

SCTE FOUNDATION, INC.
FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2016)

CliftonLarsonAllen LLP



WEALTH ADVISORY | OUTSOURCING | AUDIT, TAX, AND CONSULTING



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YEAR ENDED JUNE 30, 2017**

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INDEPENDENT AUDITORS' REPORT

Board of Directors
SCTE Foundation, Inc.
Exton, Pennsylvania

Report on Financial Statements

We have audited the accompanying financial statements of SCTE Foundation, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2017, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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 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 auditors' 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.

Board of Directors
SCTE Foundation, Inc.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of SCTE Foundation, Inc. as of June 30, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited SCTE Foundation, Inc.'s 2016 financial statements, and we expressed an unmodified audit opinion on those financial statements in our report dated November 1, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Plymouth Meeting, Pennsylvania
September 15, 2017

SCTE FOUNDATION, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2017
(WITH COMPARATIVE TOTALS AS OF JUNE 30, 2016)

| | 2017 | 2016 |
|--|---------------------|---------------------|
| ASSETS | | |
| ASSETS | | |
| Cash and Cash Equivalents | \$ 1,339,587 | \$ 1,075,906 |
| Interest Receivable | 1,405 | 2,106 |
| Pledges Receivable | 198,482 | 66,667 |
| Investments | 1,598,487 | 1,394,361 |
| Prepaid Expenses | 1,472 | 27,222 |
| Website | - | - |
| | <u>\$ 3,139,433</u> | <u>\$ 2,566,262</u> |
| LIABILITIES AND NET ASSETS | | |
| LIABILITIES | | |
| Due to Society of Cable Telecommunications Engineers, Inc. | \$ 385 | \$ - |
| Accounts Payable and Accrued Expenses | 8,486 | 6,434 |
| Total Liabilities | <u>8,871</u> | <u>6,434</u> |
| NET ASSETS | | |
| Unrestricted | 3,004,663 | 2,519,878 |
| Temporarily Restricted | 125,899 | 39,950 |
| Total Net Assets | <u>3,130,562</u> | <u>2,559,828</u> |
| Total Liabilities and Net Assets | <u>\$ 3,139,433</u> | <u>\$ 2,566,262</u> |

See accompanying Notes to Financial Statements.

SCTE FOUNDATION, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2017
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2016)

| | 2017 | | | 2016 |
|--|----------------------------|---------------------------|----------------------------|----------------------------|
| | Unrestricted | Temporarily Restricted | Total | Total |
| OPERATING REVENUE | | | | |
| Contributions | \$ 252,340 | \$ 89,449 | \$ 341,789 | \$ 13,233 |
| Golf Tournament | 252,900 | - | 252,900 | - |
| Interest Income | 36,193 | - | 36,193 | 65,129 |
| Realized and Unrealized Gain (Loss) on Investments | 168,379 | - | 168,379 | (73,251) |
| Donated Services | 37,220 | - | 37,220 | 43,141 |
| Net Assets Released from Restrictions | 3,500 | (3,500) | - | - |
| Total Operating Revenue | <u>750,532</u> | <u>85,949</u> | <u>836,481</u> | <u>48,252</u> |
| OPERATING EXPENSES | | | | |
| Program Services | 76,606 | - | 76,606 | 84,495 |
| Management and General | 64,780 | - | 64,780 | 69,651 |
| Fundraising | 124,361 | - | 124,361 | 3,193 |
| Total Operating Expenses | <u>265,747</u> | <u>-</u> | <u>265,747</u> | <u>157,339</u> |
| Change in Net Assets | 484,785 | 85,949 | 570,734 | (109,087) |
| Net Assets - Beginning of Year | <u>2,519,878</u> | <u>39,950</u> | <u>2,559,828</u> | <u>2,668,915</u> |
| NET ASSETS - END OF YEAR | <u><u>\$ 3,004,663</u></u> | <u><u>\$ 125,899</u></u> | <u><u>\$ 3,130,562</u></u> | <u><u>\$ 2,559,828</u></u> |

See accompanying Notes to Financial Statements.

SCTE FOUNDATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2017
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2016)

| | 2017 | | | 2016 | |
|-----------------------------|---------------------|---------------------------|-------------------|-------------------|-------------------|
| | Program Services | Management and General | Fundraising | Total | |
| Golf Tournament | \$ - | \$ - | \$ 109,068 | \$ 109,068 | \$ - |
| Scholarships and Grants | 63,121 | - | - | 63,121 | 61,055 |
| Professional Fees | - | 19,397 | - | 19,397 | 32,009 |
| Advertising | - | 6,743 | - | 6,743 | - |
| Taxes and Licenses | - | 2,033 | - | 2,033 | 3,129 |
| Bank Charges | - | 19,001 | - | 19,001 | 19,016 |
| Credit Card Processing Fees | - | 2,456 | - | 2,456 | 3,638 |
| Meetings | - | 2,914 | - | 2,914 | 7,646 |
| Insurance | - | 1,472 | - | 1,472 | 1,472 |
| Postage and Shipping | - | 473 | - | 473 | - |
| Computer Programming | - | - | - | - | 2,000 |
| Office Expense | - | 10,291 | - | 10,291 | 741 |
| Fundraising | - | - | 15,293 | 15,293 | 3,193 |
| Grant Administration | 13,485 | - | - | 13,485 | 23,440 |
| Total Expenses | <u>\$ 76,606</u> | <u>\$ 64,780</u> | <u>\$ 124,361</u> | <u>\$ 265,747</u> | <u>\$ 157,339</u> |

See accompanying Notes to Financial Statements.

SCTE FOUNDATION, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2017
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2016)

| | 2017 | 2016 |
|--|--------------|--------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Change in Net Assets | \$ 570,734 | \$ (109,087) |
| Adjustments to Reconcile Net Assets to Net Cash Provided by Operating Activities: | | |
| Realized and Unrealized (Gain) Loss on Investments | (168,379) | 73,251 |
| Increase: | | |
| Interest Receivable | 701 | (455) |
| Pledges Receivable | (131,815) | 254,651 |
| Prepaid Expenses | 25,750 | (25,750) |
| Increase (Decrease): | | |
| Due to Society of Cable Telecommunications Engineers, Inc. | 385 | (735) |
| Accounts Payable and Accrued Expenses | 2,052 | (12,635) |
| Net Cash Provided by Operating Activities | 299,428 | 179,240 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchases of Investments | (802,252) | (564,727) |
| Proceeds from Sales of Investments | 766,505 | 556,176 |
| Net Cash Used by Investing Activities | (35,747) | (8,551) |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | 263,681 | 170,689 |
| Cash and Cash Equivalents - Beginning of Year | 1,075,906 | 905,217 |
| CASH AND CASH EQUIVALENTS - END OF YEAR | \$ 1,339,587 | \$ 1,075,906 |

See accompanying Notes to Financial Statements

SCTE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

SCTE Foundation, Inc. (Foundation) is a nonprofit incorporated organization, which is affiliated with the Society of Cable Telecommunications Engineers Incorporated (SCTE).

The mission of the Foundation is to increase the technical, business and leadership skills of the telecommunications engineering workforce, attract and recruit women and minorities into an engineering career, and position the telecommunications industry as a desirable career opportunity for aspiring young people in the early stages of their careers.

Basis of Accounting

The financial statements of the Foundation have been prepared on the accrual basis of accounting and report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted.

Unrestricted net assets consist of normal operations and include net assets as designated by the board of directors.

Temporarily restricted net assets represent net assets subject to donor-imposed stipulations that will be met by actions of the Foundation and/or the passage of time.

Permanently restricted net assets consist of contributions specifically restricted by the donor to be held in perpetuity. There are no permanently restricted net assets as of June 30, 2017.

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 the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Foundation considers all unrestricted, highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Investments

Investments are recorded at fair value on a recurring basis. Fair value measurement is based upon quoted prices, if available. If quoted prices are not available, fair values are measured using independent pricing models or other model-based valuation techniques such as the present value of future cash flows, adjusted for the security's credit rating, prepayment assumptions, and other factors such as credit loss assumptions.

SCTE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments (Continued)

Investments are exposed to various risks, such as interest rate, credit and overall market volatility risk. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of the investments will occur in the near term and that such changes could materially change the amounts reported in the statement of financial position.

The carrying amounts for cash equivalents approximate their fair value because of their short-term maturity.

Fair Value of Financial Instruments

The Foundation measures fair value using a three-level hierarchy for fair value measurements based upon the transparency of inputs to the valuation of an asset or liability. Inputs may be observable or unobservable and refer broadly to the assumptions that market participants would use in pricing the asset or liability. Observable inputs reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs reflect the reporting entity's own assumptions about the assumptions that market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

The objective of a fair value measurement is to determine 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 (an exit price). Accordingly, the fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The Foundation may use valuation techniques consistent with the market, income and cost approaches to measure fair value.

The fair value hierarchy consists of three levels of inputs that may be used to measure fair value as follows:

Level 1 – Inputs that utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that the Foundation has the ability to access.

Level 2 – Inputs that include quoted prices for similar assets and liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument. Fair values for these instruments are estimated using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows.

Level 3 – Inputs that are unobservable inputs for the asset or liability, which are typically based on an entity's own assumptions, as there is little, if any, related market activity.

The Foundation does not have any securities that are valued using Level 2 or level 3 inputs.

SCTE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recognition of Donor Restrictions

Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support, depending on the existence and/or nature of donor restrictions.

Support that is subject to purpose restrictions is administered and classified according to the donor's stipulations.

Support that is subject to time restrictions is recorded as an increase in unrestricted net assets if the restriction expires in the reporting period in which the revenue is recognized. All other times, restricted support is reported as an increase in temporarily restricted net assets. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Donated Services

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) required specialized skills, and would otherwise be purchased by the Organization. Donated services that met the requirements for recognition have been recognized in income and the related expenses.

Scholarships and Grants

The Foundation recognizes grants and scholarships when awards are approved. There were no unpaid grants and scholarships as of June 30, 2017.

Income Taxes

The Foundation is exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code. The Foundation is treated as a public charity. It engages in no activities that would be subject to unrelated business income tax. The Foundation follows the income tax standard for uncertain tax positions. The application of this standard has no impact on the Foundation's financial statements.

Comparative Information

The financial statements include certain prior period summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformance with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Foundation's financial statements for the year ended June 30, 2016 from which the comparative totals were derived.

Subsequent Events

In preparing these financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through September 15, 2017, the date the financial statements were available to be issued.

SCTE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 2 PLEDGES RECEIVABLE

As of June 30, 2017, contributors to the Foundation have made written unconditional promises to give. These pledges receivable are included in the financial statements at their estimated net realizable value.

Based upon payment schedules that are either specified by donors or estimated by the Foundation, payments on pledges are due as follows:

| | |
|--|--------------------------|
| Amounts Due in Less than One Year | \$ 110,533 |
| Amounts due Between One and Five Years | 89,334 |
| Total Value of Pledges Receivable | <u>199,867</u> |
| Discount on Pledges Receivable | (1,385) |
| Reported Value of Pledges Receivable | <u><u>\$ 198,482</u></u> |

At June 30, 2017, the Foundation estimated that all pledges receivable were collectible; accordingly, no allowance for doubtful accounts is warranted.

NOTE 3 INVESTMENTS

Investments consist of the following at June 30:

| | <u>Cost</u> | <u>Fair Value</u> |
|-------------------|----------------------------|----------------------------|
| Mutual Funds | \$ 667,023 | \$ 684,495 |
| Fixed Income | 161,380 | 160,054 |
| Bonds | 99,587 | 100,550 |
| Equities | 547,065 | 653,388 |
| Total Investments | <u><u>\$ 1,475,055</u></u> | <u><u>\$ 1,598,487</u></u> |

NOTE 4 RESTRICTIONS ON NET ASSETS

Temporarily restricted net assets were as follows as of June 30, 2017:

| | |
|--------------------------------------|--------------------------|
| Catherine Oakes Memorial Scholarship | \$ 37,950 |
| Pledges Receivable, Time Restriction | 87,949 |
| Total | <u><u>\$ 125,899</u></u> |

SCTE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 5 RELATED PARTY TRANSACTIONS

The Foundation is effectively controlled by Society of Cable Telecommunications Engineers, Inc. (SCTE), a nonprofit organization. Several board members of the Foundation are also board members of SCTE.

SCTE provides administrative support services to the Foundation at no charge. During the year ended June 30, 2017, SCTE provided approximately \$37,220 of donated services to the Foundation. Occasionally other transactions occur that affect both the Foundation and SCTE. SCTE Foundation owes SCTE \$385 at June 30, 2017.

NOTE 6 FAIR VALUE MEASUREMENTS

The Foundation uses fair value measurements to record fair value adjustments to investments. For additional information on how the Foundation measures fair value refer to Note 1 – Summary of Significant Accounting Policies.

The following table presents the Foundation’s fair value hierarchy for those investments measured at fair value on a recurring basis as of June 30, 2017.

| | Level 1 | Level 2 | Level 3 | Total |
|-------------------|---------------------|-------------|-------------|---------------------|
| Mutual Funds | \$ 684,495 | \$ - | \$ - | \$ 684,495 |
| Fixed Income | 160,054 | - | - | 160,054 |
| Bonds | 100,550 | - | - | 100,550 |
| Equities | 653,388 | - | - | 653,388 |
| Total Investments | <u>\$ 1,598,487</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 1,598,487</u> |



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Wealth Advisors, LLC, an SEC-registered investment advisor.