

IMPERIAL VALLEY COLLEGE FOUNDATION

FINANCIAL STATEMENTS  
(With Independent Auditor's Report)

As of June 30, 2015 and  
for the fiscal year then ended



George J. Woo  
Certified Public Accountant

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Imperial Valley College Foundation  
Imperial, California

I have audited the accompanying financial statements of the Imperial Valley College Foundation as of June 30, 2015, and the related notes to the financial statements, which collectively compromise 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.

### **Auditor's Responsibility**

My responsibility is to express an opinion on these financial statements based on my audit. I conducted the audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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 I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

**Opinion**

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Imperial Valley College Foundation as of June 30, 2015, and the changes in net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

October 22, 2015



*[Handwritten signature]* JWR

IMPERIAL VALLEY COLLEGE FOUNDATION  
STATEMENT OF FINANCIAL POSITION  
AS OF JUNE 30, 2015

ASSETS

Current Assets

|   |                |
|---|----------------|
| Cash in bank  | \$ 237,353     |
| Investments, at fair value  | 1,202,223      |
| Investments with the Foundation for California<br>Community Colleges (FCCC) | <u>532,713</u> |
| Total Current Assets  | 1,972,289      |

|          |               |
|----------|---------------|
| Property | <u>15,000</u> |
|----------|---------------|

|              |                            |
|--------------|----------------------------|
| Total Assets | <u><u>\$ 1,987,289</u></u> |
|--------------|----------------------------|

LIABILITIES AND NET ASSETS

Current Liabilities

|                   |               |
|-------------------|---------------|
| Accounts payable  | <u>\$ -0-</u> |
| Total Liabilities | <u>-0-</u>    |

Net Assets

|                        |                  |
|------------------------|------------------|
| Unrestricted           | 182,660          |
| Temporarily restricted | 445,350          |
| Permanently restricted | <u>1,359,279</u> |
| Total Net Assets       | <u>1,987,289</u> |

|                                  |                            |
|----------------------------------|----------------------------|
| Total Liabilities and Net Assets | <u><u>\$ 1,987,289</u></u> |
|----------------------------------|----------------------------|

The accompanying notes are an integral part of the financial statements.

IMPERIAL VALLEY COLLEGE FOUNDATION  
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

|   | <u>Unrestricted</u> | <u>Temporarily<br/>Restricted</u> | <u>Permanently<br/>Restricted</u> |                     |
|---|---------------------|-----------------------------------|-----------------------------------|---------------------|
|   | <u>General</u>      | <u>General<br/>Scholarships</u>   | <u>Trust and<br/>Endowment</u>    | <u>Total</u>        |
| <b>SUPPORT AND REVENUES</b>   |                     |                                   |                                   |                     |
| Support   |                     |                                   |                                   |                     |
| Scholarship contributions   | \$ 28,600           | \$ 209,560                        | \$ 3,200                          | \$ 241,360          |
| General contributions   | 32,495              | -0-                               | -0-                               | 32,495              |
| Donated services  | 130,826             | -0-                               | -0-                               | 130,826             |
| Fundraising events  | 30,521              | -0-                               | -0-                               | 30,521              |
| Total Support   | <u>222,442</u>      | <u>209,560</u>                    | <u>3,200</u>                      | <u>435,202</u>      |
| Revenues  |                     |                                   |                                   |                     |
| Interest and dividends  | 10,140              | 15,970                            | 50,389                            | 76,499              |
| Other income  | 1,523               | -0-                               | -0-                               | 1,523               |
| Net realized gain on investments  | -0-                 | -0-                               | 11,605                            | 11,605              |
| Net unrealized gain on investments                                      | (4,107)             | (4,008)                           | (27,141)                          | (35,256)            |
| Total Revenues  | <u>7,556</u>        | <u>11,962</u>                     | <u>34,853</u>                     | <u>54,371</u>       |
| Total support and revenues before net assets released from restrictions | <u>229,998</u>      | <u>221,522</u>                    | <u>38,053</u>                     | <u>489,573</u>      |
| Net assets released from restrictions                                   | <u>184,446</u>      | <u>(147,344)</u>                  | <u>(37,102)</u>                   | <u>-0-</u>          |
| Total support and revenues after net assets released from restrictions  | <u>414,444</u>      | <u>74,178</u>                     | <u>951</u>                        | <u>489,573</u>      |
| <b>EXPENSES</b>   |                     |                                   |                                   |                     |
| Program services  | 252,674             | -0-                               | -0-                               | 252,674             |
| Supporting services:  |                     |                                   |                                   |                     |
| Management and general  | 135,683             | -0-                               | 1,742                             | 137,425             |
| Fundraising expenses  | 25,796              | -0-                               | -0-                               | 25,796              |
| TOTAL EXPENSES  | <u>414,153</u>      | <u>-0-</u>                        | <u>1,742</u>                      | <u>415,895</u>      |
| Excess of revenues and support over expenses                            | <u>291</u>          | <u>74,178</u>                     | <u>(791)</u>                      | <u>73,678</u>       |
| INCREASE (DECREASE) IN NET ASSETS                                       | 291                 | 74,178                            | (791)                             | 73,678              |
| Reclassification (Note 9)   | (1,980)             | 1,980                             | -                                 | -0-                 |
| Net Assets, July 1, 2014  | <u>184,349</u>      | <u>369,192</u>                    | <u>1,360,070</u>                  | <u>1,913,611</u>    |
| Net Assets, June 30, 2015   | <u>\$ 182,660</u>   | <u>\$ 445,350</u>                 | <u>\$ 1,359,279</u>               | <u>\$ 1,987,289</u> |

The accompanying notes are an integral part of the financial statements.

IMPERIAL VALLEY COLLEGE FOUNDATION  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

|                             | Program<br>Services | Management<br>& General | Fundraising      | Total             |
|-----------------------------|---------------------|-------------------------|------------------|-------------------|
| Bank and broker fees        | \$ -0-              | \$ 1,772                | \$ -0-           | \$ 1,772          |
| Board development           | -0-                 | 1,534                   | -0-              | 1,534             |
| Computer/technology         | -0-                 | 125                     | -0-              | 125               |
| Copier/printer              | -0-                 | 1,085                   | -0-              | 1,085             |
| Database management         | -0-                 | 7,820                   | -0-              | 7,820             |
| Donor appointments          | -0-                 | 2,922                   | -0-              | 2,922             |
| Donor receptions            | -0-                 | 373                     | -0-              | 373               |
| Fundraising expenses        | -0-                 | -0-                     | 17,244           | 17,244            |
| K12 Tour expenses           | 2,211               | -0-                     | -0-              | 2,211             |
| Liability linsurance        | -0-                 | 1,209                   | -0-              | 1,209             |
| Membership expenses         | -0-                 | 60                      | -0-              | 60                |
| Miscellaneous expenses      | -0-                 | 213                     | -0-              | 213               |
| Office supplies             | -0-                 | 991                     | -0-              | 991               |
| Postage                     | -0-                 | 518                     | -0-              | 518               |
| Professional fees           | -0-                 | 2,412                   | -0-              | 2,412             |
| Promotion and marketing     | -0-                 | 16,278                  | -0-              | 16,278            |
| Salaries and benefits       | 22,655              | 99,619                  | 8,552            | 130,826           |
| Scholarships                | 219,319             | -0-                     | -0-              | 219,319           |
| Student ambassadors expense | 8,489               | -0-                     | -0-              | 8,489             |
| Telephone                   | -0-                 | 494                     | -0-              | 494               |
| Total                       | <u>\$ 252,674</u>   | <u>\$ 137,425</u>       | <u>\$ 25,796</u> | <u>\$ 415,895</u> |

The accompanying notes are an integral part of the financial statements.

IMPERIAL VALLEY COLLEGE FOUNDATION  
STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Cash flows from operating activities

|  |                          |
|--|--------------------------|
| Change in Net Assets   | \$ 73,678                |
| Adjustments to reconcile change in net assets<br>to net cash used by operating activities: |                          |
| (Increase) Decrease in Investments   | <u>2,824</u>             |
| Net Cash provided by Operating Activities  | <u>76,502</u>            |
| Net Increase in Cash   | 76,502                   |
| Cash and Cash Equivalents at Beginning of Year   | <u>160,851</u>           |
| Cash and Cash Equivalents at End of Year   | <u><u>\$ 237,353</u></u> |

The accompanying notes are an integral part of the financial statements.

IMPERIAL VALLEY COLLEGE FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Organization

Imperial Valley College Foundation (the “Foundation”), a California non-profit organization, was formed pursuant to the general not-for-profit corporation laws of the State of California as an auxiliary organization of the Imperial Valley Community College District (the “District”) in accordance with the provisions of Section 72670 of the California Education Code for the primary purpose of encouraging public awareness, the receiving of contributions and, in turn, the making of donations to, and otherwise aiding and supporting Imperial Valley Community College (the “College”).

Basis of Accounting

The Foundation utilizes the accrual basis of accounting. Revenues are recorded in the accounting period they become both measurable and available. Expenditures are recognized in the accounting period in which the liability is incurred (when goods are received or services rendered).

Funds restricted by outside sources are so indicated and are distinguished from unrestricted funds for specific purposes by action of the Board of Directors. Externally restricted funds may only be utilized in accordance with the purposes established by the sources of such funds and are in contrast with unrestricted funds over which the Board retains full control to use in achieving any of its purposes.

Basis of Presentation

The financial statements have been prepared to present the financial position and results of operations of the Foundation in accordance with the California Community Colleges Auxiliary Organizations Requirements for Accounting, Reporting and Auditing promulgated by the State of California Chancellor’s Office.

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

The Foundation reports information about its financial position and activities in three classes of net assets: unrestricted, temporarily restricted, and permanently restricted net assets.



IMPERIAL VALLEY COLLEGE FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that 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 revenues and expenses during the reporting period.

Cash and Cash Equivalents

For the purposes of the statement of financial position and the statement of cash flows, the Foundation considers all short-term investments with an original maturity of three months or less to be cash equivalents.

Investments

Investments in equity securities with readily determinable fair values and all debt securities are reported at fair value with gains and losses included in the statement of activities.

The fair value of equity and debt securities is based on the quoted market price of the underlying securities. Investments acquired by gift are recorded at their fair market value at the date of the gift.

Property

Property is stated at cost. Donated assets are recorded at the estimated fair market value at the date of donation. The Foundation capitalizes, at cost, all expenditures for property in excess of \$ 5,000.

The Foundation's policy is to evaluate the remaining lives and recoverability in light of current conditions. It is reasonably possible that the Foundation's estimate to recover the carrying amount of property will change.

IMPERIAL VALLEY COLLEGE FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Revenues and Support

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized.

All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Donated Services

The Foundation records the value of donated services when there is an objective basis available to measure their value. Donated services are recorded at fair value when a specialized skill is provided that would have otherwise been purchased or paid. Donated services are reflected in the accompanying financial statements as both revenue and expense since these donated items are accepted by the Foundation.

Income Taxes

The Foundation is exempt from federal and state income taxes as a non-profit organization under Internal Revenue Code Section 501(c)(3) and therefore made no provision for federal or state income taxes. In addition, the Foundation has been determined by the Internal Revenue Service to be an “exempt private foundation” under Internal Revenue Code Section 509(a) and is subject to excise taxes. The Foundation has no excise or unrelated business income. The Foundation tax returns are subject to examination by Federal taxing authorities for a period of three years from the date they are filed and a period of four years for California taxing authorities.

IMPERIAL VALLEY COLLEGE FOUNDATION  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2015

NOTE 2 – CASH AND CASH EQUIVALENTS

Cash and cash equivalents as of June 30, 2015 consists of:

|                                 |                       |
|---------------------------------|-----------------------|
| Operational checking            | \$ 44,860             |
| Scholarship checking            | 191,993               |
| Petty cash                      | <u>500</u>            |
| <br>Balance as of June 30, 2015 | <br><u>\$ 237,353</u> |

As of June 30, 2015 the carrying amount of the Foundation's cash and cash equivalents was \$ 237,353. The bank balance was \$ 221,737.

NOTE 3 – INVESTMENTS:

Investments are presented in the financial statements at their aggregate fair value. The fair value of the mutual funds is based on quoted market values. Investments are comprised of money market funds and marketable securities. The fair value as of June 30, 2015 was as follows:

|                       | <u>Fair Value</u>   | <u>Level 1</u>      | <u>Level 2</u>    |
|-----------------------|---------------------|---------------------|-------------------|
| Mutual Funds          | \$1,202,223         | \$ 1,202,223        | \$ -0-            |
| Investments with FCCC | <u>532,713</u>      | <u>-0-</u>          | <u>532,713</u>    |
| Total                 | <u>\$ 1,734,936</u> | <u>\$ 1,202,223</u> | <u>\$ 532,713</u> |

Financial Accounting Standards established a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of observable inputs other than quoted prices for identical assets, and Level 3 inputs have the lowest priority. The Foundation uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Foundation measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs were used only when Level 1 or Level 2 inputs were not available.

Level 1 Fair Value Measurements

The fair values of mutual funds and common stocks are based on quoted market prices, when available.

IMPERIAL VALLEY COLLEGE FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015

NOTE 3 – INVESTMENTS: (CONTINUED)

Level 2 Fair Value Measurements

The fair values are based on underlying investments which are traded on an active market.

Level 3 Fair Value Measurements

The fair values are determined by the organization's own assumptions about market participation including assumptions about risk, developed based on the best information available in the circumstances.

The following schedule summarizes the investment return and its classifications in the statement of activities for the year ended June 30, 2015

|   |                  |
|---|------------------|
| Net realized gains on sale of investments     | \$ 11,605        |
| Net appreciation in fair value of investments | (35,256)         |
| Interest and dividend income                  | <u>76,499</u>    |
| Investment income, net                        | <u>\$ 52,848</u> |

NOTE 4 – INVESTMENTS WITH THE FOUNDATION FOR CALIFORNIA COMMUNITY COLLEGES:

The foundation participates in a partnership arrangement with the California Community Colleges Scholarship Endowment (Endowment) through the Foundation for California Community Colleges (FCCC). The Endowment has been set up to provide matching scholarship funds for California community colleges. The endowment was formed through a generous \$ 50 million matching commitment from the Bernard Osher Foundation and an initial contribution of \$ 25 million. The California Community Colleges and the Foundation for California Community Colleges had until June 2011 to raise an additional \$ 50 million, for which the Osher Foundation provided a 50 percent match up to \$ 25 million. Beginning with the 2009-10 year, the Endowment distributed scholarship funding from the initial \$ 25 million gift to each participating community college. The allocation is based on each colleges full time equivalent student (FTES) and each scholarship will be valued at \$ 1,000 per school year.

The Foundation transferred \$ 500,000 to the California Community Colleges Scholarship Endowment during fiscal year 2011. These funds are invested in a pooled investment fund held by the Foundation for California Community Colleges (FCCC). As of June 30, 2015 the fair value of this investment was \$ 532,713, and included an unrealized loss of \$ 19,578. The investments with FCCC have been reported at fair value in the amount of \$ 532,713 in these financial statements.

IMPERIAL VALLEY COLLEGE FOUNDATION  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2015

NOTE 4 – INVESTMENTS WITH THE FOUNDATION FOR CALIFORNIA COMMUNITY COLLEGES: (CONTINUED)

The FCCC has assembled an investment advisory committee charged with the responsibility for directing and monitoring the investment management of the Endowment's assets.

NOTE 5 – PROPERTY:

In December 1998, the Foundation acquired land adjacent to the Imperial Valley College Desert Museum site in Ocotillo California for the stated cost of \$ 15,000. Property as of June 30, 2015 consists of Land-Ocotillo \$ 15,000.

NOTE 6 – RESTRICTIONS ON NET ASSETS:

Temporarily restricted net assets at June 30, 2015 are available for the following purposes:

|                              |                   |
|------------------------------|-------------------|
| Agriculture Club Scholarship | \$ 30,776         |
| All other Scholarships       | <u>414,574</u>    |
| Total                        | <u>\$ 445,350</u> |

Permanently restricted net assets as of June 30, 2015 are available for the following purposes:

|                                    |               |                     |
|------------------------------------|---------------|---------------------|
| Osher-Phillip Ricker Nursing       | \$ 448,528    |                     |
| Osher-Cardenas Market Scholarship  | 33,562        |                     |
| Osher-Ralph Congreve Scholarship   | 25,836        |                     |
| Osher-General Scholarship          | <u>24,787</u> |                     |
| Total Osher                        |               | 532,713             |
| First Solar Scholarship            |               | 385,011             |
| Howard Meyer Scholarship           |               | 54,988              |
| Nicholas Novak Scholarship         |               | 100,841             |
| Restricted Trust-Harleson - Duncan |               | 61,088              |
| Drexel Cooper Grant                |               | 118,724             |
| Endowment-IVC Museum               |               | 14,461              |
| Endowment-Jackson & Berry          |               | 33,687              |
| President's Scholarship            |               | <u>57,766</u>       |
| Total                              |               | <u>\$ 1,359,279</u> |

IMPERIAL VALLEY COLLEGE FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015

NOTE 7 – ENDOWMENT FUNDS:

Donors may designate current and future donations to the Foundation's endowment funds. Principal and income is governed by the terms of the endowment. The principal of each endowment is restricted in perpetuity until the occurrence of a specified event or for a specified period and the income is either restricted or available for current use. When restrictions on the fund principal end, the resources are transferred from the endowment fund to either the undesignated funds or a specific designated fund, in accordance with the terms of the gift or bequest. Income from the endowment funds is recorded in either designated or undesignated funds, depending on whether the donor has placed restrictions on the use of income.

NOTE 8 – RELATED PARTIES:

To assist the Foundation in carrying out its purpose, the College provides administrative services to the Foundation. The College pays salaries and benefits of the Executive Director and Foundation Coordinator. In addition, working space for employees who perform administrative services for the Foundation is provided by the College at no charge. The donated services included \$ 130,826 of salaries and benefits. These donated services have been reflected in the financial statements as revenues under donated services as expenses under salaries and benefits. The value of donated facilities has not been determined and is therefore not included in the financial statements; however, management does not believe the amount to be material.

NOTE 9 – RECLASSIFICATION OF NET ASSETS:

The management of the Foundation performed a review of funds classified as permanently restricted and as temporarily restricted. As a result of this review, a small amount of funds previously reported as permanently restricted were properly reclassified as temporarily restricted.

NOTE 10 – SUBSEQUENT EVENTS:

The management of The Foundation has reviewed the results of operations for the period of time from its year end June 30, 2015 through October 22, 2015, the date the financial statements were available to be issued, and have determined that no adjustments are necessary to the amounts reported in the accompanying combined financial statements nor have any subsequent events occurred, the nature of which would require disclosure.