that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

The Board of Regents of the University has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the University classifies as permanently restricted net assets a) the original value of gifts donated to the permanent endowment, b) the original value of subsequent gifts to the permanent endowment, and c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. 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 expenditures by the University in a manner consistent with the standard of prudence prescribed by SPMIFA.

In accordance with SPMIFA, the University 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 purposes of the University 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 University
- 7) The investments policies of the University

# Samuel Merritt University

## Notes to Financial Statements

---

From time to time, the fair value of assets associated with individual donor-restricted funds may fall below the level that the donor or SPMIFA requires the University to retain as a fund of perpetual duration. In 2017 there were no funds that were underwater. In 2016, due to improvement in market performance \$6,638 was repaid by the Endowment fund to the Unrestricted fund.

p. Student Accounts and Loan Receivables and Government Funds

Student accounts receivable are carried at the unpaid balance of the original amount billed to students. Management determines the allowance for doubtful accounts by using historical experience applied to an aging of accounts. Student accounts receivables are written off when deemed uncollectible. Recoveries of student accounts receivable previously written off are recorded when received.

A student account receivable is considered to be past due if a payment is not made by the payment due date unless the student had previously agreed to the terms of a payment plan and maintains that payment plan in good standing.

Student loans receivable are carried at the amount of unpaid principal. Student loans are written off when deemed uncollectible and may be assigned to the Department of Education. Recoveries of student loans receivable previously written off are recorded when received. After a student is no longer enrolled in an institution of higher education and after a grace period, interest is charged on student loans receivable and is recognized as it is paid. Late charges are charged if payments are not paid by the payment due date and are recognized as they are charged. Student loans receivable are considered to be past due if a payment is not made within 30 days of the payment due date. After loans receivable become past due, the accrual of late charges is suspended. Students may be granted a deferment, forbearance or cancellation of their student loan receivable based on eligibility requirements defined by the Department of Education and the University. Under an arrangement with the Federal Government, portions of the principal and interest due on student notes receivable may be canceled under certain conditions. The University receives directly or acts as a pass-through agent for a variety of federal financial aid programs.

Student loan funds received from the Federal Government under revolving loan programs are reflected as liabilities in the statement of financial position.

q. Financial Instruments Not Measured at Fair Value

Some of the University's financial instruments are not measured at fair value but nevertheless are recorded at amounts that approximate fair value due to their liquid or short-term nature. Such financial assets and financial liabilities include: Receivables - students and notes, Payables - vendors and other notes payables, and certain deposits.

# Samuel Merritt University

## Notes to Financial Statements

---

### r. New Accounting Pronouncements

#### *Pronouncements effective in the future:*

In May 2014, as part of its ongoing efforts to assist in the convergence of U.S. GAAP and International Financial Reporting Standards (IFRS), the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, Revenue from Contracts with Customers (Topic 606) related to revenue recognition. The new guidance sets forth a new five-step revenue recognition model which replaces the prior revenue recognition guidance in its entirety and is intended to eliminate numerous industry-specific pieces of revenue recognition guidance that have historically existed in U.S. GAAP. The underlying principle of the new standard is that a business or other organization will recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects what it expects in exchange for the goods or services. The standard also requires more detailed disclosures and provides additional guidance for transactions that were not addressed completely in the prior accounting guidance. The ASU provides alternative methods of initial adoption and is effective for annual periods beginning after December 15, 2017. Early adoption is permitted. The University is currently evaluating the impact of this pronouncement on its financial statements.

In August 2016, FASB issued ASU 2016-14, 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 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. Early application is permitted. Amendments should be applied on a retrospective basis in the year the update is first applied. The University is currently evaluating the impact of this pronouncement on its financial statements.

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842). The amendments in this update will supersede much of the existing authoritative guidance for leases. This guidance requires lessees, among other things, to recognize right-of-use assets and liabilities on their balance sheet for all leases with lease terms longer than twelve months. The standard will be effective for the University, since it is not deemed a public business entity, for its fiscal year beginning after December 15, 2019, and for interim periods beginning after December 15, 2020 with early application permitted. Entities are required to use modified retrospective application for leases that exist or are entered into after the beginning of the earliest comparative period in the financial statements with the option to elect certain transition reliefs. The University is currently evaluating the impact of this pronouncement on its financial statements.

# Samuel Merritt University

## Notes to Financial Statements

s. Subsequent Events

The University evaluated subsequent events from December 31, 2017 through June 11, 2018, the date these financial statements were available to be issued, and has determined that there were no material subsequent events that required recognition or additional disclosure in these financial statements.

**Note 3 - Fair Value of Financial Instruments:**

Assets

The University's investments consisted of the following as of December 31, 2017 and 2016:

	2017	
	Quoted Prices In Active Markets for Identical Instruments (Level 1)	Significant Other Inputs (Level 2)
		2017 Total
Non-pooled investments:		
Cash equivalents	\$ 111,729	\$ 111,729
U.S. equity securities	61,294,211	61,294,211
U.S. corporate securities	37,394,269	37,394,269
Total	98,800,209	98,800,209



# Samuel Merritt University

## Notes to Financial Statements

	2017		2017 Total
	Quoted Prices In Active Markets for Identical Instruments (Level 1)	Significant Other Inputs (Level 2)	
Pooled investments:			
Cash equivalents		\$ 2,760,692	\$ 2,760,692
Equity securities:			
U.S. equity securities		12,674,360	12,674,360
Foreign equity securities		7,668,308	7,668,308
Fixed income securities:			
U.S. government securities		3,833,016	3,833,016
U.S. government agencies securities		453,844	453,844
U.S. state and local government securities		517,292	517,292
U.S. federal agency mortgage backed securities		3,406,209	3,406,209
Foreign government securities		2,586,400	2,586,400
U.S. corporate securities		4,275,075	4,275,075
Foreign corporate securities		1,587,401	1,587,401
Total		39,762,597	39,762,597
Other pooled investments measured at net asset value			36,827,273
Grand total – non-pooled and pooled investments			\$175,390,079

	2016		2016 Total
	Quoted Prices In Active Markets for Identical Instruments (Level 1)	Significant Other Inputs (Level 2)	
Non-pooled investments:			
Cash equivalents	\$ 153,979		\$ 153,979
U.S. equity securities	50,585,260		50,585,260
U.S. corporate securities	35,831,982		35,831,982
Total	86,571,221		86,571,221

# Samuel Merritt University

## Notes to Financial Statements

	2016	
	Quoted Prices In Active Markets for Identical Instruments (Level 1)	Significant Other Inputs (Level 2)
	2016 Total	
Pooled investments:		
Cash equivalents	\$ 1,255,827	\$ 1,255,827
Equity securities:		
U.S. equity securities	15,080,443	15,080,443
Foreign equity securities	8,837,986	8,837,986
Fixed income securities:		
U.S. government securities	3,196,918	3,196,918
U.S. government agencies securities	429,551	429,551
U.S. state and local government securities	338,542	338,542
U.S. federal agency mortgage backed securities	4,075,482	4,075,482
Foreign government securities	2,015,213	2,015,213
U.S. corporate securities	4,767,021	4,767,021
Foreign corporate securities	1,676,283	1,676,283
Total	\$ 41,673,266	\$ 41,673,266
Other pooled investments measured at net asset value		26,020,834
Grand total – non-pooled and pooled investments		\$154,265,321

Pooled investments held by Sutter are invested in the above types of securities. The University does not own individual investments in the pool. The University owns a certain percentage of the total pooled investments held by Sutter. The fair values recorded for each investment category are based on proportional percentage owned by the University to each investment category in the pooled investments fund held by Sutter. There are no restrictions on these pooled investments funds.

# Samuel Merritt University

## Notes to Financial Statements

Certain of the investments report fair value using a calculated NAV or its equivalent. These investments are not expected to be sold at amounts that are different from NAV. The following table and explanations identify attributes relating to the nature and risk of such investments:

	<u>Fair Value</u>		Redemption Frequency (if currently eligible)	Redemption Notice Frequency (if currently eligible)
	2017	2016		
Comingled funds				
- U.S. equity securities	\$ 4,528,372	\$ 4,141,300	Daily	1 day
Comingled funds				
- foreign equity securities	8,354,585	1,454,883	Daily, Monthly	1 day, 10-30 days
Comingled funds				
- debt securities	1,658,521	1,186,622	Daily, Monthly	15-30 days
Commodity – linked funds	2,001,776	1,790,192	Monthly	5 days
Multi-strategy hedge funds	13,289,907	12,364,187	Monthly, Quarterly	5-197 days
Private equity funds	350,466		None	None
Private equity real estate funds	<u>6,643,646</u>	<u>5,083,650</u>	None	None
	<u>\$ 36,827,273</u>	<u>\$ 26,020,834</u>		

Commingled Funds – Equity Securities: This class includes investments in commingled funds that invest primarily in U.S. or foreign equity securities and attempt to match the returns of specific equity indices. As of December 31, 2017, approximately 59% of this class is redeemable daily with a 1-day notice period. The remaining 41% of this class is redeemable monthly with a notice period of 10 to 30 days.

# Samuel Merritt University

## Notes to Financial Statements

---

Commingled Funds – Debt Securities: This class includes investments in commingled funds that invest primarily in foreign debt, of which the majority are traded in over-the-counter markets. As of December 31, 2017, approximately 48% of the value of this class is redeemable daily, with a notice period of 15 to 30 days. The remaining 52% of this class is redeemable monthly with a 15-day notice period.

Commodity-Linked Funds: This class includes commodity-linked funds that pursue long-only fully collateralized commodity futures strategies to provide diversification and inflation protection. As of December 31, 2017, these funds are redeemable monthly with a 5-day notice before month end.

Multi-Strategy Hedge Fund Portfolio: This class includes investments in hedge funds that expand the universe of potential investment approaches available by employing a variety of strategies and techniques within and across various asset classes. The primary objective for these funds is to balance returns while limiting volatility by allocating capital to external portfolio managers selected for expertise in one or more investment strategies which may include, but are not limited to, equity long/short, event driven, relative value, and directional. As of December 31, 2017 approximately 88% of the value of this class is redeemable monthly, with a notice period of 10 to 75 days. The majority of the remainder of the class have 25% gates or 1 year lock-up periods.

Private Equity Real Estate Funds: This class includes domestic and foreign investments in real estate that are held in limited partnership funds, joint ventures, and other investments comprised of retail, office, industrial, and multi-family properties. There is no provision for redemptions during the life of these funds. Distributions from each fund will be received as the underlying investments of the funds are liquidated, estimated at December 31, 2017, to be over the next 2 to 10 years. There were unfunded commitments of \$4,924,545 on these funds as of December 31, 2017.

# Samuel Merritt University

## Notes to Financial Statements

**Note 4 - Notes Receivable:**

Notes receivable constituted the University's student loans receivable and consist of the following:

<b>December 31, 2017</b>	<u>Perkins Loans</u>	<u>HPSL Loans</u>	<u>NSL Loans</u>	<u>Institutional Loans</u>	<u>Total</u>
Notes Receivable	\$ 1,950,179	\$ 2,016,646	\$ 1,962,382	\$ 632,035	\$ 6,561,242
Less allowance for doubtful accounts:					
Beginning of year	(367,649)	(175,403)	(138,368)	(13,075)	(694,495)
Decrease (Increase)					
End of year	(367,649)	(175,403)	(138,368)	(13,075)	(694,495)
Notes Receivable, net	\$ 1,582,530	\$ 1,841,243	\$ 1,824,014	\$ 618,960	\$ 5,866,747

<b>December 31, 2016</b>	<u>Perkins Loans</u>	<u>HPSL Loans</u>	<u>NSL Loans</u>	<u>Institutional Loans</u>	<u>Total</u>
Notes Receivable	\$ 2,210,556	\$ 2,078,617	\$ 1,629,904	\$ 388,687	\$ 6,307,764
Less allowance for doubtful accounts:					
Beginning of year	(367,649)	(175,403)	(145,829)	(5,614)	(694,495)
Decrease (Increase)					
End of year	(367,649)	(175,403)	(145,829)	(5,614)	(694,495)
Notes Receivable, net	\$ 1,842,907	\$ 1,903,214	\$ 1,484,075	\$ 383,073	\$ 5,613,269

The availability of funds for loans under the Federal programs is dependent on reimbursement to the pool by receiving repayments on outstanding loans. Funds advanced by the Federal Government are \$7,163,158 and \$7,463,352 at December 31, 2017 and 2016 respectively. These funds are ultimately refundable to the government and are classified as liabilities in the statement of financial position. Outstanding loans canceled under the program result in a reduction of the funds available for loan and a decrease in the liability to the government.

# Samuel Merritt University

## Notes to Financial Statements

---

Perkins Loans are available to all qualifying students enrolled in any academic program.

Health Professional Student Loans (HPSL) are only available to qualifying students enrolled in the Podiatric program.

Nursing Student Loans (NSL) are only available to qualifying students enrolled in any of the Nursing programs.

Institutional Loans are designed for students that have a tuition balance and are paying over time. There are specific qualifications that need to be met by each applicant. The University management's approval is required for these loans.

### Note 5 - Contributions Receivable:

Unconditional contributions receivable consisted of the following at December 31:

	<u>2017</u>	<u>2016</u>
Charitable remainder trusts receivable, net of discounts of \$53,854 in 2017 and \$154,320 in 2016	\$ 762,501	\$ 663,035
Pledges receivable, net of \$0 allowance in 2017 and 2016	94,343	136,122
	<hr/>	<hr/>
	\$ 856,844	\$ 799,157

All pledges receivables are expected to be collected in the following year.

# Samuel Merritt University

## Notes to Financial Statements

---

### Note 6 - Plant and Equipment:

Plant and equipment at December 31 consisted of the following:

	<u>2017</u>	<u>2016</u>
Buildings and leasehold improvements	\$ 10,183,520	\$ 9,681,342
Furniture and equipment	17,602,525	13,695,620
Construction in progress	1,414,454	795,170
Library resources	1,493,779	1,462,330
	<hr/>	<hr/>
	30,694,278	25,634,462
<u>Less accumulated depreciation and amortization</u>	<u>(18,232,117)</u>	<u>(15,712,100)</u>
	<hr/>	<hr/>
	\$ 12,462,161	\$ 9,922,362

Land related to buildings is owned by Sutter. Depreciation expense for the years ended December 31, 2017 and 2016 was \$2,520,017 and \$2,168,250 respectively.

### Note 7 - Endowment Funds:

Endowment net asset composition by type of fund as of December 31, 2017:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds		\$ 20,048,145	\$ 30,238,874	\$ 50,287,019
Board designated funds	\$ 1,131,852			1,131,852
	<hr/>	<hr/>	<hr/>	<hr/>
<u>Total Endowment Funds</u>	<u>\$ 1,131,852</u>	<u>\$ 20,048,145</u>	<u>\$ 30,238,874</u>	<u>\$ 51,418,871</u>

# Samuel Merritt University

## Notes to Financial Statements

Changes in endowment net assets for the year ended December 31, 2017:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Net assets, beginning of year	\$ 964,910	\$ 13,921,310	\$ 29,898,394	\$ 44,784,614
Investment return:				
Investment income	14,782	683,463		698,245
Realized gain	53,617	2,515,062		2,568,679
Unrealized gain	98,543	4,663,630		4,762,173
Total net appreciation	166,942	7,862,155		8,029,097
Increase in net present value			55,983	55,983
Contributions			284,497	284,497
Appropriation of endowment assets for expenditure		(1,735,320)		(1,735,320)
Net assets, end of year	\$ 1,131,852	\$ 20,048,145	\$ 30,238,874	\$ 51,418,871

Endowment net asset composition by type of fund as of December 31, 2016:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds		\$ 13,921,310	\$ 29,898,394	\$ 43,819,704
Board designated funds	\$ 964,910			964,910
Total Endowment Funds	\$ 964,910	\$ 13,921,310	\$ 29,898,394	\$ 44,784,614



# Samuel Merritt University

## Notes to Financial Statements

Changes in endowment net assets for the year ended December 31, 2016:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Net assets, beginning of year	\$ 900,168	\$ 13,597,199	\$ 28,812,291	\$ 43,309,658
Investment return:				
Investment income	15,630	750,974		766,604
Realized gain	7,203	346,514		353,717
Unrealized gain	41,909	2,015,467		2,057,376
<u>Total net appreciation</u>	<u>64,742</u>	<u>3,112,955</u>		<u>3,177,697</u>
Increase in net present value			26,294	26,294
Contributions			1,059,809	1,059,809
Appropriation of endowment assets for expenditure		(2,788,844)		(2,788,844)
<u>Net assets, end of year</u>	<u>\$ 964,910</u>	<u>\$ 13,921,310</u>	<u>\$ 29,898,394</u>	<u>\$ 44,784,614</u>

### Note 8 - Permanently Restricted - Net Assets:

Permanently restricted net assets represent contributions which are endowments restricted by donors to be invested in perpetuity.

Investment income from these funds is expendable to support the following activities at December 31:

	<u>2017</u>	<u>2016</u>
Scholarship	\$ 9,457,216	\$ 9,247,688
Programs and general operations	20,781,658	20,650,706
	<u>\$ 30,238,874</u>	<u>\$ 29,898,394</u>

# Samuel Merritt University

## Notes to Financial Statements

---

### Note 9 - Temporarily Restricted – Net Assets:

Temporarily restricted net assets represent funds which have not yet been expended for donor imposed restrictions.

Temporarily restricted net assets are available for the following purposes as of December 31:

	<u>2017</u>	<u>2016</u>
Scholarship	\$ 12,332,703	\$ 12,633,670
Program and general operation	22,977,972	15,802,733
	<hr/>	<hr/>
	\$ 35,310,675	\$ 28,436,403

Temporarily restricted net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors.

	<u>2017</u>	<u>2016</u>
Utilized for scholarship	\$ 3,359,623	\$ 1,431,033
Utilized for general operating purposes	1,561,921	2,542,710
	<hr/>	<hr/>
	\$ 4,921,544	\$ 3,973,743

### Note 10 - Related Party Transactions:

Sutter and some of its affiliates provide the University with offices and classrooms in Oakland and various services. Total charges for the offices and classrooms in Oakland by Sutter was \$3,999,996 in 2017 and 2016 for each year. Charges for various services include:

- executive management salaries and expenses of \$114,001 in 2017 and \$1,509,662 in 2016. Two executive management members' positions were transitioned back to the University from Sutter effective January 15, 2017.
- insurance and healthcare premiums of \$347,542 in 2017 and \$390,995 in 2016
- temporary staffing of \$721,738 in 2017 and \$354,385 in 2016
- allocation of shared operations of \$1,896,936 in 2017, which Sutter started charging in 2017. The estimated allocation in 2018 is approximately \$2,581,000.

# Samuel Merritt University

## Notes to Financial Statements

---

- other miscellaneous services of \$464,672 in 2017 and \$375,067 in 2016

In addition, Sutter provides vendor payment service to all the University's external vendors, including corporate purchasing card accounts, which is then reimbursed by the University.

As of December 31, 2017 and 2016, net payable due to Sutter and its applicable affiliates related to transactions above was \$2,942,587 and \$13,483,026, respectively.

See Note 14 for benefit plans the University participates in with Sutter.

### **Note 11 - Deferred Compensation Plan:**

Employees with a minimum of one year of service are eligible to participate in the University's deferred compensation 403(b) plan. The employer contribution consists of 5% of employee compensation plus an additional 2%, provided the employee contributes at least 2%. The University contributed \$1,989,016 and \$1,974,921 to the plan during the years ended December 31, 2017 and 2016, respectively.

### **Note 12 - Concentrations of Risk:**

The primary concentrations of market risk exist in the cash and investments areas.

The University has cash deposits, including restricted cash, in financial institutions in excess of federally insured limits at December 31, 2017 and 2016.

To address concentration of market risk in the investment area, the University maintains a formal investment policy which sets out performance criteria, investment guidelines and requires review of the investment performance.

### **Note 13 - Advertising and Fundraising Expenses:**

Advertising expense for the years ended December 31, 2017 and 2016 were \$241,586 and \$194,176, respectively. Fundraising expenses for the years ended December 31, 2017 and 2016 were \$399,582 and \$539,524, respectively.

# Samuel Merritt University

## Notes to Financial Statements

---

### Note 14 - Commitments and Contingencies:

The University has various commitments and is contingently liable in connection with litigious claims and contracts arising in the normal course of its activities. In addition, the University receives funds from various federal and state government student financial aid programs which are subject to audit by these governmental agencies. University management believes that the outcome of such matters will not have a significant effect on the financial position of the University.

#### Lease Agreements

The University leases certain teaching facilities and equipment under non-cancelable lease agreements. Estimated future minimum payments are as follows:

2018	\$ 2,362,700
2019	2,355,400
2020	2,414,500
2021	1,667,800
2022	1,712,300
Thereafter	1,710,200
<hr/>	
Total estimated minimum lease payments	\$ 12,222,900

Total rent expense for all lease agreements totaled \$6,444,997 and \$5,719,639 in 2017 and 2016, respectively.

On January 1, 2015, Sutter started charging the University for space it occupies in Oakland. The amount is \$3,999,996 in 2017 and 2016, as disclosed in Note 10. The University is currently negotiating the lease terms and conditions with Sutter, thus the annual lease payment related to this lease is not included in the estimated future minimum payment table above.

#### Self-Insured Health Insurance

The University participates in a self-insured health insurance plan which is controlled and administered by Sutter East Bay Hospitals. The limit of self-insurance is \$750,000 per claim. The provisions for estimated health insurance claims include estimates of the ultimate costs for both reported claims and claims incurred but not reported in accordance with past experience. Such claim reserves are based on the best data available to Sutter East Bay Hospitals; however, these estimates are subject to a significant degree of inherent variability.

# Samuel Merritt University

## Notes to Financial Statements

---

Accordingly, there is at least a reasonable possibility that a material change to the estimated reserves will occur in the near term. Such estimates are continually monitored and reviewed and reserves are adjusted; the differences are reflected in current operations. The University paid \$4,384,109 and \$4,318,107 in claims during 2017 and 2016, respectively. There is no liability being carried at the University level in 2017 and 2016 as a result in the consolidation at the Sutter Level under the SutterSelect Self Paid Insurance Plan.

### Post-Retirement Health Benefit Plan

The University participates in Sutter's non-contributing post-retirement health benefit plan called Sutter Health Retiree Health Care Account Plan. Sutter allocated \$140,619 and \$138,001 in post-retirement medical insurance expenses to the University in 2017 and 2016, respectively. This expense is reflected in the statement of activities as allocated benefits across the educational and general expense categories. The accumulated liability is reflected in the statement of financial position as part of the accounts payable and accrued liabilities. The balance of the liability to the Sutter post-retirement health benefit plan was \$1,623,041 and \$1,482,422 as of December 31, 2017 and 2016, respectively.

### **Note 15 - Letter of Intent:**

The University has signed a letter of intent with Holy Names University on July 5, 2017 to investigate opportunities for the mutual benefit of the institutions and their stakeholders. This could include the opportunity to relocate the University's East Bay campus to the existing Holy Names University campus.

# Samuel Merritt University

## Supplemental Schedule of Changes in Endowments

December 31, 2017

	December 31, 2016 Corpus	Contributions of Assets	Reclassifications	Total Changes	December 31, 2017 Corpus	Board Designated Funds	Accumulated Unspent Earnings	December 31, 2017 Fair Market Value
<b>Endowment Funds:</b>								
Ella Sweep Award/Loan Fund	\$ 15,739	\$ -	\$ -	\$ -	\$ 15,739		\$ 71,388	\$ 87,127
Dr. Howard & Patricia Milliken Scholarship-EF	91,127	50,000	-	50,000	141,127		19,072	160,199
Dr. H. M. "Mac" Reynolds Endowed Scholarship	117,419	-	-	-	117,419		21,604	139,023
Charlotte and Dan Clinkenbeard Scholarship Fund	70,000	-	-	-	70,000		88,703	158,703
Donald E. Kessler Scholarship	153,164	-	-	-	153,164		448,300	601,464
Cynthia Attwood-Gwen Tudor Memorial Scholarship Fund	6,369	-	-	-	6,369		9,870	16,239
Kathryn M. Livingston Scholarship Fund	5,190	-	-	-	5,190		17,742	22,932
Chaffee E. Hall & Emmy L. Hall Nursing Scholarship	25,579	-	-	-	25,579		41,115	66,694
Silvio P. Marraccini Scholarship Fund	0	-	-	-	0		0	0
Mr. and Mrs. Richard L. Highsmith Scholarship Fund	264,240	5,000	-	5,000	269,240		425,598	694,838
Ava Pischel Elliott Scholarship Fund	65,740	40	-	40	65,780		45,962	111,742
Henry & Bernice Bigge Scholarship Fund	18,231	-	-	-	18,231		37,004	55,235
Mabel Eugenia Hale Scholarship Fund	60,000	-	-	-	60,000		119,734	179,734
Betty Reed Moffitt Scholarship Fund	61,885	400	-	400	62,285		33,928	96,213
Juanita Hanan Wilson Scholarship Fund	14,033	-	-	-	14,033		10,820	24,853
Stella Seaton Memorial Scholarship Fund	7,774	-	-	-	7,774		12,927	20,701
Peter D. and Jennie Lim Shiu Memorial Scholarship Fund	29,992	200	-	200	30,192		25,947	56,139
Velora Buscher Memorial Scholarship Fund	19,840	-	-	-	19,840		20,492	40,332
William Randolph Hearst Endowed Scholarship Fund	200,000	-	-	-	200,000		127,908	327,908
Ed and Marilyn Chovanes Scholarship Fund	6,875	-	-	-	6,875		16,271	23,146
William Breslin Physical Therapy Scholarship Fund	5,922	-	-	-	5,922		8,269	14,191
President's Office	1,200,000	-	-	-	1,200,000		2,456,498	3,656,498
Ecker Family Endowed Scholarship Fund	356,419	55,641	-	55,641	412,060		20,950	433,010
David M. and Oolah B. Evans Physical Therapy * Scholarship Fund	36,191	538	-	538	36,729		16,325	53,054
Bernice E. Fornoff Nursing Scholarship Fund	11,200	-	-	-	11,200		6,975	18,175
Hitchcock Heydman Endowed Scholarship Fund	86,601	(50)	-	(50)	86,551		55,757	142,308
Ken and Jean Hofmann Nursing Scholarship Fund	178,340	-	-	-	178,340		210,734	389,074
Gordon "Skip" Huber Endowed Geriatric Nursing Scholarship Fund	108,578	0	-	-	108,578		138,213	246,791
Page Subtotal	\$ 3,216,448	\$ 111,769	-	111,769	\$ 3,328,217	\$ -	\$ 4,508,106	\$ 7,836,323

# Samuel Merritt University

## Supplemental Schedule of Changes in Endowments

December 31, 2017

	December 31, 2016 Corpus	Contributions of Assets	Reclassifications	Total Changes	December 31, 2017 Corpus	Board Designated Funds	Accumulated Unspent Earnings	December 31, 2017 Fair Market Value
<b>Endowment Funds:</b>								
Subtotal from Previous Page	\$ 3,216,448	\$ 111,769	-	111,769	\$ 3,328,217	\$ -	\$ 4,508,106	\$ 7,836,323
Helen M. Hussey Scholarship Fund	40,000	-	-	-	40,000		42,705	82,705
Elaine Jeffers Jennings '47 Scholarship Fund	24,690	-	-	-	24,690		14,975	39,665
Louise F. Graziano Endowment Fund	173,891	-	-	-	173,891		339,383	513,274
Robert N. Nelson M.D. Scholarship Fund	22,283	-	-	-	22,283		12,354	34,637
Yuri Nishimura Scholarship Fund	24,460	(150)	-	(150)	24,310		34,575	58,885
Northbr\$AC Woman's Club Nursing Scholarship Fund	15,306	-	-	-	15,306		22,573	37,879
James W. Porter Endowed Nursing Scholarship Fund	0	-	-	-	0		0	0
Providence College of Nursing Alumni Scholarship Fund	63,624	200	-	200	63,824		25,780	89,604
Shirley P. Fisher '50 Endowed Nursing Scholarship Fund	24,776	-	-	-	24,776		16,095	40,871
Paul C. Samson Professorial Chair	173,840	-	-	-	173,840		746,494	920,334
Nursing Education Endowment Fund	9,524,807	(2)	-	(2)	9,524,805		6,260,585	15,785,390
Operating Educational Endowment Fund	57,112	-	-	-	57,112		153,336	210,448
Marshall Steel Jr. Scholarship Fund	984,953	-	-	-	984,953		717,808	1,702,761
Strommen/Dillashaw Award Fund	11,370	-	-	-	11,370		9,292	20,662
Student Body Association Endowed Fund	21,133	-	-	-	21,133		12,051	33,184
Mark A. Swift Jr. Memorial Scholarship Fund	47,170	1,396	-	1,396	48,566		38,305	86,871
Sutter Health, Sacramento Sierra Regional Endowed Scholarship Fund	380,025	-	-	-	380,025		271,431	651,456
Tavi M. Van Ogle '88 Endowed Nursing Scholarship Fund	61,016	-	-	-	61,016		34,786	95,802
Physical Therapy Alumni Scholarship Fund	0	-	-	-	0		0	0
Sarah B. Keating Nursing Scholarship Fund	22,164	612	-	612	22,776		12,221	34,997
Chuck Rovinski Memorial Scholarship Fund	13,919	-	-	-	13,919		12,058	25,977
Leland S. Scott, Jr. Family Scholarship Fund	9,310	-	-	-	9,310		9,260	18,570
Dolores V. Barbera Endowed Nursing Scholarship Fund	288,116	-	-	-	288,116		231,228	519,344
Margaret Camp Fisher '36 Endowed Nursing Scholarship Fund	25,160	-	-	-	25,160		15,184	40,344
Anita M. Heeney Endowed Nursing Scholarship Fund	50,000	-	-	-	50,000		36,755	86,755
Sharon Clark Diaz Endowed Scholarship Fund	761,976	2,365	-	2,365	764,341		350,742	1,115,083
Sharon Clark Diaz Endowed - Board Designated Funds						675,000	429,977	1,104,977
Cumulative Subtotal	\$ 16,037,549	\$ 116,190	\$ -	116,190	\$ 16,153,739	\$ 675,000	\$ 14,358,059	\$ 31,186,798

# Samuel Merritt University

## Supplemental Schedule of Changes in Endowments

December 31, 2017

	December 31, 2016 Corpus	Contributions of Assets	Reclassifications	Total Changes	December 31, 2017 Corpus	Board Designated Funds	Accumulated Unspent Earnings	December 31, 2017 Fair Market Value
<b>Endowment Funds:</b>								
Cumulative Subtotal from Previous Page	\$ 16,037,549	\$ 116,190	\$ -	116,190	\$ 16,153,739	\$ 675,000	\$ 14,358,059	\$ 31,186,798
Eleanore William Holland P'44 Endowed Nursing Scholarship Fund	36,350	-	-	-	36,350		19,509	55,859
Carole O'Shea Endowed Nursing Scholarship Fund	101,000	3,500	-	3,500	104,500		48,364	152,864
Dr. William and Phyllis Lowe Endowed Scholarship Fund	103,148	1,321	-	1,321	104,469		30,308	134,777
Dr. William and Doreen Wong Podiatric Medicine Endowed Scholarship Fund	54,112	4,063	-	4,063	58,175		21,318	79,493
Charles H. Johnson '38 Podiatric Medicine Scholarship Fund	7,300	-	-	0	7,300		5,743	13,043
Tom C. and Rose Lim Luey '51 Endowed Nursing Scholarship Fund	31,733	200	-	200	31,933		9,208	41,141
CSPM Alumni and Associates Endowed Scholarship Fund	172,207	370	-	370	172,577		69,050	241,627
The Thelma C. and Robert W. Scott Endowed Nursing Scholarship Fund	600,234	-	-	-	600,234		184,828	785,062
Cockcroft Family Endowed Scholarship Fund	104,822	10,000	-	10,000	114,822		31,467	146,289
The Scott Beamer Endowed Memorial Fund	184,432	-	-	0	184,432		132,395	316,827
Eugene A. & Virginia Falaschi Memorial Scholarship Fund	29,010	115	-	115	29,125		11,787	40,912
The Pradip and Rekha Choksi Endowed Occupational Therapy Scholarship Fund	232,619	-	-	-	232,619		131,778	364,397
The Alameda-Contra Costa Medical Association Auxiliary, District 1 Endowed Nursing Scholarship Fund	129,000	-	-	-	129,000		37,040	166,040
The Bernard Osher Foundation Endowed Scholarship Fund	1,000,000	-	-	0	1,000,000		363,354	1,363,354
Jane Steel Nursing Endowment Fund	4,820,689	129,224	-	129,224	4,949,913		1,683,296	6,633,209
The Lucille Engel '44 Endowed Nursing Scholarship Fund	50,000	-	-	0	50,000		11,753	61,753
Pegge Shuman Houser Endowed Scholarship Fund	45,072	100	-	100	45,172		20,031	65,203
Mary E. Robinson Endowed Scholarship Fund	47,182	389	-	389	47,571		11,459	59,030
R. Shapiro Family Foundation Physical Therapy Endowed Scholarship Fund	60,250	5,000	-	5,000	65,250		13,215	78,465
Geraldine "Gerri" Adams Endowed Scholarship Fund	45,674	663	-	663	46,337		8,727	55,064
Theodore L. Deffinger, DPM Endowed Scholarship Fund	61,500	(210)	-	(210)	61,290		25,488	86,778
Regents Diversity Scholarship Fund	174,470	20,590	-	20,590	195,060		42,928	237,988
Cumulative Subtotal	\$ 24,128,353	\$ 291,515	\$ -	291,515	\$ 24,419,868	\$ 675,000	\$ 17,271,105	\$ 42,365,973



# Samuel Merritt University

## Supplemental Schedule of Changes in Endowments

December 31, 2017

	December 31, 2016 Corpus	Contributions of Assets	Reclassifications	Total Changes	December 31, 2017 Corpus	Board Designated Funds	Accumulated Unspent Earnings	December 31, 2017 Fair Market Value
<b>Endowment Funds:</b>								
Cumulative Subtotal from Previous Page	\$ 24,128,353	\$ 291,515	-	291,515	\$ 24,419,868	\$ 675,000	\$ 17,271,105	\$ 42,365,973
Mark K. Reynolds Fund for Technology and Academic Instruction	49,817	1,729	-	1,729	51,546		17,275	68,821
CPMA Endowed Scholarship Fund	16,260	-	-	-	16,260		2,019	18,279
Virginia Oneto Volponi '39 Endowed Scholarship	87,587	2,850	-	2,850	90,437		16,317	106,754
David Daniel Beaton '09 Memorial Scholarship	30,505	150	-	150	30,655		5,706	36,361
Niesjie (Rye) Huber PhD, RN Endowed Nursing Scholarship	25,983	-	-	0	25,983		2,652	28,635
The Karen Lynn Garrison Memorial Nursing Scholarship Fund	100,782	-	-	0	100,782		25,373	126,155
Dr. Stephen J.F. Zuber '69 Endowed Podiatric Medicine Scholarship F	47,200	520	-	520	47,720		9,761	57,481
Alameda Contra Costa Podiatric Medical Society Scholarship Fund #2	0	1,000	-	1,000	1,000		0	1,000
Dr. Wesley J. Endo '69 Endowed Podiatric Medicine Scholarship Fund	0	25,866	-	25,866	25,866		0	25,866
CAFFE Alameda Contra Costa Pod Med Society Schol	22,977	6,289	-	6,289	29,266		4,963	34,229
CAFFE Dr RM Barnes Pod Med Schol	26,426	0	-	0	26,426		5,757	32,183
CAFFE Heather Barton Memorial Pod Med Schol	25,984	0	-	0	25,984		5,638	31,622
CAFFE Dr Mel Barton Pod Med Schol	13,155	-	-	-	13,155		3,562	16,717
CAFFE Blaine Labs, Inc Pod Med Schol	13,748	-	-	-	13,748		3,723	17,471
CAFFE Dr RL Brennan Memorial Pod Med Schol	25,316	-	-	-	25,316		5,557	30,873
CAFFE Dr TH Clarke Pod Med Schol	28,522	-	-	0	28,522		6,725	35,247
CAFFE CCPM Class of 1963 Schol	37,143	-	-	0	37,143		7,711	44,854
CAFFE CCPM Class of 1972 Schol	31,191	100	-	100	31,291		6,722	38,013
CAFFE Codingline Pod Med Scholarship	21,110	-	-	0	21,110		4,717	25,827
CAFFE Dr JE Green Pod Med Schol	65,529	3,600	-	3,600	69,129		15,030	84,159
CAFFE Drs J Hultman'70 & F Kase'76 Pod Med Schol	25,505	-	-	-	25,505		6,908	32,413
CAFFE Dr EG Kaplan Memorial Pod Med Schol	25,639	-	-	-	25,639		5,944	31,583
CAFFE Dr BS Kelly Pod Med Scholarship	47,944	-	-	-	47,944		10,986	58,930
CAFFE Shirley Lanham Pod Med Scholarship	16,123	-	-	-	16,123		3,567	19,690
CAFFE Lawrence Family Pod Med Scholarship	17,922	-	-	-	17,922		3,512	21,434
CAFFE LA County Pod Med Society Schol	13,367	-	-	-	13,367		3,620	16,987
CAFFE Dr B Mullens Memorial Pod Med Schol	17,417	-	-	-	17,417		3,817	21,234
CAFFE Joseph Oloff Memorial Pod Med Schol	14,975	-	-	-	14,975		4,055	19,030
CAFFE Orange Cnty/Santa Clara Velley Med Soc Schol	12,964	-	-	-	12,964		3,511	16,475
CAFFE Drs JD'31 & JW'66 Pagliano Memorial Pod Med Schol	19,589	-	-	-	19,589		4,200	23,789
CAFFE Dr GH Riess'44 Memorial Pod Med Schol	50,965	10,000	-	10,000	60,965		13,358	74,323
Cumulative Subtotal	\$ 25,059,998	\$ 343,619	-	343,619	\$ 25,403,617	\$ 675,000	\$ 17,483,791	\$ 43,562,408

# Samuel Merritt University

## Supplemental Schedule of Changes in Endowments

December 31, 2017

	December 31, 2016 Corpus	Contributions of Assets	Reclassifications	Total Changes	December 31, 2017 Corpus	Board Designated Funds	Accumulated Unspent Earnings	December 31, 2017 Fair Market Value
<b>Endowment Funds:</b>								
Cumulative Subtotal from Previous Page	\$ 25,059,998	\$ 343,619	\$ -	\$ 343,619	\$ 25,403,617	\$ 675,000	\$ 17,483,791	\$ 43,562,408
CAFFE Dr M Root'52 Memorial Pod Med Schol	51,417	150	-	150	51,567		11,137	62,704
CAFFE Dr RL Rutherford'40 Memorial Pod Med Schol	25,351	-	-	-	25,351		5,866	31,217
CAFFE San Diego County Pod Med Society Schol	15,754	2,000	-	2,000	17,754		3,582	21,336
CAFFE Dr JH Weed'63 Memorial Pod Med Schol	25,485	-	-	-	25,485		5,903	31,388
CAFFE Dr RA Wood'27 Memorial Pod Med Schol	25,182	-	-	-	25,182		5,820	31,002
CAFFE Dr B Zier Pod Med Scholarship	51,019	-	-	-	51,019		11,819	62,838
CAFFE SC Diaz, PhD Pod Med Schol Fund	-	-	-	-	0		0	0
CAFFE RD Mollberg, DPM Memorial Pod Med Sch	5,016	-	(5,289)	(5,289)	(273)		1,127	854
EF PMEAC Holding	-	-	-	-	0		0	0
Michelle Le Memorial - Quasi Endowment Fund	-	-	-	-	-	25,000	1,873	26,873
Endowment Allocation for Capital Expenditures	-	-	-	-	-		685,916	685,916
<b>CSPM Endowments:</b>								
* The Endowment for the Advancement of Podiatric Medical Education	4,625,172	-	-	-	4,625,172		2,240,815	6,865,987
Dr. Milton Wolfson Endowment Fund	14,000	-	-	-	14,000		22,348	36,348
<b>Grand Total</b>	<b>\$ 29,898,394</b>	<b>\$ 345,769</b>	<b>\$ (5,289)</b>	<b>\$ 340,480</b>	<b>\$ 30,238,874</b>	<b>\$ 700,000</b>	<b>\$ 20,479,997</b>	<b>\$ 51,418,871</b>

Unrestricted - underwater adjustment to endowments	0
Subtotal Endowment Net Assets	51,418,871
Unrestricted - Undesignated	135,262,605
Temporarily Restricted - Education and General	15,262,530
<b>Total Net Assets</b>	<b>201,944,006</b>